



**Minutes of Management team meetings
2017**

**AUDIT SCOTLAND MANAGEMENT TEAM
 MINUTE OF MEETING HELD ON 10 JANUARY 2017
 IN AUDIT SCOTLAND'S OFFICES AT 102 WEST PORT, EDINBURGH.**

Present: Diane McGiffen (Chair)
 Fraser McKinlay
 Caroline Gardner
 Russell Frith
 Fiona Kordiak
 Joy Webber (minutes)

Apologies: None

In attendance: Jonathan Austin *item 5*
 David Blattman *item 5*
 Charlotte Anderson *Item 5*

1.	Minutes of the meeting of 20 December 2017		
	The draft minutes dated 20 December 2017, were discussed and agreed as an accurate record of discussions. Diane advised Management Team of the information requested by the SCPA following the meeting on 21 December 2016, relating to Best Value and new AD post	JWebber	Jan 2017
2.	Communications Digest		
	Diane McGiffen invited Management Team to note the Communications Digest, a copy of which had been previously circulated. Management Team discussed the highlights, recent and forthcoming publications and key issues reported.	JWebber	Jan 2017
3.	Hotlist of Emerging Audit Risks		
	Management Team discussed the Hotlist of Emerging Audit Risks report, which had been previously circulated. Following discussion, Management Team noted the updates reported and the addition of new item.		
Becoming World Class			
4.	Making a Difference: Demonstrating Best Value in ASG Update		
	Fiona Kordiak introduced the update report on Demonstrating Best Value in ASG, which had been previously circulated. Fiona invited Management Team to note the report and welcomed any feedback prior to its submission to the Board.		

	<p>Management Team welcomed the report which demonstrated good progress over the past 5 years to achieve value for money, quality and continuous improvement and the cost analysis which provide a foundation to develop the future strategy on cost and quality of ASG's work.</p> <p>During discussion, Management Team provided feedback on the report.</p> <p>Fiona advised Management Team the report would be shared the SCPA and colleagues once it had been to the Board.</p>	FKordiak	Jan 2017
5.	Building a Better Organisation: Best Companies		
	<p>Jonathan Austin, David Blattman, Angela Canning, Mark Taylor and Charlotte Anderson joined the meeting.</p> <p>Jonathan Austin introduced a presentation to Management Team on the results from the latest Best Companies Survey. Jonathan invited Management Team to consider the areas where an increase in ratings had been recorded before inviting a more detailed discussion on the factors with lower ratings.</p> <p>Management Team welcomed the presentation, acknowledging we had retained the 'One to Watch' status and thanked Jonathan for sharing his insights.</p> <p>Management Team noted a further discussion was scheduled at next week's meeting.</p> <p>Jonathan Austin, David Blattman, Angela Canning, Mark Taylor and Charlotte Anderson left the meeting.</p>	DMcGiffen	Jan 2017
6.	Draft Agenda: Management Team Meeting 17 January 2017		
	Management Team considered the draft agenda.		
7.	AOB		
	<p>- Edinburgh Tram Public Inquiry Management Team discussed the interview document received from the Inquiry. Fraser advised Management Team Communications were assisting in the preparation of the personal statement. Russell Frith advised he would be able to assist in providing corporate input and support.</p>	RFrith	Jan 2017
8.	Date of Next Meeting		
	The next Management Team meeting will be held on: Tuesday 17 January 2017.		

	Apologies: None <i>Please give your apologies to Joy Webber (x1606)</i>		
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Management Team

Meeting on Tuesday 17 January 2017

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen	(Chair)
Caroline Gardner	
Fraser McKinlay	
Fiona Kordiak	
Russell Frith	
Joy Webber	(Minutes)

In attendance:

Martin Walker	items 2, 3, 4, 5, 6, 7
David Robertson	item 3
Alex Devlin	items 5, 6, 7
David Hanlon	items 8, 9
Neil Cartlidge	item 10
Dorothy Lavery	item 10
Owen Smith	item 11
David Blattman	item 12
Charlotte Anderson	item 12

1. Minutes of meeting 10 January 2017

The draft minutes dated 10 January 2017, were discussed and agreed as an accurate record of discussions subject to minor amendment.

Fraser McKinlay provided a verbal update on the Edinburgh Tram Inquiry. Management Team discussed the support offered to Graeme Greenhill in advance of and during his attendance at the inquiry. Diane McGiffen advised that the Chair of the Board had also been briefed.

2. Review of Risk Register

Martin Walker joined the meeting.

Martin Walker introduced the Review of Risk Register report, a copy of which had been previously circulated.

Martin invited Management Team to note the additional risk relating to our records management policy which has been escalated by the Information Risk Register by the KITGG. The risk relates to files which have been auto deleted from the system.

Management Team noted steps were underway to recover the auto deleted files and while the volume of lost files may be low acknowledged the review and refresh of the policy would raise awareness.

During detailed discussion, Management Team welcomed the assurance that a review of all business groups had been undertaken to ensure there were no gaps in reporting, the sites had been refreshed and a report on any data loss would come back to Management Team in March.

Action: Martin Walker to report back to Management Team in March 2017.

3. Risk Interrogation: Independence, legitimacy and relevance

Martin Walker introduced the Risk Interrogation report, which had been previously circulated.

Martin invited Management Team to review and comment on the risk interrogation, and subject to any amendments agreed for it to be submitted to the Audit Committee for its consideration at the meeting on 1 February 2017.

Management Team considered the controls in place for the linked risks such as the public audit framework, Code of Audit Practice, ethical standards and quality review to protect independence and legitimacy.

Following detailed discussion, Management Team welcomed the interrogation and approved its submission to the Audit Committee.

4. Internal Audit Report

David Robertson and Nicola Paton joined the meeting.

- **IT Security Review**

Martin introduced BDO's internal audit report and invited David Robertson and Nicola Paton to answer any queries.

David invited Management Team to note the reasonable assurance provided and recommendations already implemented as a result of the review.

During detailed discussion, Management Team welcomed the assurance provided but in considering the recommendation relating to the centrally managed group password access agreed unique and individual passwords should be adopted.

Following discussion, Management Team agreed David Robertson would update BDO on the agreed recommendation in order they could issue a revised report for consideration by the Audit Committee.

David Robertson and Nicola Paton left the meeting.

- **Best Value Audit Approach**

Martin introduced BDO's internal audit report and invited Management Team to note the substantial assurance provided.

Following discussion, Management Team welcomed the assurance provided.

5. Annual internal audit plan 2017/18

Alex Devlin joined the meeting.

Alex Devlin introduced BDO's report Annual internal audit plan 2017/18, which had been previously circulated.

Alex invited Management Team to consider BDO's proposed plan of internal audit work, highlighting one small amendment for BDO to attend five Audit Committee meetings, as opposed to the four currently reported.

Management Team welcomed the report and acknowledged the benefits of the terms of reference being shared with the Audit Committee for input in advance of finalising the scope for each audit.

6. Internal audit recommendations update

Alex Devlin introduced the report on Internal Audit Recommendations Update, a copy of which had been previously circulated.

Alex invited Management Team to note progress on the implementation of outstanding audit recommendations.

During discussion, Management Team agreed additional wording should be included in the Value for Money section.

7. Co-operation between internal and external auditors

Alex Devlin introduced BDO and Alexander Sloan's report on Co-operation between internal and external auditors, a copy of which had been previously circulated.

Alex invited Management Team to note the report prior to its consideration by the Audit Committee.

Following discussion, Management Team noted the report.

Martin Walker and Alex Devlin left the meeting.

8. 2016/17 Statutory Accounts Timeline

David Hanlon joined the meeting.

David Hanlon introduced the report setting out the proposed timetable to approve the statutory accounts.

Following discussion, Management Team agreed the proposed timetable.

9. 2017/18 Budget, SCPA Report

Diane McGiffen introduced the SCPA's official report following the meeting on 21 December 2016 approving the 2017/18 Budget and Spring Budget Review, which had been previously circulated.

Management Team discussed the follow up information to be provided to the SCPA on the scope of the work to be undertaken in relation to new financial powers and the additional information sought on time spend and added value for money from Audit Services which was the subject of a follow up report being considered by the Board on 20 January 2017.

Management Team discussed the next steps quality and assurance, engagement with the firms and preparedness for PAC and their expectations. Russell Frith agreed to have clear guidance available for the next meeting of the partners, the date for which would be confirmed.

Following discussion, Diane McGiffen advised she and David Hanlon would draft a response to the SCPA.

Action: Diane McGiffen and David Hanlon to prepare a response to the SCPA with the further information requested. (January 2017)

Action: Russell Frith to prepare clear guidance on respective roles for audit firms for the next meeting of the partners. February 2017

10. Q3 Correspondence Performance Report 2016/17

Neil Cartlidge and Dorothy Lavery joined the meeting.

Neil introduced the Q3 Correspondence Performance report 2016/17, which had been previously circulated.

Neil invited Management Team to note the continued good progress in managing correspondence cases, highlighting the desire to strengthen the target of a full response to correspondents within 20 working days, continued communication internally on the new guidance and engagement with firms and other external organisations.

Management Team commented on the additional information relating to the audit themes arising from correspondence received and would welcome the alignment of target responses with that for corporate complaints.

Following discussion, Management Team welcomed the report and continued progress.

Neil Cartlidge and Dorothy Lavery left the meeting.

11. Securing World Class Audit: Comparison of indicative and agreed fees 2015/16 Audits

Owen Smith joined the meeting.

Russell Frith introduced the Comparison of indicative and agreed fees report 2015/16 Audits, a copy of which had been previously circulated.

Owen Smith invited Management Team to note the report and agree its submission to the Audit Committee on 1 February 2017.

Management Team considered the comparison of the final agreed fees to the indicative fees for the 2015/16 audit year to demonstrate that Audit Scotland will recover its overall budgeted costs, the explanations for sector and auditor variations and the analysis undertaken of the last audit appointments on trends in fee setting against budget.

Following detailed discussion, Management Team welcomed the report.

Owen Smith and David Hanlon left the meeting.

12. Building a Better Organisation: Best Companies Engagement

Angela Canning, Mark Taylor, David Blattman and Charlotte Anderson joined the meeting.

Diane McGiffen invited Management Team to consider the format for the session with Leadership Group scheduled on 25 January 2017.

During detailed discussion, Management Team considered the results for their respective business groups.

Following discussion, Management Team reflected that the overall survey results were good, retaining the 'One to Watch' status and agreed that the focus of the discussion with Leadership Group would be to explore the factors in more detail.

Angela Canning, Mark Taylor, David Blattman and Charlotte Anderson left the meeting.

13. Draft agenda: Management Team 24 January 2017

Following the discussion at item 12 above, Management Team agreed the items of business would be considered and approved by correspondence.

14. Any other business

Annual Audit Conference

Fiona Kordiak provided a verbal update on the logistics for the Annual Audit Conference in Dunblane which was being chaired by Gillian Woolman. Management Team welcomed the update.

Diane McGiffen invited Management Team to note the office at West Port will be visited by BCO judges in February with Hugh Anderson of haa design.

15. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 31 January 2017.

Management Team

Meeting on Tuesday 31 January 2017

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

In attendance:

David Hanlon item 3
David Blattman item 3

1. Minutes of meeting 17 January 2017

The draft minutes dated 17 January 2017, were discussed and agreed as an accurate record of discussions subject to minor amendment.

Diane McGiffen advised she and David Hanlon were pulling together additional information requested by the SCPA on the 2017/18 budget and Management Team noted the Finance Committee's approval of Audit Scotland's budget submission.

Diane McGiffen advised Management Team of discussions with the Chair and Audit Committee Chair on openness and transparency, with a further discussion scheduled at the Board meeting on 22 February 2017.

Diane advised that following the Board's consideration of a draft report on value for money in Audit Services, Fiona Kordiak was finalising the report. Fraser McKinlay agreed to schedule a value for money report for Performance Audit and Best Value to Management Team.

Action: Fraser McKinlay to schedule a report to Management Team on value for money in Performance Audit and Best Value. (March 2017)

2. Making a Difference: Publications Update

Fraser McKinlay invited Management Team to note the extended moratorium period and consideration of the current schedule of publications.

Following discussion, Management Team noted the proposed earlier publication of the Local Government Overview report, engagement with Scottish Parliament and agreed Fraser McKinlay would post details of the timetable on ishare for information.

Action: Fraser McKinlay to post details of the moratorium period on ishare. February 2017

3. Building a Better Organisation: Update

David Blattman and David Hanlon joined the meeting.

David Blattman invited Management Team to note the letter received from PCS in connection with Audit Scotland's pay award. David advised Management Team that he, Diane McGiffen and Fiona Kordiak had an initial meeting with PCS on 2 February 2017 to discuss Audit Scotland's pay offer and tabled the key reasons to support the proposal under BABO.

David Hanlon tabled the financial breakdown for the transition to the new pay strategy which was largely unchanged from the previous discussion in November 2016. During discussion, Management Team noted IES had been undertaking further work on the longer term sustainability of the model.

Management Team noted the implementation cost of the new pay strategy was less than 1% of the current pay bill and future awards would be funded by reducing recruitment costs and managed as part of the operational budget.

During detailed discussion, Management Team considered the letter from PCS and confirmed that Audit Scotland is an accredited living wage employer and Audit Scotland's continued commitment to no compulsory redundancies. Turning to notice periods, Management Team acknowledged the proposal of increased notice periods from one month to three but agreed that any policy should be applied across the board. In consideration of the proposal for service related annual leave entitlement, Management Team agreed the benefits of the new Time, Place, Travel policy provided greater flexibility both for staff and the organisation.

Turning to the car scheme, David Blattman confirmed this remained in place for existing roles and it would only be removed on promotion. David advised of continued work by the team looking at flexible staff benefits.

