

**MINUTES OF THE SWIA AUDIT COMMITTEE MEETING
10.00 am, WEDNESDAY 14th FEBRUARY 2007
ROOM 1 G 9, LADYWELL HOUSE**

PRESENT: Hamish Hamill, Non Executive Director, Chair
Alexis Jay, Chief Inspector
Andrew Wilkinson, Corporate Manager
Lorna Meahan, Audit Scotland
Andy Anderson, Audit Scotland
Alistair May, Scottish Executive Internal Audit
Mike Healy, Scottish Executive Internal Audit
Stuart Ainslie, SWIA Accountant
Anne Travers, Minutes

APOLOGIES: David Cumming, Depute Chief Inspector
Sandra Nutley, Non Executive Director
Jim Stevendale, SWIA Finance Manager

1. Minutes of the meeting held on 23rd November 2006

1.1 The minutes of the previous meeting held on 23rd November 2006 were accepted as factually correct.

2. Matters arising

2.1 Item 3.1 - Recommendation 1. The Chair queried the current position on SWIA's funding allocation. Andrew Wilkinson confirmed that formal allocations of £4.151m for 2006/07 and £4m for 2007/08 had been agreed in the Spring Spending Review. SWIA's projected 2006/07 spend was likely to outturn below £4.151 due mainly to staffing vacancies but filling those vacancies and additional work streams would place pressure on the £4m 2007/08 allocation. The Chief Inspector had raised this issue with Colin MacLean, acting Head of Education.

Item 4.1 Andy Anderson confirmed that the Audit Scotland management letter had been finalised.

3.1 Accountable Officer's report, including progress on the recommendations in Audit Scotland's 2005/06 management letter and Internal Audit's 2005/06 report actions

The Chair formally asked the Committee if it was satisfied with the reported progress to date on delivering the 2005/06 audit recommendations. The Committee confirmed that it was content. The Chair highlighted a number of points in the action plan for further discussion. The following points were noted during discussion.

Recommendation 3. Price Waterhouse Coopers had begun work on the learning and development strategy and was on track to provide a report by end March 2007.

Recommendation 4. All procedural guidance produced to date had been placed in a procedures manual on eRDM (Electronic Record and Document Management) which was accessible by all staff.

Recommendation 6. Good progress had been made on agreeing Service Level Agreements (SLA) with SE support areas but, frustratingly, not all SE areas had been keen to be involved. Other Agencies also had encountered this problem. Where SWIA could not obtain a SLA it would produce its own statement and seek agreement to this. Alistair May suggested that this perhaps should be brought to the attention of the Public Bodies Unit. Andrew Wilkinson confirmed that Agency Chief Executives had written recently to Neil Rennick raising this and other issues.

Recommendation 9. The updated Scottish Executive's EASEbuy system was now in use requiring all purchases to be made through the system or by Government procurement Card.

Recommendation 13. The required Desk Instruction was in preparation.

Recommendation 14. In future, where it was appropriate to issue a Blackberry, this would be used for mobile 'phone calls in preference to issuing both a Blackberry and a mobile 'phone.

3.2 The Chair advised the Committee of Sandra Nutley's comments that she was impressed with the report and had no specific points to raise. Internal Audit had confirmed its acceptance of the report's content during its recent follow up review. It was agreed that good progress had been made on the recommendations.

4. Internal Audit report on emerging opinion for the financial year ending 31 March 2007

4.1 Mike Healy advised the Committee that the follow up review had been completed within the previous ten days. Out of fourteen recommendations ten had been completed, 3 partially completed and one was not complete. It was expected that by 07/08 all recommendations would be implemented. The fieldwork report would be available for the next Committee meeting along with the audit plan for 07/08. Overall good progress was being made.

4.2 Mike Healy thanked SWIA for all the assistance given during the fieldwork.

5. Audit Scotland annual plan 2006/07

5.1 Lorna Meahan distributed a slimline copy of the annual plan to all attendees and advised that this was the type of document given to all Audit Scotland clients. It was Audit Scotland's intention to start its fieldwork early. The

Committee was advised of the notional charge that would be made to the Agency for Audit Scotland's services.

5.2 Attention was drawn to Appendix A: Financial Statements Audit Timetable. The Committee was advised that it was Audit Scotland's intention to have a final report prepared by the end of July 2007 and available for the first Committee meeting after that time. Lorna confirmed Audit Scotland's acceptance of the timetable previously forwarded by SWIA to ensure delivery of its Annual Report and Accounts to the Scottish Parliament before the end of June 2007. It was agreed that the timetable was demanding but achievable.

5.3 Andrew Wilkinson thanked both Audit Scotland and Internal Audit.

6. Risk Register

6.1 The Chair informed the Committee of Sandra Nutley's appreciation of the improvements to the risk register and in particular the inclusion of the 'effectiveness of action' comments. Sandra Nutley had also asked what 'improvement team/s' were (risk 4). Andrew Wilkinson advised that the teams had been an outcome of the recent SWIA self-assessment based on the Business Excellence Model: a number of teams had been tasked with delivering agreed improvement actions.

6.2 Andy Anderson asked if the final column of the Risk Register (review date) was reviewed on a regular basis. Andrew Wilkinson confirmed that the Agency's Risk Management Group reviewed the Register quarterly and it was also discussed quarterly at Senior Management Team meetings.

6.3 The Committee was content with the Risk Register.

7. AOB

7.1 There was no other business.

8. Date of next meeting to be advised at a later date by Anne Travers to allow consideration of the draft 2006/07 annual report and accounts.