

**MINUTES OF THE SWIA AUDIT COMMITTEE MEETING
10.30 am, 4th June 2007
ROOM 1 G 9, LADYWELL HOUSE**

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

APOLOGIES: David Cumming, Depute Chief Inspector

1. Minutes of the meeting held on 14 February 2007

1.1 The minutes of the previous meeting held on 14th February 2007 were accepted as factually correct with one small change 'action plan' to 'audit plan' in paragraph 4.1.

2. Matters arising

2.1 Sandra Nutley asked what progress had been made in respect of Recommendation 6 – Service Level Agreements. Andrew Wilkinson advised that no new agreements had been concluded. SWIA would pursue outstanding agreements or produce its own statement and seek agreement to this from the relevant Scottish Executive support areas.

3.1 Accountable Officer's report

The Accountable Officer's report was noted and the Chair acknowledged the reported progress made by SWIA.

4. Internal Audit report – two papers

4.1 Internal Audit Annual Report - Mike Healy provided a brief summary of the content of the report. He confirmed that Internal Audit's overall opinion for 2006/07 for SWIA was substantial assurance. All recommendations had been accepted by SWIA and improvement actions agreed. Mike Healy acknowledged and thanked Andrew Wilkinson and his team for the significant work carried out over the past year.

- 4.2 The Chair asked what more would have needed to be done to achieve comprehensive assurance but noted that this assurance category was being withdrawn from use. Mike explained that comprehensive assurance was not commonly attained and the inclusion of a high importance recommendation would preclude this.
- 4.3 The Chair noted the report and thanked Internal Audit.
- 4.4 Internal Audit Periodic Plan - Mike Healy invited members to comment and agree the 2007/08 Internal Audit Plan which had been discussed and agreed with SWIA. The plan proposed three review areas: Human Resources, Procurement Contract Management and Corporate Governance, plus a follow up of previous reviews. The time set aside for contingencies (10 days) was at the same level as for 2006/07.
- 4.5 The Audit Committee approved the paper.
5. External Audit Report
- 5.1 Lorna Meahan introduced the External Audit Report, advising the Committee that compared to 2005/06 there were no significant issues. The report did highlight a concern around the employment status of ad hoc inspectors but acknowledged that action was in place to address this. Lorna commented also that the standard of the accounts presented had been high with no unadjusted errors.
- 5.2 The Chair noted the report and thanked Audit Scotland for their input.
6. Review of draft 2006/07 accounts
- 6.1 The Chair advised the Committee that the Accounts had been reviewed by SWIA's Management Board at its meeting on 31 May and approved subject to minor drafting amendments to the text. The revised document would be forwarded to Andrew Anderson to see the changes. Andrew Wilkinson alerted members specifically to 2 additions to the accounting policies that the Committee had approved at the previous meeting.
- 6.2 The Committee accepted the amendments to the stated accounting policies and agreed that the accounts could be presented to the Scottish Parliament.
7. Risk Register/Risk Management
- 7.1 Andrew Wilkinson advised that the SWIA Management Board had reviewed the register the previous week and agreed that in the interests of clarity risk five should be amalgamated into risk one. The font size would also be increased. He confirmed that regular reviews of the register were carried out by the Risk Management Committee.
- 7.2 The Committee noted the register.

7.3 Ally May advised the Committee of imminent changes to the Scottish Executive risk management procedures aimed at showing how risks change over time.

8. AOB

There was no other business.

9. Date of next meeting 23rd August 2007, 2 pm Ladywell House.