Management Team noted that a report was scheduled to go to Remco in March 2017 on the reward proposals for the Leadership Group and Fraser McKinlay and Fiona Kordiak advised of further consideration of Leadership Group development in light of the new AD appointments.

Finally, David Blattman tabled early expressions of interest for the VERA scheme 2017 and associated calculations. David advised he would meet with each of the respective directors in early course to discuss individual business cases and workforce planning before returning to Management Team for approval.

David Blattman provided a brief update on the BSS VR scheme.

Management Team welcomed the discussion.

Action: David Blattman to report back to Management Team with VERA business cases. (February 2017)

David Blattman and David Hanlon left the meeting.

4. Draft agenda: Management Team 14 February 2017

Management Team noted the proposed agenda for the meeting on 14 February 2017.

5. Any other business

There was no further business.

6. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 14 February 2017.

Management Team

Meeting on Tuesday 14 February 2017

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Russell Frith
Fiona Kordiak
Joy Webber (Minutes)

Apologies:

Caroline Gardner
Fraser McKinlay

In attendance:

Martin Walker item 2

1. Minutes of meeting 31 January 2017

The draft minutes dated 31 January 2017 were discussed and agreed as an accurate record of the meeting subject to minor amendment.

2. Making a Difference: Horizon Scanning and Priorities 2017/18

Martin Walker joined the meeting.

Martin Walker introduced the report Horizon Scanning and Priorities 2017/18, a copy of which had been previously circulated.

Martin invited Management Team to discuss the current operating environment and organisational priorities as set out in the appendix to the report in order to help inform the refresh of the Corporate Plan for 2017/18 and business and improvement planning.

Management Team welcomed the report and during detailed discussion acknowledged the external environment within which we operate is changing significantly and rapidly which presents a wide range of challenges and opportunities. Management Team also reflected on internal organisational changes, new audit responsibilities and wider public sector risks.

Following discussion, Management Team agreed the basis of the report going to the Board would provide an opportunity to focus discussions specifically on the external operating environment to inform the ongoing consideration of strategic priorities and responses which in turn would help shape the corporate, thematic and business plans. In addition, Management Team agreed to a further discussion at next week's meeting to scan the horizon.

Martin Walker left the meeting.

3. **Draft agenda: Management Team 21 February 2017**

Management Team discussed the draft agenda noting the inclusion of an updated from Russell Frith on the PAPLS Committee forthcoming scrutiny of NFI, a verbal update on which would also be shared with the Board on 22 February 2017.

4. **Draft agenda: Audit Scotland Board 22 February 2017**

Management Team noted the inclusion of the update on the NFI Scrutiny by the PAPLS Committee as discussed at item 3 above.

Following discussion in relation to the Value for Money report for Audit Services, Diane McGiffen and Russell Frith would review the latest version prior to it being circulated to the Board for comment and approval. Once approved the report would be shared with the SCPA.

Russell Frith advised Management Team of the discussion with and contribution from the Accounts Commission on the Review of Audit Quality report at their meeting on 9 February 2017.

Action: Fiona Kordiak to circulate to Diane McGiffen and Russell Frith the updated Value for Money Report by Audit Services for final review. February 2017

5. **Any other business**

Management Team discussed the current complaints process and agreed they would welcome a review to gain assurance on the interaction between the complaints and correspondence processes.

6. **Date of next meeting**

It was noted that the next meeting of Management Team was scheduled for 21 February 2017.

Management Team

Tuesday 21 February 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Russell Frith
Fraser McKinlay
Fiona Kordiak
Joy Webber (Minutes)

Apologies:

None

In attendance:

Martin Walker, Assistant Director, Corporate Performance and Risk
John Gilchrist, Manager - Procurement, Audit Strategy

1. Minutes of meeting: 14 February 2017

The draft minutes dated 14 February 2017 were discussed and agreed as an accurate record of the meeting subject to minor amendment.

2. Reviewing the External Operating Environment and Priorities 2017

Martin Walker joined the meeting.

Diane McGiffen provided an overview of discussions at last week's Management Team meeting before inviting Martin Walker to introduce the report Reviewing the External Operating Environment and Priorities 2017, a copy of which had been previously circulated and was to be considered by the Board at its meeting tomorrow, 22 February 2017.

Management Team agreed the report captured the key influencing factors in the external operating environment and during detailed discussion considered the inclusion of additional factors in relation to the uncertainties around the forthcoming devolved tax and social security powers and in relation to environmental matters, extreme weather, flood prevention and the cost of energy.

Following discussion, Management Team agreed Martin would incorporate the feedback into the draft corporate plan, setting out more detail around resourcing for the allocation of new financial powers work, capacity building and raising the digital agenda.

Martin advised Management Team the next step would be to assess quality and efficiency to inform priorities around sequencing and resourcing of developments for digital and internal reporting systems.

Management Team welcomed the discussion and agreed an update on Digital Services Strategy would be scheduled in early course.

Action: An update on Digital Services Strategy to be scheduled in early course. (March 2017)

3. Q3 Performance Report 2016/17

Martin Walker introduced the Q3 Performance Report 2016/17, which had been previously circulated.

Martin invited Management Team to note the positive performance in Q3, highlighting the number of audit reports delivered, the number of high profile reports published as part of our publication schedule and overall resourcing. Martin invited Management Team to consider the proposed change of assessment for objective 2.3 to green to reflect the change in approach to gathering information on, the response to, and the outcome of recommendations has led to more evidence being available on the positive impact of audit work at national and local level.

During discussion on the approach to and measuring of impact, Management Team approved the change in assessment and agreed welcomed the report.

Management Team recognised the work of Audit Services colleagues in achieving the delivery of the audit reports and on the question of building the firms' work into our performance reports, Management Team noted these were internal Audit Scotland reports with wider reporting on the audit regime being included in our annual report and as part of our ongoing quality arrangements.

Martin noted additional commentary was required in relation to 3.5 to reflect the move from PADs to 3Ds as part of developments under our BABO programme.

Following discussion, Fraser McKinlay advised he would build our approach to impact into the Making a Difference work stream to explore and set out articulation of our theory around improvement and what our role might be in that.

4. Q3 Becoming World Class Improvement Programme Report 2016/17

Martin Walker introduced the Q3 Becoming World Class Improvement Programme Report 2016/17, a copy of which had been previously circulated.

Martin invited Management Team to note the continued good progress across the workstreams and planned activity in the next quarter and the additional information to be added in relation to Young Scot, the SDS survey work and review of the health and social care hub.

Following discussion, Management Team reflected on the progress of the respective workstreams over the past two years while acknowledging the simplification of systems and processes need to be progressed.

Martin Walker left the meeting.

5. PAPLS Committee Scrutiny of NFI

John Gilchrist joined the meeting.

Russell Frith introduced the report on PAPLS Committee Scrutiny of NFI, which had been previously circulated.

Russell invited Management Team to note the remit of the PAPLS Committee inquiry and discuss the proposed basis of our response to be submitted by 31 March 2017.

During detailed discussion, Management Team reflected on Audit Scotland's power, as set out in Section 97 of the Criminal Justice and Licensing (Scotland) Act 2010, to conduct data matching exercises. In light of new devolved arrangements Management Team recognised the potential impact on resource in light of anticipated responsibilities and agreed there would be benefit in seeking an opportunity to discuss with the Committee in advance of submitting a

response. Similarly, Management Team agreed it would be useful to have sight of the proposed timetable and process after the call for evidence.

John Gilchrist advised Management Team of a meeting with the other UK audit agencies next week when he would seek input.

Following discussion, Management Team welcomed the update and noted Russell would be sharing a verbal update to the Board at its meeting.

John Gilchrist left the meeting

6. Draft agenda: Management Team 28 February 2017

Management Team noted the proposed agenda for the meeting of Management Team on 28 February 2017.

7. Draft agenda: Accounts Commission March 2017

Management Team noted the draft agenda for the meeting of the Accounts Commission meeting on 9 March 2017.

8. Any other business

- Update on PCS

Diane McGiffen provided a brief summary of the negotiation points and continuing pay award discussions with PCS, with the next meeting scheduled for Friday 24 February 2017.

- Leadership Group

Diane McGiffen advised the report coming to Management Team next week will set out options for reward and proposed longer term role development for consideration which Fraser and Fiona would discuss with their respective ADs in due course.

Management Team discussed the new AD appointments and noted the resulting permanent movements of staff within PABV and ASG teams.

- SCPA update

Diane advised of a meeting with Stephen Herbert tomorrow and would provide an update at next week's meeting. Diane invited Management Team to note that discussions around quorum of the Board were ongoing.

- Ethical standards

Russell Frith advised Management Team that as a result of Aberdeen City Council having listed debt we needed to consider a new policy covering staff holding financial interests in audited bodies. This would be brought back to Management Team as part of an update of ethical guidance but initial thinking was that a blanket ban on staff holding listed financial instruments issued by audited bodies would be appropriate to maintain flexibility in audit resourcing.

9. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 28 February 2017.

Management Team

Tuesday 28 February 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Russell Frith
Fraser McKinlay
Joy Webber (Minutes)

Apologies:

Fiona Kordiak

In attendance:

David Blattman, HR & OD Manager
Debi Chisholm, HR Consultant
Tracey Bray, Senior Business Partner

1. Minutes of meeting: 21 February 2017

The draft minutes dated 14 February 2017 were discussed and agreed as an accurate record of the meeting subject to minor amendment and the inclusion of additional wording to be provided by Russell Frith.

2. Building a Better Organisation

- **VERA 2017**

David Blattman and Debi Chisholm joined the meeting.

David Blattman introduced the report on VERA 2017, a copy of which had been previously circulated.

David invited Management Team to review the expressions of interest received and consider and approve or reject each based on individual business cases in advance of the report going to the Remuneration and Human Resources Committee meeting for approval on 15 March 2017.

Management Team agreed that in order to fully assess each case in the context of one organisational working, David Blattman would liaise with the respective business leads in advance of preparing a further report to Management Team next week. The report would also provide details of all of the expressions of interest received, show those which have already declined by the business group or withdrawn by individuals to enable Management Team to consider each case under the VERA scheme.

In the absence of Fiona Kordiak, Diane McGiffen would invite Mark Taylor to join the discussion at next week's meeting.

Action: David Blattman to meet with business leads to discuss business cases in advance of returning to Management Team next week with a further report. (March 2017)

Action: Diane McGiffen to invite Mark Taylor to join Management Team meeting next week to discuss Audit Services Group business cases. (March 2017)

Debi Chisholm left the meeting.

- **BABO Update**

Tracey Bray joined the meeting.

David Blattman introduced the update report on Building a Better Organisation, which had been previously circulated.

David invited Management Team to note progress in negotiations with the PCS Union and sought Management Team's guidance on the areas of near agreement in advance of a final meeting with the union on 13 March 2017.

During detailed discussion, Management Team considered the various points of negotiation and concluded that the overall reward package was a good offer for employees in the context of the external market but also recognising the opportunities being provided to colleagues as part of the wider BABO workstream.

- **Leadership Group Development and Reward Strategy**

David Blattman introduced the Leadership Group Development and Reward Strategy report, a copy of which had been previously circulated.

David invited Management Team to explore and agree proposals for the development of the leadership roles and the reward system to be operated to be considered by Remco at their meeting on 15 March 2017.

During detailed discussion, Management Team considered and agreed the initial phase of work for Diane and David to capture the various strands of the work in project plan by 31 March 2017. Turning to the proposal for the interim management of the pay award cycle for the Leadership Group in April 2017, Management Team discussed and agreed the basis upon which the pay award would operate this year.

Management Team welcomed the discussion and subject to the inclusion of additional information agreed the report could be submitted to Remco for their consideration.

Action: Diane McGiffen and David Blattman to prepare a project plan for consideration by Management Team. (March 2017)

David Blattman and Tracey Bray left the meeting.

3. Draft agenda: Management Team 28 February 2017

Management Team noted the proposed agenda for the meeting of Management Team on 7 March 2017.

4. Draft agenda: Leadership Group 8 March 2017

Management Team noted the draft agenda for the meeting of the Leadership Group on 8 March 2017.

5. Any other business

- UK SAI COOs meeting

Diane McGiffen provided a summary of the meeting of the UK and Ireland Chief Operating Officers on 24 February 2017. Management Team welcomed the short term secondment opportunities with the other audit agencies and Diane would liaise with the HR & OD team to take this forward.

6. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 7 March 2017.

Management Team

Tuesday 7 March 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Russell Frith
Fraser McKinlay
Joy Webber (Minutes)

Apologies:

Caroline Gardner
Fiona Kordiak

In attendance:

Gillian Woolman, Chair of Diversity and Equality Steering Group
Jillian Matthew, Audit Manager, Performance Audit and Best Value
Paul Reilly, Secretary to the Accounts Commission
David Blattman, HR & OD Manager
Mark Taylor, Assistant Director, Audit Services Group
James Gillies, Communications Manager

1. Minutes of meeting: 28 February 2017

The draft minutes dated 28 February 2017 were discussed and agreed as an accurate record of the meeting.

Diane McGiffen advised Management Team that Paul Reilly was to join the meeting to provide an update on Douglas Sinclair, Chair of the Accounts Commission.

Paul Reilly joined the meeting.

Paul Reilly advised Management Team of Douglas Sinclair's immediate retirement due to ill health which would be announced on 8 March 2017. Paul confirmed that Ronnie Hinds would be acting chair of the Accounts Commission at their meeting on 9 March 2017 with Graham Sharp as the acting deputy. Management Team noted the communications which were planned, administrative arrangements and likely timings in relation to a recruitment campaign.

Management Team expressed their best wishes for Douglas recognising the knowledge and experience he had brought to his role and reflecting he will be missed by colleagues.

