

**Minutes of the SWIA Audit Committee Meeting
2.00 pm, 21 August 2008
Pentland Room, Ladywell House**

Present: Hamish Hamill, External Independent Advisor, Chair
Sandra Nutley, External Independent Advisor
Alexis Jay, Chief Inspector
David Cumming, Depute Chief Inspector
Andrew Wilkinson, Corporate Manager
Andy Anderson, Audit Scotland
Pearl Marshall, Scottish Government Internal Audit
Gordon Robinson, Scottish Government Internal Audit
Jim Stevendale, SWIA Finance Manager
Stuart Ainslie, SWIA Accountant
Anne Travers, Minutes

Apologies: Lorna Meahan, Audit Scotland and Ally May, Internal Audit

1. Welcome and Introductions

1.1 Hamish Hamill welcomed Gordon Robinson, Team Leader replacing Mike Healy, to his first meeting.

2. Minutes of the meeting held on 6 June 2008

2.1 The minutes of the previous meeting held on 6 June 2008 were accepted as factually correct.

3. Matters arising

3.1 There were no matters arising.

4. Chief Executive's report

4.1 The committee noted that the SWIA annual report and accounts had been laid before Parliament on time and recognised the co-ordinated activity that had achieved this.

4.2 In response to questions from committee members, Andrew Wilkinson provided additional information on two items in the attached progress report on actions to deliver internal audit's 2007/08 recommendations:-

Item 2 - Update Board on sub-committee activities – This was an ongoing process: HR had already been included on the last Board agenda and Health and Safety would be covered at the next meeting. Other items to be included on future agendas would include the Risk Management Group and Knowledge Management Group.

Item 6 – Complaints should be recorded on the complaints log when received in SWIA – Andrew confirmed that complaints were negligible but now being rigorously recorded in the complaints log.

4.3 The committee noted the Chief Executive's report.

5. Internal Audit progress

5.1 Pearl Marshall advised the committee that she was now the Internal Audit Manager for all SG executive agencies and other organisations outwith the SG core to which SG Internal Audit provides the internal audit service. Gordon Robinson was SWIA's internal audit team leader.

5.2 Gordon Robinson advised the committee on progress for the current year. The follow-up work on the reviews of inspection programmes, Human Resources and corporate governance had been completed and all recommendations satisfactorily implemented. The remaining follow-up review covering the review of procurement and contract management was scheduled for late Autumn. For the main reviews in the audit programme, the review of business planning and performance measurement including quality assurance would commence in September with the separate review of risk management and governance being scheduled after the turn of the year.

6. External Audit Report

6.1 Andy Anderson presented Audit Scotland's report on the 2007/08 audit. He advised the committee that the report was a summary of last year's audit with not many issues outstanding. He expressed appreciation for the quality of the working papers provided to auditors that had enabled a tight audit schedule to be delivered. Andy highlighted the two main issues arising from the audit: the satisfactorily resolved accountable officer question and the need to identify IT projects to ensure appropriate evaluation and approval. Focus for the coming year would be Best Value and Efficient Government Targets. Andy confirmed that this would be proportionate to such a small organisation and drew attention to Audit Scotland's self-evaluation guides.

6.2 Hamish Hamill noted the acknowledgement to SWIA on page four of the report.

6.3 Sandra Nutley asked Andy Anderson about the role of the audit committee in the Scottish Government's Performance Management Framework. Andy explained that Audit Scotland was actively considering how to take this forward in line with Scottish Government expectations. There was no desire to impose further scrutiny but further clarity was awaited. Best Value was a similar situation although not a statutory requirement for Scottish Government and its agencies. Instead, the duty of Best Value was placed on accountable officers. Audit Scotland was in the process of producing guides that organisations could apply to themselves.

- 6.3 Hamish Hamill confirmed that discussions had taken place with Audit Scotland about the membership and role of the audit committee following revised guidance from Scottish Government. The following week, the Board would consider a proposal for external-only membership with an additional external member being co-opted from another scrutiny body.
- 6.4 The committee discussed briefly the implications of the move to International Financial Reporting Standards (IFRS). Some additional disclosures would need to be made by SWIA but the impact for SWIA would be minimal. Audit Scotland would discuss these with SWIA.
- 6.2 The committee noted Audit Scotland's report.
7. Risk register
- 7.1 The committee requested that the risk register print be increased in size and that the 'key page' be added to the bottom of the register instead of on a separate page.
- 7.2 Sandra Nutley asked if mitigating action one could be made clearer. Andrew Wilkinson agreed to amend.
- 7.3 The committee noted the current version of the register.
8. AOB
- 8.1 Andy Anderson confirmed that revised audit committee guidance was now on the Scottish Government website and all audit committee chairs would be invited to a launch event.
9. Date of next meeting 20 November 2008, 2 pm, Pentland Room, Ladywell House.