2. Making a Difference: Equality Reporting

Gillian Woolman and Jillian Matthews joined the meeting.

Gillian Woolman introduced the Equality Reporting paper, a copy of which had been previously circulated.

Gillian invited Management Team to approve the Equality outcomes and mainstreaming progress report for 2016/17 and the Equality outcome measures report April 2017.

Jillian Matthews introduced the draft Equality outcomes and mainstreaming report and Paul Reilly introduced the forward look Equality outcome measures report, both of which were due to be published by the end of April.

During detailed discussion, Management Team welcomed the progress made both in terms of mainstreaming equality within our organisation and the revised set of equality outcomes, recognising the increase awareness of equality in audit work, involvement of the PABV advisory group and increased engagement with different groups ie disabled and young people.

Following discussion, Management Team shared with the team detailed comments on the drafts, agreeing the extension of the executive summary to include the achievements to date, the need to ensure the headcount figures are accurately reported at a point in time, sought clarity around why the objectives had reduced from three to two and the addition of a collective statement to link the reports to Public Audit in Scotland. Gillian Woolman agreed to link in with Martin Walker to ensure these reports linked into the Corporate Plan.

Management Team agreed that streamlining the reporting to the two reports on behalf of Audit Scotland and the Accounts Commission was the preferred option.

Management Team acknowledged the considerable input by the team to develop equality and diversity in Audit Scotland and in the audit work we undertake.

Action: Diane McGiffen to share detailed comments on the draft reports. (March 2017)

Action: Gillian Woolman to liaise with Martin Walker in relation to the Corporate Plan. (March 2017)

Action: Gillian Woolman to schedule an Equalities Summit with Management Team. (March 2017)

Gillian Woolman, Jillian Matthews and Paul Reilly left the meeting.

3. Building a Better Organisation

David Blattman and Mark Taylor joined the meeting.

- VERA 2017

David Blattman introduced the second VERA 2017 report, a copy of which had been previously circulated.

David invited Management Team to consider and reject or approve the VERA applications on the merits of their respective business cases.

During detailed discussion, Management Team considered each business case taking account of the wider team and one organisational implications.

Following discussion and further reflection, Management Team rejected each business case recognising the impact of losing the skills, knowledge and experience for the organisation.

Action: David Blattman to draft a communication to staff. (March 2017)

Action: Directors and Assistant Directors to advise individuals of the outcome of the review of VERA business cases. (March 2017)

- BABO Update

David Blattman introduced the BABO Update report, which had been previously circulated.

David invited Management Team to consider the options the BABO Update report, which had been previously circulated.

Mark Taylor left the meeting.

Diane invited Management Team to consider the points set out in David Blattman's email in relation to the review of the Leadership Group pay award strategy.

During detailed discussion, Management Team recognised the need for simplicity and fairness and agreed it was too early to make a decision without the required assurance for the long term reward strategy.

Following discussion, Management Team agreed an interim proposal, with a view to implementing the longer term strategy by end September 2017.

David Blattman invited Management Team to consider the additional information provided in support of the recommendations for the proposed reduction of CO₂ omissions of Audit Scotland's basket of cars available to staff.

Management Team welcomed the additional information and following further discussion agreed that the cap be set at 120g with a 140g ceiling for AWD. This was in the median range of UK employers and provided flexibility for staff. David advised this would be shared with PCS at their final meeting with the union on the overall pay reward.

David Blattman left the meeting.

4. Communications Digest

James Gillies and Mark Taylor joined the meeting.

James Gillies introduced the Communications Digest report, which had been previously circulated.

James invited Management Team to note the key highlights, press coverage and publications activity.

Management Team welcomed the report, acknowledging the level of interest across our publications.

5. Hotlist of Emerging Audit Risks

Mark Taylor introduced the report Hotlist of Emerging Audit Risks, a copy of which had been previously circulated.

Mark invited Management Team to note the seven new emerging and developing risks as reported, the updates in relation to the audit work underway and the status of each matter where further audit activity is required.

Management Team discussed a number of the key risks emerging, noting the updates to ongoing matters and approving the closure of one risk.

James Gillies and Mark Taylor left the meeting.

6. Draft agenda: Management Team 14 March 2017

Management Team noted the proposed agenda for the meeting of Management Team on 14 March 2017.

7. Draft agenda: Remco 15 March 2017

Management Team noted the draft agenda for the meeting of the Remuneration and Human Resources Committee on 15 March 2017.

8. Draft agenda: Audit Firms 27 March 2017

Russell Frith invited Management Team to note the proposed agenda for the first meeting of the new audit appointment round and welcomed any input from colleagues.

Management Team welcomed the opportunity to consider the agenda and agreed for this first meeting that setting out the expectations of Parliamentary and other forums was key for auditors and the firms to understand. In addition, Management Team agreed that the added value elements from each firm as part of the procurement exercise should be captured and shared and a scan of the external operating environment would be useful to consider the challenges faced by auditors and the firms.

9. Any other business

There was no further business.

10. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 14 March 2017.

Management Team

Tuesday 14 March 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Russell Frith
Fraser McKinlay
Fiona Kordiak
Joy Webber (Minutes)

Apologies:

None

In attendance:

Martin Walker, Assistant Director, Corporate Performance and Risk
David Hanlon, Corporate Finance Manager
James Gillies, Communications Manager

1. Minutes of meeting: 7 March 2017

The draft minutes dated 7 March 2017 were discussed and agreed as an accurate record of the meeting, subject to minor amendment.

Diane McGiffen provided a verbal update on the appointment of the Acting Chair for the Accounts Commission and Management Team welcomed the update.

2. Making a Difference

Martin Walker joined the meeting.

- Corporate Plan 2017/18

Martin Walker introduced the Corporate Plan 2017/18 report, which had been previously circulated.

Martin invited Management Team to consider the first draft of the Corporate Plan update for 2017/18 which aimed to capture a sense of commitment and continuity in year three of the 2015-10 plan. Martin welcomed any comments on the proposed update prior to its submission for the Board's consideration on 31 March 2017, review by the Accounts Commission in April 2017 before final sign off by the Board at its meeting in May 2017.

During detailed discussion, Management Team acknowledged that the proposed draft reflected well the known external operating challenges and agreed a number of changes to better capture 2017/18 audit priorities, the need to bring more balance to the range of new financial powers and agreed the quality agenda required to be expanded. Management Team also agreed that as well as setting out our commitment as part of BaBO to a review of 3D the draft should also capture the proposed refinement to our performance reporting.

Caroline Gardner agreed to provide some comments on the foreword and Fraser McKinlay undertook to revert to Martin with commentary for Making a Difference.

Action: Caroline Gardner to provide some comments on the foreword. (March 2017)

Action: Fraser McKinlay to provide some commentary for the Making a Difference workstream. (March 2017)

- Public Sector Audit Risk and Assurance Framework

Martin Walker introduced the report on Public Sector Audit Risk and Assurance Framework, a copy of which had been previously circulated.

Martin invited Management Team to note the risks identified as part of the six monthly review undertaken by the Assistant Directors in order to identify significant emerging or increasing audit risks to allow faster decision making and to provide assurance of the proposed responses for each.

During detailed discussion, Management Team agreed that the coverage of the recent review felt right in light of external factors relating to economy, skills and capacity within the public sector, constitutional change and the departure from the EU.

Following discussion, Management Team welcomed the report.

Martin Walker left the meeting.

3. 2017/18 Establishment review and operational budget

David Hanlon joined the meeting.

David Hanlon introduced the 2017/18 Establishment review and operational budget, which had been previously circulated.

David invited Management Team to note the results of the review of our workforce establishment for 2017/18 and projections over the following four years together with the proposals to establish an operational budget for 2017/18.

During detailed discussion, Management Team considered the proposed establishment changes for 2017/18 and agreed the basis of the recommendation for Board approval.

Management Team also considered the changes proposed to workforce projections for 2018/19 to 2021/22 and a proposal for 2022/23 and agreed these as a basis to prepare salary cost projections for the next review of our four year plan scheduled for the summer/autumn 2017.

Turning to the operational budget 2017/18, Management Team considered the projected underspend for 2016/17, the proposals to fund the implementation of the new pay award and welcomed an early review on work in progress which Fiona Kordiak agreed to take forward with David Hanlon.

Action: Fiona Kordiak and David Hanlon to review work in progress. (March 2017)

David Hanlon left the meeting.

4. Draft Annual Report and Accounts 2016/17

James Gillies joined the meeting.

James Gillies introduced the Draft Annual Report and Accounts 2016/17 report, which had been previously circulated.

James invited Management Team to note the plans for the 2016/17 Audit Scotland annual report and welcomed any comments on the proposals for this year's content.

Management Team agreed with the overall approach, retaining a single document to cover the performance, governance and financial statements while recognising the need for early input to the report to ensure FReM compliance. In addition, Management Team agreed the inclusion of Best Value and areas of best practice should feature in the annual report.

Following discussion, Management Team noted the report would be considered by the Board at its meeting on 31 March 2017.

Action: Russell Frith to confirm Audit Strategy input on FReM compliance. (March 2017)

Action: Fiona Kordiak to confirm Audit Services input on best practice. (March 2017)

James Gillies left the meeting.

5. Draft agenda: Management Team 21 March 2017

Management Team noted the proposed agenda for the meeting of Management Team on 21 March 2017 and Russell agreed to bring the timetable for the quality review to the meeting.

6. Draft agenda: Board 31 March 2017

Management Team noted the draft agenda for the meeting of the Board on 31 March 2017.

7. Any other business

There was no further business.

8. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 21 March 2017.

Management Team

Tuesday 21 March 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Russell Frith
Fiona Kordiak
Joy Webber (Minutes)

Apologies:

Fraser McKinlay

In attendance:

Martin Walker, Assistant Director, Corporate Performance and Risk
Tricia Meldrum, Senior Manager, Performance Audit and Best Value
Elaine Boyd, Assistant Director, Audit Strategy
Fiona Daley, Consultant, Audit Strategy
John Gilchrist, Manager Procurement, Audit Strategy
Jim Rundell, Senior Audit Manager, Audit Services Group
Shelagh Stewart, Audit Manager, Performance Audit and Best Value
Martin Walker, Assistant Director, Corporate Performance and Risk
Charlotte Anderson, Learning and Development Officer, Human Resources
Antony Clark, Assistant Director, Performance Audit and Best Value

1. Minutes of meeting: 14 March 2017

The draft minutes dated 14 March 2017 were discussed and agreed as an accurate record of the meeting.

2. Making a Difference

Martin Walker joined the meeting.

- **Proposed approach to improving Performance Management**

Martin Walker introduced the report on the Proposed approach to improving Performance Management, a copy of which had been previously circulated.

Martin invited Management Team to note developments toward improving performance management arrangements and consider the proposed options for achieving an effective and streamlined approach.

During detailed discussion, Management Team considered the revised suite of key performance questions and indicators, which were based around the objectives set out in Public Audit in Scotland, the Accounts Commission Strategy and the Corporate Plan. Management Team welcomed the comprehensive coverage of the key performance questions and indicators and agreed further commentary was required around parliamentary and public engagement and our people.

Turning to the proposed options for improving performance management, analysis and reporting, Management Team agreed that they were helpful in providing an overview of our existing systems. Management Team agreed that further analysis of the costs and benefits of each option together with the associated challenges and risks was required.

Martin agreed to undertake further analysis of core systems and add on products, the possibility of design and build options taking account of investment, resource and capacity and report back to Management Team.

Following discussion, Management Team welcomed

Action: Martin Walker to undertake further analysis of the options and schedule a further report to Management Team. (April 2017)

Martin Walker left the meeting.

- **Public Engagement with Young Scot**

Tricia Meldrum joined the meeting.

Tricia Meldrum introduced the Public Engagement with Young Scot report, which had been previously circulated.

Tricia shared a presentation with Management Team which provided a summary of the pilot project which was delivered in partnership with Young Scot.

During discussion, Management Team noted the key outcomes of the CheckSee project, acknowledging the benefits of working with different groups of people to understand what matters to them and how we can use that information in our work.

Management Team welcomed the presentation and discussed proposed plans to work with other groups as part of the wider public engagement programme being led by Lorraine Gillies.

Following discussion, Management Team expressed their thanks to the team involved and Young Scot and looked forward to hearing more about a programme of engagement to keep our awareness of the issues that matter to people.

Management Team noted the report and presentation would be considered by the Board at its meeting on 31 March 2017.

Tricia Meldrum left the meeting.

3. Securing World Class Audit: Review of Audit Quality Update

Elaine Boyd, Fiona Daley, John Gilchrist, Jim Rundell, Shelagh Stewart, Martin Walker, Charlotte Anderson and Antony Clark joined the meeting.

Russell Frith and Elaine Boyd introduced the report Review of Audit Quality Update, a copy of which had been previously circulated.

Elaine shared the Quality Summit presentation with Management Team before introducing a roundtable discussion on the review of our quality framework.

Jim, Antony, Shelagh, Charlotte and Elaine discussed recent developments in their respective areas and Fiona Daley summarised the work she had undertaken in comparing Audit Scotland's approach to audit quality to that of other audit agencies in the UK and overseas.

During discussion, areas for further work were agreed including the future governance of audit quality, arrangements for external review of the work of Audit Services Groups and the firms and development of quality monitoring for best value work.

Management Team welcomed the discussion and noted the proposed timetable.

Elaine Boyd, Fiona Daley, John Gilchrist, Jim Rundell, Shelagh Stewart, Martin Walker, Charlotte Anderson and Antony Clark left the meeting.

4. Draft Agenda: Management Team 28 March 2017

Management Team noted the proposed agenda for the meeting of Management Team on 28 March 2017.

5. Draft agenda: Accounts Commission 13 April 2017

Management Team noted the proposed agenda for the meeting of the Accounts Commission on 13 April 2017.

6. Draft agenda: Board 31 March 2017

Management Team noted the draft agenda for the meeting of the Board on 31 March 2017.

7. Any other business

There was no further business.

8. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 28 March 2017.

Management Team

Tuesday 28 March 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Russell Frith
Fiona Kordiak
Joy Webber (Minutes)

Apologies:

None

In attendance:

Lynn Scott, Business Support Services Manager
Martin Walker, Assistant Director, Corporate Performance and Risk
David Blattman, HR & OD Manager

1. Minutes of meeting: 21 March 2017

The draft minutes dated 21 March 2017 were discussed and agreed as an accurate record of the meeting.

2. Leading a Better Organisation

Fraser McKinlay provided a verbal update on progress to date and welcomed the opportunity to have a more detailed discussion with colleagues to inform the development programme for the Leadership Group.

During detailed discussion, Management Team agreed this was a key action flowing from the Building a Better Organisation in delivering and supporting one organisational working across the business. Management Team considered the long term future of the leadership role, recognising the need to support and coach the various elements of the leadership group in order to meet the challenges the next three years might bring.

Management Team noted the outline delivery plan was currently being developed by David Blattman and Tracey Bray with a view to sharing this with colleagues at the Leadership Group meeting scheduled in May.

Following discussion, Fraser advised he would appreciate the opportunity to discuss ongoing developments each month with Management Team.

Action: Fraser McKinlay to return to Management Team with the outline programme. (April 2017)

3. Building a Better Organisation

- **Business Support Services Review: Update**

Lynn Scott, Martin Walker and David Blattman joined the meeting.

Lynn Scott introduced the report Business Support Services (BSS) Review: Update, which had been circulated previously.

Lynn invited Management Team to note the process of the review of Business Support Services and the outcome from the reorganisation which now consisted of three main teams being Executive support providing cover to the whole Leadership Group, Audit and Business Assistants providing dedicated support to audits and across the business with the Client and Services team dealing with front of house and day to day facilities matters.

During detailed discussion, Management Team welcomed the progress made to date while recognising the challenges of the review. Management Team noted the organisation were already starting to benefit from the changes made and looked forward to seeing continued development of the team.

Following discussion, Management Team agreed the

Lynn Scott, Martin Walker and David Blattman left the meeting.

4. Draft Agenda: Management Team 11 April 2017

Management Team noted the proposed agenda for the meeting of Management Team on 11 April 2017. Russell Frith advised he would also like to bring a report on the revised guidance on Ethical Standards.

5. Any other business

There was no further business.

6. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 11 April 2017.

Management Team

Tuesday 11 April 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Fraser McKinlay
Russell Frith
Fiona Kordiak
Lorna McEwan (Minutes)

Apologies:

Caroline Gardner

In attendance:

Paul O'Brien, Senior Manager, Audit Strategy
Martin Walker, Assistant Director, Corporate Performance and Risk
Antony Clark, Assistant Director, Performance Audit & Best Value
Sarah Pollock, Audit Manager, Performance Audit & Best Value
Paul Reilly, Secretary to the Accounts Commission
Tracey Bray, Senior Business Partner (OD), HR

1. Minutes of meeting: 28 March 2017

The draft minutes dated 28 March 2017 were discussed and agreed as an accurate record of the meeting subject to minor amendment.

2. Securing World Class Audit: Future Strategy

Management Team commenced its first monthly discussion in respect of the future strategy of the organisation following on from the recent announcement by Russell Frith of his intention to retire at the end of December 2017.

Russell advised that he had already met with Fraser McKinlay and Fiona Kordiak separately to share his early thoughts and a discussion followed on the forthcoming Audit Strategy team meeting scheduled to take place on 25 April 2017. Management Team noted that David Blattman would facilitate discussions with the team in respect of future work.

Following discussion, it was agreed that Russell, Fraser and Fiona would meet to discuss the options for sector meetings going forward.

Action: Fiona Kordiak, Fraser McKinlay and Russell Frith to meet to discuss options for sector meetings (2 May identified)

3. Securing World Class Audit: Revised Guidance on Ethical Standards

Paul O'Brien joined the meeting.

Russell Frith introduced the Revised Guidance on Ethical Standards report which had been previously circulated.

Following discussion it was agreed that a more systematic approach was needed to incoming and outgoing secondments and that a more formal process would be developed for senior level secondments in particular. Paul O'Brien would bring this to a future meeting of Management Team.

A discussion followed in respect of the long audit associations requirements, with agreement that PABV would mirror ASG rotation policies to support one organisation working.

Management Team agreed to email Paul with minor amendments to the application guidance.

Action: Management Team to email Paul with amendments to the application guidance.

Paul O'Brien left the meeting.

4. Making a Difference: International Work at Audit Scotland

Antony Clark and Sarah Pollock joined the meeting.

Antony Clark introduced the International Work at Audit Scotland report, which had been circulated previously.

Management Team welcomed the ambitious agenda for developing our new approach to international work and supporting our vision of becoming a world class audit organisation.

Management Team noted that over the past few months the new team had focussed on developing an international calendar of events, developing a new ishare site for all our international work, making greater use of technology and social media to build our network of international contacts and promote our work.

Management Team approved the refreshed International Strategy which would be considered alongside the International Work Annual Report by the Board at a future meeting.

Antony Clark and Sarah Pollock left the meeting.

5. Accounts Commission Strategy Seminar March 2017

Paul Reilly joined the meeting.

Management Team invited Paul Reilly to provide feedback from the recent Strategy Seminar held on 28 and 29 March 2017.

Paul informed Management Team that the both sessions had been very positive and that a brief paper highlighting the high level messages would be considered by the Accounts Commission on 13 April 2017.

Paul Reilly left the meeting.

6. Making a Difference: Value for Money and Efficiency Review Programme

Martin Walker joined the meeting.

Martin Walker invited Management Team to note the proposed options for areas which could be the subject of VFM / efficiency reviews in 2017/18.

Management Team agreed that reviews of how we spend our time across the organisation (audit and non-audit work) and travel and subsistence should be prioritised. Capacity to complete the reviews was discussed and it was agreed that external help would be sought to assist with the forthcoming reviews.

Martin and Fraser agreed to meet offline to consider the high level scoping and report back to Management Team at a future date

Action: Fraser McKinlay, Martin Walker to meet to discuss high level scoping

7. Internal Audit

- Follow up review 2016/17

Martin Walker introduced the Follow up review internal audit report, a copy of which had been circulated.

Management Team agreed to note the contents of the report.

Tracey Bray joined the meeting.

- Staff performance management and succession planning

Tracey Bray introduced the Staff Performance Management internal audit report and invited comments from Management Team.

Management Team welcomed the substantial assurance in this important area. A discussion on how we identify poor performance followed and Tracey agreed to gather qualitative feedback in advance of the forthcoming Board meeting.

Subject to minor amendment Management Team agreed to note the contents of the Staff Performance Management report.

Tracey Bray left the meeting.

8. Information Security Management Policy Review 2017

Martin Walker introduced the report Information security management policy review 2017 which had been circulated previously.

Subject to minor amendment, Management Team approved the revised policy and agreed to its submission to the Board for approval on 5 May 2017.

Martin Walker left the meeting.

9. Draft Agenda: Accounts Commission Committee meetings 27 April 2017

Management Team considered the draft agenda for the Accounts Commission Committee meetings scheduled for 27 April 2017. Fraser McKinlay agreed to liaise with Paul Reilly in this respect.

10. Draft Agenda: Management Team 18 April 2017

Management Team noted the proposed agenda for the meeting of Management Team on 18 April 2017.

11. Any other business

There was no further business.

12. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 18 April 2017.

Management Team

Tuesday 18 April 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Lorna McEwan (Minutes)

Apologies:

Russell Frith

In attendance:

Neil Cartlidge, Correspondence Manager
Dorothy Lavery, Correspondence Auditor
Angela Canning, Assistant Director, Performance Audit & Best Value
Alex Devlin, Corporate Governance Manager
Martin Walker, Assistant Director, Corporate Performance and Risk

1. Minutes of meeting: 11 April 2017

The draft minutes dated 11 April 2017 were discussed and agreed as an accurate record of the meeting.

2. Corporate Plan Update

Martin Walker joined the meeting.

Martin Walker introduced the second draft of the Corporate Plan update for 2017/18, which had been circulated previously.

Management Team welcomed sight of the revised draft and Fiona Kordiak agreed to liaise with Martin outwith the meeting to feed back minor amendments.

Management Team approved submission of the Corporate Plan to the Board on 5 May for approval with publication scheduled for 26 May 2017.

Action: Fiona Kordiak to feed back minor revisions to Martin Walker.

Martin Walker left the meeting.

3. Making a Difference: Correspondence Reporting

Angela Canning, Neil Cartlidge and Dorothy Lavery joined the meeting.

- **Q4 Performance Report 2016/17**

Angela Canning introduced the Q4 Performance Report 2016/17, which had been circulated previously.

Management Team noted the improvement in the quality of responses, and reflected on the improved performance against target response times over the last three years which demonstrated better service delivery and greater engagement both internally and externally.

Following discussion Management Team recommended that going forward, the quarterly Correspondence Performance Report should not be considered as a stand alone item and would instead be incorporated into the appropriate suite of reports for Management Team consideration.

Action: Neil Cartlidge and Dorothy Lavery to liaise with Martin Walker and Alex Devlin to incorporate reporting.

- **Annual Report 2016/17**

Management Team welcomed sight of the Correspondence Annual Report 2016/17, which had been circulated previously.

Following discussion, Management Team approved the contents of the 2016/17 Annual Report on Correspondence, prior to its submission to the Audit Committee meeting scheduled to take place on 17 May 2017.

Angela Canning, Neil Cartlidge and Dorothy Lavery left the meeting.

4. 2016/17 Annual Reporting

Martin Walker and Alex Devlin joined the meeting.

- **Whistleblowing and Bribery and Fraud**

Alex Devlin introduced the Whistleblowing and Bribery and Fraud 2016/17 report, which had been circulated previously.

Management Team noted the contents of the report and approved its submission to the Audit Committee meeting scheduled to take place on 17 May 2017.

- **Freedom of Information and Environmental Information**

Alex Devlin introduced the Freedom of Information and Environmental Information 2016/17 report, which had been circulated previously.

Management Team noted that two additional Freedom of Information requests had been received and the figures would be incorporated into the report.

Subject to amendment, Management Team noted the contents of the report and approved its submission to the Board for the meeting scheduled to take place on 5 May 2017.

- **Complaints Handling**

Alex Devlin introduced the Complaints report 2016/17, which had been circulated previously.

Management Team noted the contents of the report and approved its submission to the Board meeting scheduled to take place on 5 May 2017.

- **Hospitality and Gifts**

Alex Devlin introduced the Hospitality and Gifts 2016/17 report, which had been circulated previously.

A discussion followed in respect of the capacity in which gifts / hospitality are offered. It was agreed that clarity of expectation was required and it was suggested that individuals contact the Corporate Governance team for guidance when an invitation is received, prior to accepting it.

Management Team noted the contents of the report and approved its submission to the Audit Committee meeting scheduled to take place on 17 May 2017.

Action: Diane McGiffen to liaise with Heather Logan and Ian Leitch in respect of hospitality and gifts.

Alex Devlin left the meeting.

5. Risk Management Framework – 2017 review

Martin Walker introduced the Risk Management Framework report, a copy of which had been previously circulated and invited Management Team to review the proposed changes.

Management Team welcomed this early review and noted the proposed minor amendments.

Martin Walker left the meeting.

6. Draft agenda: Management Team 25 April 2017

Management Team noted the proposed agenda for the meeting of Management Team on 25 April, subject to additional items being incorporated.

7. Any other business

There was no further business.

8. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 25 April 2017.

Management Team

Tuesday 25 April 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

David Blattman, HR & OD Manager
David Hanlon, Corporate Finance Manager
Martin Walker, Assistant Director, Corporate Performance and Risk
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 18 April 2017

The draft minutes dated 18 April 2017 were discussed and agreed as an accurate record of the meeting, subject to minor amendment.

2. World Class Vision Update

Russell Frith introduced the report World Class Vision Update, a copy of which had been circulated previously.

Russell invited Management Team to discuss the draft Board paper which reported the progress we have made to date on the key components of our Becoming World Class ambition.

Management Team welcomed the report which provided a helpful summary of progress achieved to date particularly in relation to independence, governance and reporting, with more focus required in relation to impact. Management Team reflected that while there is no accepted definition of world class we continue to develop our aspirations.

During detailed discussion, Management Team agreed a number of actions, that a refresh of the Becoming World Class strategy be undertaken to ensure we capture our expectations around continuous improvement.

Following discussion, Management Team noted that this report linked with Quality and would therefore be scheduled to go to the Board after the Audit Committee discussed the Audit Quality at its meeting on 17 May 2017.

Management Team noted that the Review of Audit Quality was scheduled to be discussed at next week's meeting which would include detail around the framework, timescales and next steps. In the meantime, Management Team agreed to feed back any further comments.

Action: Russell Frith to schedule a report to the Board after the meeting of the Audit Committee on 17 May 2017. (May 2017)

3. Leading a better organisation

David Blattman joined the meeting.

Fraser McKinlay provided a verbal update on the work underway, advising of the proposed agenda for the forthcoming Leadership Group meeting on 10 May 2017, the key deliverable on the pay and reward strategy and the longer term plans for developing leadership of the organisation.

Management Team welcomed the update and agreed to share any comments on the proposed agenda and pre-reading which Fraser would issue early next week.

David Blattman left the meeting.

4. Building a Better Organisation: Glasgow Office Refresh Tender

David Hanlon joined the meeting.

David Hanlon provided a summary of the information document which had been prepared and circulated to Management Team in advance of the meeting.

David invited Management Team to consider the tenders received for the refresh of the Glasgow office and agree in principle the options to award a contract for the work.

Management Team welcomed the information and during detailed discussion sought assurance around the budget and impact on proposed IT developments, noted landlords consent was still required, considered the options for the works and when the office would be closed and our communication with colleagues.

Following discussion, Management Team agreed they were content to make a formal offer.

In addition, David Hanlon provided a verbal update on the work on the annual accounts for 2016/17, reporting an underspend of approximately £440k but taking account of potential pension liabilities and the unfunded in-house pension provision this would reduce the underspend to approximately £73k.

Management Team welcomed the update, noting the results of the pension revaluation exercise was due by Christmas 2017 and acknowledging the potential impact this may have on the 2017/18 budget and future years.

Action: David Hanlon to prepared and circulate the detailed report on the Glasgow Office Refresh for Management Team. (May 2017)

David Hanlon left the meeting.

5. Making a Difference: Publication Schedule and Forward Programme

Fraser McKinlay introduced the Publication Schedule and Forward Programme report, which had been previously circulated.

Fraser invited Management Team to note the draft Board report on the publication schedule and forward programme and welcomed any comments.

Management Team discussed the report and approved it for submission by the Board at its meeting on 5 May 2017 subject to clarification that there was no impact to the schedule as a result of the general election.

6. Risk Interrogation: Failure of Reputation

Martin Walker joined the meeting.

Martin Walker introduced the report Risk Interrogation: Failure of Reputation, a copy of which had been previously circulated.

Martin invited Management Team to note this report provided an update a year on from last year's review and welcomed Management Team's comments prior to the Audit Committee's consideration at its meeting on 17 May 2017.

During discussion, Management Team recognised the risk is one which is hard to fully mitigate against and agreed it would be useful to capture the expectations of different audiences in order to clarify the range of roles we play, including the coordination of scrutiny for the Auditor General and Accounts Commission, engagement with MSPs and reporting to Parliament and its Committees and our work with the audit firms.

Following discussion, Management Team welcomed the report and subject to capturing more around the expectations agreed it be submitted to the Audit Committee.

7. Review of Risk Register

Martin Walker introduced the Review of Risk Register report, which had been previously circulated.

Martin invited Management Team to review and comment on the updated risk register, particularly in relation to the reduced net risk score of risk eight to target.

During detailed discussion, Management Team considered the risk register and agreed that in light of the continuing programme for value for money, the net risk score for risk eight should be remain unchanged and additional commentary included on to capture the milestone of the BaBO pay and reward in April 2017.

Following discussion, Management Team welcomed the report.

8. File and Records Management

Alex Devlin joined the meeting.

Martin Walker introduced the report on File and Records Management, a copy of which had been previously circulated.

Martin invited Management Team to note the update following the file and records management recovery exercise and welcomed consideration of the implications for the risk register, annual assurance statements and data loss reporting.

During detailed discussion, Management Team considered whether there was a requirement to modify the retention period of files for example to take account of Freedom of Information requests, the Scottish Information Commissioner and Information Commissioner Office requirements and the frequency of system back ups.

Following discussion, Management Team reflected on the overall successful recovery of files which was significantly lower than the initial review, recognised the steps taken to minimise further loss, the refresh of library owners and agreed there was a need to promote the lessons learnt from the incident in order to build on awareness.

Management Team noted an update would be shared with the Audit Committee as part of the Data Incident/Loss report.

9. Data Incident/Loss

Alex Devin introduced the report on Data Incident/Loss, which had been previously circulated.

Alex invited Management Team to note the one data incident which would be reported to the Audit Committee at its meeting in May.

Management Team considered the incident which related to confidential papers being saved to an internal non restricted library and agreed lessons learned should be shared with colleagues and identify where any additional training may be required.

Following discussion, Management Team approved the report for submission to the Audit Committee.

10. 2016/17 Annual Report: Information Governance and Security

Alex Devlin introduced the 2016/17 Annual Report on Information Governance and Security, which had been previously circulated.

Alex invited Management team to consider and approve the submission of the report for the Audit Committee for its meeting on 17 May 2017.

Management Team welcomed the report and approved its submission to the Audit Committee.

11. Internal Audit Annual Report 2016/17

Alex Devlin introduced BDO's Internal Audit Annual Report 2016/17, a copy of which had been previously circulated.

Alex invited Management Team to note the reasonable assurance provided overall and welcomed any comments.

Management Team noted the substantial assurance received for seven of the eight internal audits during the year and Alex advised the internal audit framework provided only for reasonable assurance or no assurance as part of reporting annual progress.

Management Team agreed the report should be amended to reflect this.

Martin Walker and Alex Devlin left the meeting.

12. Draft agenda: Management Team 2 May 2017

Russell Frith advised Management Team that the refreshed guidance on secondments would be coming to a later meeting. Management Team noted the amended agenda for the meeting of Management Team on 2 May 2017.

13. Draft agenda: Accounts Commission 11 May 2017

Management Team noted the agenda for the forthcoming meeting of the Accounts Commission.

14. Any other business

Russell Frith invited Management Team to reflect on the recent Audit Firms meeting on 27 March and discuss whether Audit Scotland host and chair each of the meetings scheduled in 2017. Management Team agreed we would host and chair but would invite the firms to contribute to future meetings.

15. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 2 May 2017.

Management Team

Tuesday 2 May 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

David Hanlon, Corporate Finance Manager
James Gillies, Communications Manager
Elaine Boyd, Assistant Director, Audit Strategy

1. Minutes of meeting: 25 April 2017

The draft minutes dated 25 April 2017 were discussed and agreed as an accurate record of the meeting.

2. Draft 2016/17 Financial Results

David Hanlon joined the meeting.

David Hanlon introduced the Draft 2016/17 Financial Results report, which had been circulated previously.

David invited Management Team to note the underspend for the year stood at £73k after allowing for the pension provision as previously advised and lower than anticipated work in progress levels. David advised Management Team that our external auditors, Alexander Sloan, were scheduled to look at our accounts from Monday 8 May, following which Russell Frith would review the statutory accounts prior to issue to the Audit Committee alongside the annual report and accounts.

During detailed discussion, Management Team noted the reduction in pension discount in respect of the unfunded element and considered the implications of a larger provision, in light of an increased pay bill and the possibility of a further reduction in any discount applied.

Management Team also considered the adjustment to work in progress levels, reflecting new audit appointments settling in and the need for further consideration of recording work under the new approach to Best Value audit. Management Team agreed it would be helpful to build better understanding for colleagues on the different elements of fee and Russell advised that would be captured as part of the sectoral reporting in the report to the Board at year end.

Management Team also reflected on the reduced vacancy factor reported, the restructure of Business Support Services, the provision for supporting the new financial powers work and

agreed there was a need to finalise the resource requirements for this as well as develop the thinking around support for social security.

Action: Russell Frith to schedule a report to Management Team and the Board on the sector point at the year end after the meeting of the Audit Committee on 17 May 2017. (May 2017)

David Hanlon left the meeting.

3. Communications Digest

James Gillies and Elaine Boyd joined the meeting.

James Gillies introduced the Communications Digest, a copy of which had been previously circulated.

James invited Management Team to note the key highlights and issues. Management Team welcomed the report and reflected that the extended election period didn't impact on planned publications. Management Team noted Jackie Baillie's appointment as the new convenor of the Public Audit and Post Legislative Scrutiny committee, discussed the attention that the structural defects in Scottish Schools had received and agreed a briefing on the GERS debate would be useful as an internal briefing for colleagues.

4. Hotlist of Emerging Audit Risks

Elaine Boyd introduced the Hotlist of Emerging Audit Risks, which had been previously circulated. Elaine invited Management Team to note the two emerging risks and welcomed any comments.

Management Team welcomed the report and discussed the new key issues identified. Following discussion, Management Team provided updates on items to be moved to the watchlist

James Gillies and Elaine Boyd left the meeting.

5. Draft agenda: Management Team 16 May 2017

Management Team considered the draft agenda.

6. Securing World Class Audit: Review of Audit Quality Arrangements

Elaine Boyd re-joined the meeting.

Elaine Boyd introduced the report on the Review of Audit Quality Arrangements, a copy of which had been previously circulated.

Elaine invited Management Team to note progress made to date in bringing together the draft Quality Framework with the comparison of audit quality with international audit agencies and the governance arrangements. Elaine also invited Management Team to comment on the report, the governance of audit quality, securing external assurance of audit work and the scope of external quality monitoring and reporting.

During detailed discussion, Management Team reflected on the helpful report which provided a detailed explanation of all of the elements for consideration. Management Team considered how the review of audit quality resonates with our becoming world class improvement programme, recognising that the approach to quality should clearly support the world class vision and that reporting on quality should be supported by robust data and evidence. Management Team also reflected on quality monitoring and recognising the wider scope of audit agreed we should be bold in setting out what the arrangements will be.

In terms of the Quality Framework, Management Team agreed with the proposal to have one corporate quality framework for Audit Scotland and this would be reviewed after a year, and possibly annually thereafter.

With regard to the Corporate Quality Group, Management Team discussed the remit of the group and agreed this should be enhanced with consideration given to additional resources and reporting lines. Elaine and Russell agreed to return with proposals.

Turning to the report prepared by Fiona Daley on international comparisons, Management Team took assurance from the review and on the question of external assurance discussed the options available and likely scope of a tender.

Following discussion, Management Team welcomed the report and discussion which would be updated before issuing to the Audit Committee for its considered on 17 May 2017. In addition, Elaine advised Management Team that the Corporate Quality Group were meeting on Monday 15 May to develop KPIs and measures and of the intention to host knowledge cafes to keep colleagues informed of progress.

Action: Elaine Boyd and Russell Frith to update the report for issue to the Audit Committee. (May 2017)

Action: Elaine Boyd and Russell Frith to bring proposals around the remit, reporting lines and resources for the Corporate Quality Group. (TBC 2017)

Elaine Boyd left the meeting.

7. Any other business

Management Team discussed the outline agenda for the Leadership Group meeting on 10 May 2017.

Fiona Kordiak invited Management Team to note work would be commencing shortly for the next Annual Audit Conference and a short paper would follow with options for the format and content for discussion.

Diane McGiffen provided an overview of the items for discussion at the Board meeting on Friday 5 May 2017.

8. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 16 May 2017.

Management Team

Tuesday 16 May 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Lorna McEwan (Minutes)

Apologies:

None

In attendance:

David Blattman, HR & OD Manager
Paul O'Brien, Senior Manager, Audit Strategy
John Gilchrist, Manager, Audit Strategy
Elaine Boyd, Assistant Director, Audit Strategy
Antony Clark Assistant Director, PABV
Sarah Pollock, International Liaison Manager
Martin Walker, Assistant Director, Corporate Performance and Best Value
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 2 May 2017

The draft minutes dated 2 May 2017 were discussed and subject to amendment were agreed as an accurate record of the meeting.

2. Securing World Class Audit: Future Strategy

Russell Frith introduced the Securing World Class Audit – Future Strategy update report, which had been circulated previously.

Following discussion, Management Team approved the proposal that Fiona Kordiak assumes the role of ethics partner for the organisation with continued support from the Audit Strategy team. The transfer date would be 1 October in order to coincide with the start of the next audit year and to allow Fiona to oversee the next Fit and Proper exercise.

Management Team further noted that Fraser McKinlay would take the overall lead on local government sector meetings with Stephen Boyle taking responsibility for the remaining sectors. Management Team discussed how this will be communicated.

A discussion followed on Russell's membership of external technical and standard setting groups. Management Team noted that Fiona Kordiak would assume membership of FRAB following Russell's departure.

A discussion followed on Disclosure Scotland and it was agreed that Gillian Woolman would be invited to present a report to Management Team in this respect.

Action: Fraser McKinlay to liaise with Joanna Mansell and Stephen Boyle to confirm plans to communicate sector meetings governance announcements to staff.

Action: Fiona Kordiak to liaise with Gillian Woolman in respect of Disclosure Scotland.

David Blattman joined the meeting.

David Blattman invited comments from Management Team in advance of the Audit Strategy team workshop scheduled for 7 June 2017 and a discussion followed in this respect.

Action: Caroline Gardner to provide a digital contribution to the Audit Strategy workshop on 7 June 2017.

Action: David Hanlon to be invited to attend the workshop.

3. Securing World Class Audit: Revised Guidance on Secondments

Paul O'Brien joined the meeting.

Paul O'Brien introduced the Securing World Class Audit Revised guidance on secondments report, which had been previously circulated.

Paul invited Management Team to note the key highlights and issues in the report. Management Team welcomed the report and a detailed discussion followed on the potential risks surrounding secondments to public bodies. Management Team agreed that the staff handbook should include a requirement that all outward secondments be discussed with and agreed by the Ethics partner before the opportunity is advertised to staff.

A discussion followed on inward secondments and Management Team agreed that clarity was needed in this respect.

Action: David Blattman to update the staff handbook with revised procedure for incoming and outgoing secondments.

David Blattman and Paul O'Brien left the meeting.

4. 2016/17 Annual Report: International Work

Antony Clark and Sarah Pollock joined the meeting.

Antony Clark introduced the International Work Annual report, which had been previously circulated.

Management Team noted the contents of the report and welcomed its revised format. Management Team approved the report for submission to the Board.

Antony Clark and Sarah Pollock left the meeting.

5. 2016/17 Annual Report: Audit Quality

John Gilchrist and Elaine Boyd joined the meeting.

Russell Frith introduced the Audit Quality 2016/17 annual report, which had been previously circulated.

Russell invited Management Team to comment on the report and a discussion followed in this respect.

Management Team welcomed the change of name of the report and subject to amendment approved the Audit Quality Report 2016/17 for submission to the Audit Committee prior to consideration by the Board.

6. Q4 Corporate Performance Report

Martin Walker joined the meeting.

Martin Walker introduced the Q4 Performance report 2016/17, a copy of which had been previously circulated.

Management Team welcomed the report and suggested minor refinements to the wording within the document in respect of late / rescheduled outputs.

Following discussion Management Team noted the contents of the report.

7. Q4 Becoming World Class Improvement Programme

Martin Walker introduced the Q4 Becoming World Class Improvement Programme update report 2016/17, which had been previously circulated.

Martin invited Management Team to comment and a discussion followed in this respect.

Fiona Kordiak agreed to provide Martin with alternative wording and subject to minor amendment, Management Team noted both the progress made to date and next steps.

Action: Fiona Kordiak to provide Martin Walker with alternative wording.

8. Governance Statement and Certificate of Assurance 2016/17

Alex Devlin joined the meeting.

Alex Devlin introduced the Public Services Reform (Scotland) Act – Draft Statements on Exercise of Public Functions, which had previously been circulated.

Following discussion Management Team approved publication of the statements.

9. Governance Statement and Certificate of Assurance 2016/17

Alex Devlin introduced the Governance Statement and Certificate of Assurance 2016/17 report, which had been previously circulated.

Alex invited Management Team to consider the certificates of assurance to determine whether they raise any issues which should be drawn to the attention of the Audit Committee or the Audit Scotland Board at their meetings on 6 June 2017 with the Annual Accounts and governance statements.

Following discussion Management Team agreed that the inconsistency issue regarding the management of documents and records in ishare should be recorded on the certificate of assurance and wording added to the Annual Accounts and governance statements.

Action: Alex Devlin to include reference to the management of documents and records on ishare on the certificate of assurance and to the Annual Accounts and governance statements.

Alex Devlin and Martin Walker left the meeting.

10. Draft agenda: Management Team 23 May 2017

Management Team agreed to note the contents of the draft agenda for the meeting of 23 May 2017.

11. Any other business

Fraser McKinlay agreed to draft the note of the Openness and Transparency meeting held on 8 May 2017.

Action: Fraser McKinlay to draft the note of the recent meeting of the Openness and Transparency meeting held on 8 May 2017.

12. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 23 May 2017.

Management Team

Tuesday 23 May 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Fraser McKinlay
Fiona Kordiak
Lorna McEwan (Minutes)

Apologies:

Caroline Gardner
Russell Frith

In attendance:

Mark Taylor, Assistant Director, Audit Services Group
Rebecca Seidel, Audit Manager, Performance Audit and Best Value
David Blattman, HR & OD Manager
Charlotte Anderson, Learning and Development Officer
Martin Walker Assistant Director, Corporate Performance and Risk
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 16 May 2017

The draft minutes dated 16 May 2017 were discussed and subject to minor amendment agreed these were an accurate record of the meeting.

2. New Financial Powers and Constitutional Change Update

Mark Taylor and Rebecca Seidel joined the meeting.

Mark Taylor introduced the New Financial Powers and Constitutional Change Update report, which had been circulated previously.

Mark invited Management Team to note the developments being reported around new financial powers and constitutional work programme, including responding to consultations which have led to the review and development of our approach on when and how we should respond, reviewing and commenting on the audit framework and assessing future resources in light of the uncertainty around the timing, nature and extent of future social security audit work.

Management Team noted the draft response on the draft audit and accountability framework and Mark agreed to circulate a copy of this for information. Management Team noted the response was due by the end of May and agreed it would be beneficial to be aware of any issues which the NAO may have. Mark advised he would circulate a copy of our draft response with Management Team.

There followed a discussion around the process after consultation responses have been considered and Mark advised Management Team that the arrangements would be agreed between the UK and Scottish governments in June before being approved by the Joint Executive Committee.

Following discussion, Management Team welcomed the report and agreed that the draft response could be shared with PAPLS Committee in due course.

Action: Mark Taylor to circulate the draft audit and accountability framework to Management Team for information. (May 2017)

Mark Taylor to circulate a copy of the draft response to Management Team for information. (May 2017)

Mark Taylor and Rebecca Seidel left the meeting.

3. 2016/17 Annual report: Health, safety and wellbeing

David Blattman and Charlotte Anderson joined the meeting.

Charlotte Anderson introduced the 2016/17 Annual Report: Health, safety and wellbeing, a copy of which had been previously circulated.

Charlotte invited Management Team to note the overall positive report, showing reducing absence levels in Audit Scotland which compared favourably to the trend in the public sector.

Management Team welcomed the report and the good progress made over the year, recognising the benefits of flexible working for colleagues through Time, Place, Travel, streamlining office locations to better support the business. Management Team considered the inspections of audit offices following the new audit appointment round and were assured these were all in hand.

Following discussion, Management Team agreed the inspections of audit offices should be captured before it was submitted for consideration by the Audit Committee .

David Blattman and Charlotte Anderson left the meeting.

4. Performance review 2016/17 and Trend Analysis

Martin Walker and Alex Devlin joined the meeting.

Martin Walker introduced the Performance review 2016/17 and Trend Analysis report, which had been previously circulated.

Martin invited Management Team to note the report which provided a summary of performance over the past year together with performance trends over a longer time period.

During detailed discussion, Management Team agreed that while the report was useful in relation to the overall performance and trend analysis it required more refining to align with the suite of annual reporting.

Following discussion, Management Team agreed that Martin would share the report with the respective business groups in order to reflect on and build into the review of the new corporate strategy.

Management Team welcomed the report and agreed Martin would capture the key highlights of performance during the year in the Q4 report to be considered by the Board at its meeting in June 2017.

Action: Martin Walker to circulate the report to business groups in advance of the refresh of the new corporate plan. (May 2017)

Martin Walker to update the Board Q4 performance report to capture the key highlights during 2016/17. (May 2017)

5. Internal audit report: Business continuity planning

Alex Devlin introduced the Internal Audit Report, Business Continuity Planning, a copy of which had been previously circulated.

Alex invited Management Team to note the substantial assurance provided by the report and welcomed any comments.

During discussion, Management Team considered the success of the recent Business Continuity Awareness Week campaign agreeing it was important that colleagues updated their respective mysite information with photographic id and correct contact details particularly in light of incident which could arise at any point in time.

Following discussion, Management Team welcomed the substantial assurance reported and thanked Alex for his work on BCAW.

6. Internal audit recommendations progress report

Alex Devlin introduced the Internal Audit Recommendations Progress report, which had been previously circulated.

Alex invited Management Team to the progress report on the implementation of internal audit recommendations and welcomed any comments.

During discussion, Fraser confirmed that the Value for Money programme should be updated to reflect this was completed as work well underway. In relation to Business Performance Management, Management Team agreed that while this is ongoing the commentary should set out the proposed next steps and Fiona advised that in relation to the timeline for the Career Development Gateways she would liaise with Tracey Bray to provide a more detailed timeline.

Following discussion, Management Team welcomed the report.

Action: Fiona Kordiak to liaise with Tracey Bray to confirm detail around the known timeline. (May 2017)

7. Whistleblowing and counter fraud policies review

Alex Devlin introduced the Whistleblowing and counter fraud policies review report, which had previously been circulated.

Alex invited Management Team to approve the submission of the policies which had been reviewed and reformatted to the Audit Committee and Board for their consideration on 6 June 2017.

Management Team noted the updated policies, together with Audit Scotland's Fraud Response Plan and approved these for submission to the Audit Committee and Board.

Martin Walker and Alex Devlin left the meeting.

8. Draft agenda: Audit Scotland Audit Committee agenda 6 June 2017

Management Team noted the proposed agenda for the Audit Committee meeting scheduled on 6 June 2017 and noted the risk register would include an update following the recent malware attack.

9. Draft agenda: Audit Scotland Board 6 June 2017

Management Team noted the proposed agenda for the meeting of the Board scheduled on 6 June 2017.

10. Draft agenda: Accounts Commission 8 June 2017

Management Team noted the draft agenda for the meeting of the Accounts Commission on 8 June 2017.

11. Draft agenda: Management Team 30 May 2017

Management Team noted the proposed draft agenda for the meeting of 30 May 2017, which included the 2016/17 Annual report and accounts. Management Team noted the meeting with the SCPA to discuss these had been confirmed for 21 June 2017.

12. Any other business

Diane McGiffen advised of an informal coffee meeting with the Audit Strategy team and a meeting with Elaine to provide feedback on the Quality report following the Audit Committee meeting on 17 May 2017.

13. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 30 May 2017.

Management Team

Tuesday 30 May 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Russell Frith
Fraser McKinlay
Fiona Kordiak
Joy Webber (Minutes)

Apologies:

None

In attendance:

David Hanlon, Corporate Finance Manager
James Gillies, Communications Manager
Mark Taylor, Assistant Director, Audit Services Group
Rebecca Seidel, Audit Manager, Performance Audit and Best Value
Gillian Woolman, Assistant Director, Audit Services Group
Martin Walker Assistant Director, Corporate Performance and Risk

1. Minutes of meeting: 23 May 2017

The draft minutes dated 23 May 2017 were discussed and agreed as an accurate record of the meeting.

2. 2016/17 Annual Report and Accounts

David Hanlon, Corporate Finance Manager, and James Gillies, Communications Manager, joined the meeting.

David Hanlon introduced the report on the 2016/17 Annual report and accounts, a copy of which had been circulated previously.

David invited Management Team to consider and agree the report for submission, together with the annual report and accounts for the year, to the Audit Committee on 6 June 2017.

During discussion, Management Team noted that the clearance meeting with our external auditors had gone well with no matters of concern arising. David advised there was an amendment to be made to Alexander Sloan's representation letter, a copy of which would be considered with the Audit Committee and the Board, prior to the signing meeting scheduled with Caroline Gardner on 13 June 2017.

Management Team agreed that the report going to the Audit Committee provided a helpful summary of the year and it was agreed that David would update the report to set out more clearly the key highlights.

Turning to the Annual Report and Accounts, Management Team welcomed the comprehensive nature of the report, which was FREM compliant and had been reorganised and expanded. Management Team also welcomed the addition of more visuals to bring the report to life.

Following discussion, Management Team recognised the work of the teams on the draft annual report and accounts and approved it for submission to the Audit Committee subject to a few drafting amendments.

Action: David Hanlon and James Gillies to update and submit the report to the Audit Committee. (May 2017)

David Hanlon and James Gillies left the meeting.

3. New Financial Powers Consultation: Accountability and Audit Framework for Scottish Devolution

Mark Taylor, Assistant Director, Audit Services Group and Rebecca Seidel, Audit Manager, Performance Audit and Best Value, joined the meeting.

Mark Taylor introduced the Accountability and Audit Framework for Scottish Devolution report, which had been circulated previously.

Mark invited Management Team to consider the initial draft of the response to the Scottish Government on the framework and a copy of a letter from Scottish Government to PAPLSC dated 12 May 2017, and invited any comments on the draft response. Mark also advised Management Team of a letter received from the NAO on Friday 26 May 2017.

During detailed discussion, Management Team noted the Scottish Government had requested a meeting to discuss the framework and agreed Russell Frith would attend. Caroline Gardner advised she would advise the convenors.

Following discussion, Management Team agreed they were comfortable with the direction and style of the proposed response although requested the inclusion of reference to preferred funding arrangements.

Management Team welcomed the update and agreed the Steering Group would take this forward.

Mark Taylor and Rebecca Seidel left the meeting.

4. 2018 Annual Audit Conference

Gillian Woolman, Assistant Director, Audit Services Group, joined the meeting.

Gillian Woolman introduced the 2018 Annual Audit Conference report, which had been previously circulated.

Gillian invited Management Team to consider the options for next year's conference taking into account its purpose, scope of attendees, location and cost-effectiveness and agree a preferred option.

Following discussion, Management Team agreed with the proposal for the event in January 2018 to be an Audit Scotland conference and Gillian agreed to take this forward with a small working group of colleagues from across the organisation to develop themes and support the event.

Action: Gillian Woolman to take forward the planning of the conference with a small working group of colleagues. (May 2017)

Gillian Woolman left the meeting.

5. Review of Risk Register

Martin Walker, Assistant Director, Corporate Performance joined the meeting.

Martin Walker introduced the Review of Risk Register report, which had been previously circulated.

Martin invited Management Team to note and approve the report for submission to the Audit Committee for its consideration on 6 June 2017.

During discussion, Management Team reviewed the summarised risk register report and noted the additional information relating to the recent global ransomware incident and assurance around cyber security risks are managed.

Following discussion, Management Team approved the report for submission to the Audit Committee subject to minor drafting comments.

Action: Martin Walker to update and submit the report to the Audit Committee. (May 2017)

6. Data loss/incident

Martin Walker introduced the Data Loss/Incident report, a copy of which had been previously circulated.

Martin invited Management Team to note and approve the report for submission to the Audit Committee on 6 June 2017.

Management Team noted details of the incidents were logged and following discussion approved the report to the Audit Committee.

Action: Alex Devlin to submit the report to the Audit Committee. (May 2017)

7. Draft agenda: Accounts Commission Committee Meetings 15 June 2017

Management Team noted the draft agenda for the meeting of the Accounts Commission Performance Audit Committee on 15 June 2017. Management Team also noted that the Financial Audit Assurance Committee meeting had been cancelled.

8. Draft agenda: Management Team 13 June 2017

Management Team noted the proposed draft agenda for the meeting of 13 June 2017.

9. Any other business

There was no further business.

10. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 13 June 2017.

Management Team

Tuesday 13 June 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Joy Webber (Minutes)

Apologies:

Russell Frith

In attendance:

David Hanlon, Corporate Finance Manager, Corporate Services
Stephen Boyle, Assistant Director, Audit Services Group
Alex Devlin, Corporate Governance Manager
David Blattman, HR & OD Manager, Corporate Services

1. Minutes of meeting: 30 May 2017

The draft minutes dated 30 May 2017 were discussed and subject to minor amendment agreed these were an accurate record of the meeting.

In light of Russell Frith's apologies received for today's meeting, Management Team agreed to postpone item 3, Future Strategy Update, to next week's meeting.

2. Building a better organisation: Developing leaders for the future

Fraser McKinlay provided a verbal update on the project, advising of activities underway in advance of the Leadership Group meeting next Wednesday 21 June and following that meeting, committed to bringing a report to Management Team on Tuesday 27 June 2017.

Fraser advised Management Team of input received from IES who will be presenting research to the Leadership Group meeting next week to enable discussion around the nature of leadership before moving on to discuss and develop the role profiles. Management Team noted that meetings between IES and the Leadership Group had been organised in July in advance of the meeting of the Leadership Group again in August which would focus on professional leadership.

Management Team welcomed the update and following discussion, Fraser advised he was also in contact external contacts following their leadership development initiatives to learn of the benefits and outcomes of these projects.

Following discussion, Fraser agreed that his report on 27 June 2017 would build in the Audit Strategy timeline for completeness.

3. Securing world class audit: Future strategy update

Management Team agreed this item would be postponed to their next meeting on 20 June 2017.

4. Building a better organisation: Glasgow office refresh

David Hanlon, Corporate Finance Manager, joined the meeting.

David Hanlon introduced the Glasgow office refresh report, which had been previously circulated.

David invited Management Team to note the report documented an earlier discussion at Management Team on 25 April 2017 regarding the approval to award a contract to GHE for the fit out work and an order for supporting furniture together with the proposals for closing the office options to enable the works to be carried out.

Management Team noted the progress reported on the project and discussed the risks and benefits associated with the options for closing the office for a period of three weeks, including the ability of colleagues to work from West Port, other audit offices or from home and the resilience of our of systems to support that.

Following discussion, Management Team approved the closure of the Glasgow office for a period of three weeks from 18 July to 9 August 2017, agreed that Lynn Scott and Joanna Mansell would communicate with colleagues to keep them informed of progress and Diane agreed to liaise with Jim Cumming in relation to supporting colleagues in working from other locations.

Management Team welcomed the report.

Action: Diane McGiffen to liaise with Jim Cumming in relation to supporting colleagues in working from other locations. (June 2017)

5. Public Sector Severance Policy Consultation

Stephen Boyle, Assistant Director, Audit Services Group, joined the meeting.

Stephen Boyle introduced the Public Sector Severance Policy Consultation report, a copy of which had previously been circulated.

Stephen invited Management Team to review and approve the submission of a response to the Scottish Government's consultation of Severance arrangements across the devolved public sector.

Management Team considered the reflected on the questions contained within the consultation and the proposed response.

Following discussion, Management Team agreed that we would respond corporately to the consultation with a high level summary of the key principles we had previously reported on. Diane McGiffen agreed to liaise with Stephen to finalise the response to the Scottish Government.

Management Team thanked Stephen for his report.

Action: Diane McGiffen to liaise with Stephen Boyle to finalise Audit Scotland's response to the consultation. (June 2017)

Stephen Boyle, Assistant Director, Audit Services Group, left the meeting.

6. Business Continuity Update

Alex Devlin, Corporate Governance Manager, joined the meeting.

Alex Devlin introduced the Business Continuity Update report, which had been previously circulated.

Alex invited Management Team to note the update to Audit Scotland's business continuity arrangements and activity, including the substantial assurance received from our internal auditor's following their review of our arrangements in May 2017 and of work underway for continued testing of these throughout the year.

Management Team welcomed the report and noted the theme of cyber security for the business continuity awareness week was timely.

7. Freedom of Information

Diane McGiffen advised that she would liaise with Alex Devlin and the Communications team in considering the report Monitoring Model Publications Scheme 2016/17 published by the Scottish Information Commissioner.

Action: Diane McGiffen to liaise with Alex to discuss the review of SPA governance with Stephen Boyle. (June 2017)

Alex Devlin, Corporate Governance Manager, left the meeting.

8. Draft agenda: Management Team 20 June 2017

Management Team noted the proposed draft agenda for the meeting of 20 June 2017 which would be updated to include the Future Strategy Update report by Russell Frith.

9. Any other business

- Scottish Police Authority

Management Team noted the forthcoming report which was due to be published on Thursday 22 June 2017. Fraser advised he would speak with Stephen Boyle with regard to the review of the SPA's governance which would be taking place over the summer.

Action: Fraser McKinlay to discuss the review of SPA governance with Stephen Boyle. (June 2017)

10. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 20 June 2017.

Management Team

Tuesday 20 June 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

Fiona Kordiak

In attendance:

Martin Walker, Assistant Director, Corporate Performance and Risk
Mark Taylor, Assistant Director, Audit Services Group
Paul O'Brien, Senior Manager, Audit Strategy
David Blattman, HR & OD Manager

1. Minutes of meeting: 13 June 2017

The draft minutes dated 13 June 2017 were discussed and subject to minor amendment agreed these were an accurate record of the meeting.

Management Team discussed feedback from colleagues in relation to the forthcoming closure of the Glasgow office around flexible working arrangements and noted local arrangements were in place.

Management Team noted that our response to the Public Sector Severance consultation was drafted on behalf of the Auditor General for Scotland, Audit Scotland and the Accounts Commission.

2. Making a Difference: Business group plans

Martin Walker, Assistant Director, Corporate Performance and Risk, Mark Taylor, Assistant Director, Audit Services Group, Paul O'Brien, Senior Manager, Audit Strategy, joined the meeting.

Martin Walker introduced the report Business plans 2017/18 reports, which had been previously circulated.

Martin invited Management Team to note each of the business plans support the delivery of current strategic and operational priorities together with the development of the strategic planning framework and the development of the new corporate plan for 2018/19 onwards.

During discussion, Management Team recognised the individual business plans were more aligned with clear themes developing year on year and welcomed that colleagues across the organisation were working together in the process for updating these year on year.

Following discussion, Management Team welcomed the assurance provided by the business plans and agreed that the overriding Becoming World Class ambition remained a valid platform for the refresh of the corporate plan.

Management Team thanked the teams for their input to the plans.

Mark Taylor, Assistant Director, Audit Services Group, left the meeting.

3. Securing world class audit:

- Future strategy update

Elaine Boyd, Assistant Director and John Gilchrist, Manager, Audit Strategy and David Blattman, HR & OD Manager, joined the meeting.

Russell Frith introduced the Future Strategy Update report, which had been previously circulated.

Russell invited Management Team to note the report provided an update following the Audit Strategy workshop held on 7 June which considered the arrangements around the future of the work of the Assistant Auditor General and the Audit Strategy Team after 31 December 2017.

During discussion, Management Team recognised the level of engagement and commitment from everyone on the day to consider a diverse range of views for the future delivery of work, the common agreement around the importance of audit quality and delivery of procurement while recognising the value of professional leadership and technical expertise.

Management Team acknowledged the contribution of everyone attending the workshop and welcomed the team's desire to develop the areas of agreed principles and take forward the opportunities to build on engagement and visibility of the work of Audit Strategy.

- Future of Audit Strategy

Paul O'Brien introduced the report on the Future of Audit Strategy, a copy of which had been previously circulated.

Paul invited Management Team to note the update from Audit Strategy sub group following the workshop on 7 June 2017 with comments on the proposals for next steps.

Paul O'Brien tabled a set of slides to aid discussion around the activities under the quality assurance work, widening the circle of input and engagement and inviting Management Team views on the three related strands of work identified and sought approval on the membership of a project team to take forward the quality assurance work as a priority with work on audit procurement and professional leadership to follow.

Management Team welcomed the report and the opportunity to discuss the detailed proposals from the sub group.

Management Team considered the existing timeline and resource arrangements for the quality work due in September 2017 and Elaine Boyd tabled a detailed timeline for the quality framework, governance arrangements and external assurance which set out formal engagement with the Accounts Commission and Audit Scotland Management Team and Board.

On reflection, and following detailed discussion, it was agreed that professional leadership was the overriding objective under which the quality assurance strand sat and the procurement work would be developed.

Turning to the project group, Management Team agreed that membership would be wider than the Audit Strategy sub group to ensure business input and future vision formed the rationale behind proposals for delivery prior to engagement more widely. Martin Walker advised he would be able to provide assistance in relation to governance, transparency and openness.

Following discussion, Paul, Elaine and John agreed to return to Management Team with updated proposals in July 2017.

Action: Paul O'Brien, Elaine Boyd and John Gilchrist to report to Management Team with updated proposals in July 2017.

Martin Walker, Assistant Director, Corporate Performance and Risk, Paul O'Brien, Senior Management, Elaine Boyd, Assistant Director and John Gilchrist, Manager, Audit Strategy and David Blattman, HR & OD Manager, left the meeting.

4. Draft agenda: Management Team 27 June 2017

Management Team noted the proposed draft agenda for the meeting of 27 June 2017.

5. Any other business

There was no further business.

6. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 27 June 2017.

Management Team

Tuesday 27 June 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

Fiona Kordiak

In attendance:

David Hanlon, Corporate Finance Manager, Corporate Services
Martin Walker, Assistant Director, Corporate Performance and Risk
Fiona Diggle, Audit Officer, Performance Audit and Best Value
Craig McKinlay, Performance Audit and Best Value
David Blattman, HR & OD Manager, Corporate Services
Tracey Bray, Senior Business Partner, HR & OD, Corporate Services

1. Minutes of meeting: 20 June 2017

The draft minutes dated 20 June 2017 were discussed and Management Team agreed these were an accurate record of the meeting.

Russell Frith tabled an updated timeline for the Quality work following last week's meeting. Russell advised Paul O'Brien is taking the opportunity to review and build on the options discussed last week to include audit quality, remit and governance arrangements and reporting timelines. Russell advised a further report will come to Management Team on 25 July 2017.

2. Financial results: Two months to May 2017

David Hanlon, Corporate Finance Manager, joined the meeting.

David Hanlon introduced the Financial results: Two months to May 2017 report, which had been previously circulated.

David invited Management Team to note the results for the two months highlighting that further analysis was required to reconcile the timing of fee income and to understand time recorded for best value audit work.

During detailed discussion, Management Team welcomed the further analysis to be undertaken with respective directors to provide more clarity around improved time coding of best value.

Following discussion, Management Team welcomed the assurance around the forecast for quarter one financial results which was scheduled to come to Management Team by the end of July.

Action: David Hanlon to liaise with respective directors ahead of quarter one reporting. (July 2017)

3. **Securing world class audit: Reporting on fees and funding**

Russell Frith introduced the Reporting on fees and funding report, which had been previously circulated.

Russell invited Management Team to note the summary of current arrangements for reporting and set out proposals for future reporting arrangements for fees and funding, including sectoral reporting and the extent to which the cost of in-house audits compare to those of firms on an audit year basis.

During detailed discussion, Management Team considered the frequency of reporting, the visibility of contract monitoring, compliance and the links to the need for improved time recording and coding.

In relation to in-house outturn performance reporting by audit year, Management Team agreed there was merit in continuing to provide assurance around in-house efficiency with comparisons to how the firms are performing Russell agreed to meet with Fiona Kordiak on return from annual leave to take this forward.

Furthermore, Management Team agreed with the proposal for annual reporting by way of assurance to Management Team and the Board around the budget setting process together with a refresh at the end of each year. Russell to provide a proposed timeline for reporting and schedule a wider discussion around KPIs with Management Team in September 2017.

Turning to the proposal for the level of fees information being monitored and subsequently reported to Management Team and Audit Committee, Management Team agreed the analysis of increased fees or underspends formed part of the remit of monitoring the contracts and this analysis should be reported alongside our current quarterly financial reporting. Management Team also agreed that firm's expenditure should be published each year simply to provide assurance of how they were performing.

Following discussion, Management Team welcomed the discussion.

Action: Russell Frith to liaise with Fiona on the outturn performance reporting. (July 2017)

Action: Russell Frith to provide a timeline for reporting to Management Team and the Board. (September 2017)

Action: Russell Frith to schedule a discussion around KPIs with Management Team. (September 2017)

Action: Russell Frith to schedule quarterly reporting on fee increases and/or underspends. (August 2017)

David Hanlon, Corporate Finance Manager, left the meeting.

4. **Making a Difference: Corporate Performance and Business Management Framework – draft invitation to tender**

Martin Walker, Assistant Director, Corporate Performance and Risk, joined the meeting.

Martin Walker introduced the report on Corporate Performance and Business Management Framework – draft invitation to tender, a copy of which had been previously circulated.

Martin invited Management Team to consider a draft contractor brief to obtain external consultancy to support the development of our corporate performance and business management framework and system solutions to support this.

During detailed discussion, Management Team considered the proposed approach of running two tenders and the practicalities of managing that, the timescales involved, the possibility of keeping the in-house option on the table and the likely cost.

Following discussion, Management Team welcomed the report and shared some initial thoughts on the documentation in terms of simplifying the key messages, positioning and suggested consideration be given to running the tenders simultaneously.

Martin Walker, Assistant Director, Corporate Performance and Risk, left the meeting.

5. Building a Better Organisation: How we use our time

Fiona Diggle, Audit Officer and Craig McKinlay, Data Manager, Performance Audit and Best Value, joined the meeting.

Fiona Diggle introduced the report on How we use our time, which had been previously circulated.

Fiona invited Management Team to consider the project scoping paper and agree in principle the objection, scope and approach, deliverables and timescales and the governance and management for the project.

Management Team discussed the project which was proposed to be undertaken in two parts, looking at the data available on how we currently record time and what this tells us and consult with colleagues to find out what is working or not. Management Team agreed that they would like to see future recommendations which recognise our continuing commitment to development and learning, enhancing skills and enabling capacity and developments to corporate performance management systems.

Following discussion, Management Team welcomed the scope and agreed in principle with the objectives set out.

Fiona Diggle, Audit Officer and Craig McKinlay, Data Manager, Performance Audit and Best Value, left the meeting.

6. Building a Better Organisation: Leadership conversations

Fraser McKinlay introduced the report on Leadership conversations, which had been previously circulated.

Fraser invited Management Team to note the update on our approach to leadership conversations and agree next steps.

Management Team considered the next steps and discussed the forthcoming schedule of meetings with Peter Reilly of IES, the refining of the role profiles to clarify expectations and link the value and aspirations of the organisation, and the proposed agenda for the next meeting of Leadership Group on 16 August 2017.

Following discussion, Management Team welcomed the update and Fraser advised he would be communicating with colleagues in advance of the meetings with Peter Reilly.

Action: Fraser McKinlay to share with colleagues the agenda for the meetings scheduled with Peter Reilly of IES. (July 2017)

7. 3D Review

David Blattman, HR & OD Manager and Tracey Bray, Senior Business Partner, HR & OD, joined the meeting.

David Blattman introduced the report on Leadership conversations, which had been previously circulated.

Tracey Bray invited Management Team to note the results of the 2017 Development Discussion Document (3D) and consider the proposed follow up actions as set out in the report.

During discussion, Management Team acknowledged that the new 3D meetings have proven to be popular with colleagues however recognised the importance that everyone needs to record discussions to ensure that we are able to evidence colleagues are discussing their short and long term development and career opportunities.

Following discussion, Management Team agreed that mainstreaming 3D and how that links to the delivery of world class audit and being a core element of future discussions in any future Career Development Gateway process which links to available learning and development opportunities and resource planning.

Management Team welcomed the report and discussion.

Tracey Bray, Senior Business Partner, HR & OD, left the meeting.

8. Redundancy Scheme Financial Reconciliation Report: Business Support Services

David Blattman introduced the Redundancy Scheme Financial Reconciliation Report: Business Support Services, which had been previously circulated.

David invited Management team to note the reconciliation of the redundancy scheme which had been deployed as part of the restructuring of Business Support Services and welcomed any comments in advance of submitting the report to Remco to its meeting on 5 October 2017.

During discussion, Management Team welcomed the outcome and Diane McGiffen advised she had a meeting scheduled with Lynn Scott as a general review of how the restructured team is delivering support to the business.

David Blattman, HR & OD Manager, left the meeting.

9. Draft agenda: Management Team 25 July 2017

Management Team noted the proposed draft agenda would be circulated for consideration by 25 July 2018.

10. Any other business

Management Team discussed known business matters requiring attention over the summer holidays and Caroline Gardner advised colleagues if there were any other developments she should be aware of she was available to discuss.

Diane McGiffen briefed Management Team on the follow up information requested following the meeting with the SCPA on 21 June 2017 and advised she would liaise on her return from holiday. Management Team also noted we are to host the SCPA business planning meeting in our West Port offices on 31 August 2017, further details of which would follow.

11. Date of next meeting

It was noted that the next meeting of Management Team was scheduled for 25 July 2017.

Management Team

Tuesday 25 July 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fiona Kordiak
Fraser McKinlay
Russell Frith
Lorna McEwan (Minutes)

Apologies:

No apologies

In attendance:

Paul O'Brien, Senior Manager, Audit Strategy
Anne Cairns, Manager, Audit Strategy
John Gilchrist, Manager, Audit Strategy
Elaine Boyd, Assistant Director
Fiona Daley, Consultant, Audit Strategy
Mark Taylor, Assistant Director
Rebecca Seidel, Audit Manager, Performance Audit & Best Value
David Hanlon, Corporate Finance Manager, Corporate Services
Martin Walker, Assistant Director, Corporate Performance and Risk

1. Minutes of meeting: 27 June 2017

The draft minutes dated 27 June 2017 were discussed and subject to minor amendment Management Team agreed these were an accurate record of the meeting.

2. Future Strategy Update and NFI

Paul O'Brien, Anne Cairns, John Gilchrist, Elaine Boyd and Fiona Daley joined the meeting.

Paul O'Brien introduced the Future Strategy Update and NFI report, which had been previously circulated.

Paul invited Management Team to comment on the proposed options for the delivery of audit procurement, quality assurance, technical and counter-fraud activities.

A detailed discussion followed and it was agreed that the team were encouraged to take forward the work by developing an ambitious vision and radical options of what options could look like in five years time covering all audit work.

Following discussion, it was agreed that a revised report would be considered at the Management Team meeting scheduled for 22 August 2017.

Action: Audit Strategy colleagues to revise Future Strategy report and present to Management Team on 22 August 2017

Paul O'Brien, Anne Cairns, John Gilchrist, Elaine Boyd and Fiona Daley left the meeting.

3. New financial powers and constitutional change budget proposals

David Hanlon, Corporate Finance Manager, Mark Taylor, Assistant Director and Rebecca Seidel joined the meeting.

Rebecca Seidel introduced the New financial powers and constitutional change budget proposal report, which had been previously circulated.

Rebecca invited Management Team to comment on the proposals for the 2018/19 budget bid which would be considered by the Board on 23 August and also to comment on the resource needs assessment considered by the New Financial Powers Steering Group on 20 June 2017.

During detailed discussion, Management Team considered the initial estimates of resourcing requirements, analysing these by year for the period from 2018/19 to 2021/22 and noting that the additional resource requirements could range from around £0.5m to £1.2m by the end of the period. Management Team noted the need to have flexibility to respond to changing timescales and developments.

It was further agreed that a revised report would be considered by Management Team on 15 August 2017.

Action: Mark Taylor and Rebecca Seidel to revise the New financial powers constitutional change budget proposals report and present to Management Team on 15 August 2017.

Mark Taylor, Assistant Director and Rebecca Seidel, Audit Manager left the meeting.

4. Q1 Financial Performance

David Hanlon introduced the financial results for the 3 months to June 2017, a copy of which had been previously circulated.

Management Team noted that in the three months to June 2017 Audit Scotland's Net Operating Expenditure at £924k was £74k less than budget.

During discussion, Management Team agreed that a nil return would be completed for the autumn budget return.

Management Team noted the financial results for 3 months to June 2017 and agreed that they be presented to the Board on 23 August 2017.

David Hanlon, Corporate Finance Manager, left the meeting.

5. Value for money/efficiency review: Consultancy and supplementing capacity

Martin Walker, Assistant Director, Corporate Performance and Risk, joined the meeting.

Martin Walker introduced the Value for money/efficiency review: Consultancy and additional capacity report, which had been previously circulated.

Martin invited Management Team to consider the draft Scope which tested the value for money achieved when contracting external consultants and securing additional capacity.

Following discussion it was agreed that ASG agency staff would be included in the report as would consultants engaged on the Learning and Development budget.

Action: Martin Walker to revise the Value for Money/efficiency review, consultancy and additional capacity report and bring back to Management Team in September 2017.

6. Management Team remit and terms of reference

Martin Walker introduced the report on Management Team remit and terms of reference, which had been previously circulated.

Martin invited Management Team to note this report came following our annual review of the standing orders, scheme of delegation and financial regulations and took into account the outcomes from the internal audit report which recommended capturing the Management Team remit in one document.

Following discussion it was agreed that the terms of reference would be reviewed again once the governance of audit quality and procurement has concluded, and that it would be reviewed annually in line with the review of standing orders.

Fraser advised that the Leadership Group would discuss leading Audit Scotland as part of the professional development discussions around succession planning, resilience and capacity.

Action: Martin Walker to continue to develop the terms of reference for Management Team and present at a future meeting of Management Team. (August 2017)

Action: The Terms of Reference to be reviewed annually as part of the annual review of the Standing Orders.

Action: Management Team to consider Leadership Group succession planning, resilience and capacity options at the meeting scheduled for 22 August 2017.

7. Draft agenda: Accounts Commission 10 August 2017

Following discussion Management Team approved the agenda of the meeting of the Accounts Commission of 10 August 2017.

8. Accounts Commission Meeting Schedule 2018

Following discussion Management Team approved the meeting schedule for the Accounts Commission for 2018.

9. Draft agenda: Management Team 1 August 2017

Following discussion it was agreed that the Management Team meeting scheduled for 1 August would be cancelled..

10. Any other business

There was no further business discussed at the meeting

11. Date of next meeting

The next meeting of Management Team would take place on Tuesday 8 August 2017.

Management Team

Tuesday 8 August 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Fiona Kordiak
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

Caroline Gardner

In attendance:

Martin Walker, Assistant Director, Corporate Performance and Risk
David Hanlon, Corporate Finance Manager, Corporate Services
Stuart Dennis, Corporate Finance Manager, Corporate Services
Gemma Diamond, Senior Manager, Performance Audit and Best Value
John Gilchrist, Manager, Audit Strategy

1. Minutes of meeting: 25 July 2017

The draft minutes dated 25 July 2017 were discussed and subject to minor amendment Management Team agreed these were an accurate record of the meeting.

2. Audit Services Group: Demonstrating value for money draft report

Martin Walker, Assistant Director, Corporate Performance and Risk, David Hanlon and Stuart Dennis, Corporate Finance Managers, joined the meeting.

Fiona Kordiak introduced the draft Demonstrating value for money report, which had been previously circulated.

Management Team noted this report had been prepared and updated to capture the added value of in-house audit work by Audit Services to provide assurance to the Board around the value for money provided by Audit Scotland following the last procurement round.

Management Team also reflected on the paper at item 3 of today's agenda, Performance Audit and Best Value: Demonstrating value for money draft prepared by Fraser McKinlay. Management Team discussed the benefit of streamlining the two reports by combining them into one for consideration by the Board at its meeting on 23 August 2017. Diane McGiffen agreed to provide a structure for the report to include some corporate narrative to support the delivery of outputs and quality while reducing operational costs.

Following discussion, Management Team welcomed the strong performance of delivering value for money audit work over the past five years which provided a strong base for the future.

Action: Diane McGiffen to combine the two draft reports at item 2 and item 3 of today's agenda for submission to the Board. (10 August 2017)

3. Performance Audit and Best Value: Demonstrating value for money draft report

This report was considered alongside item 2 of today's agenda.

David Hanlon and Stuart Dennis, Corporate Finance Managers, left the meeting.

4. Corporate planning process 2017/18

Martin Walker introduced the Corporate planning process 2017/18 report, a copy of which had been previously circulated.

Martin invited Management Team to consider the proposed approach which had been developed from the refresh of last corporate plan and sought to build on our current suite of issue and risk monitoring arrangements.

During discussion, Management Team considered the contributors and actions for developing the corporate plan, including context around the operating environment, our vision, values and guiding principles which informed the strategic priorities and objectives.

Management Team welcomed the thorough consideration of the proposed refreshed strategy and scope and the innovative use of regular online strategy jams to collaborate with colleagues across the organisation. Management Team noted external engagement was being developed to identify key ways of engaging with key stakeholders and the public.

Following discussion, Management Team provided some comments on the proposals, inviting more visibility of the Auditor General for Scotland, the role of leadership group to encourage and support staff participation before reflecting on the success of the current corporate plan.

5. Digital audit strategy

Gemma Diamond, Senior Manager, Performance Audit and Best Value, joined the meeting.

Gemma Diamond introduced the Digital audit strategy report, which had been previously circulated.

Gemma invited Management Team to note the strategy had been developed following the Digital Summit with Management Team in December 2016, discussions with the Board and external engagement which aimed to deliver a signal for the step change over the next three years for supporting and delivering world class audit. Management Team were invited to consider, comment and approve the digital audit strategy for submission to the Board.

During discussion, Management Team noted the breadth of approach to auditing digital, recognising that digital is, after police, fire and ambulance, the fourth service and therefore it is vital to assess how public bodies deliver and operate their services. Management Team advised of a few comments for inclusion and agreed this should be linked to the corporate plan and promoted on Yammer and our website once approved.

Following discussion, Management Team welcomed the clear and concise strategy which aimed to bring together not only the framework and processes for delivery digital audit but also provided the ability to assess and coordinate skills and gaps.

Management Team approved the draft strategy for submission to the Board.

Action: Gemma Diamond to submit the strategy to the Board. (14 August 2017)

Martin Walker, Assistant Director, Corporate Performance and Risk and Gemma Diamond, Senior Manager, Performance Audit and Best Value, left the meeting.

6. External quality appraisal

John Gilchrist, Manager, Audit Strategy, joined the meeting.

Russell Frith and John Gilchrist introduced the External quality appraisal report, a copy of which had been previously circulated.

Russell invited Management Team to note the report which had been brought forward to allow sufficient time to proceed to tender under EU procurement rules and sought approval to proceed.

During detailed discussion, Management Team considered the specifications of the external assurance and the tendering options at Appendix 1, which included proposals for a single contract for all audit assurance or multiple contracts for each of financial, performance and Best Value Assurance Reports (BVAR). Management Team also discussed the term of the contract term and considered the draft specification at Appendix 2.

Following discussion, Management Team approved the option of one contract for all external assurance should provide for more consistency of approach and that the term should be consistent with audit appointments and review all types of audit work.

Management Team welcomed the discussion.

7. Draft agenda: Management Team 15 August 2017

Management Team considered the proposed agenda for the meeting on 15 August 2017 and agreed additional items for discussion.

8. Draft agenda: Accounts Commission Committees 24 August 2017

Management Team noted the draft agenda for the meetings of the Accounts Commission Committees on 24 August 2017.

9. Any other business

Fiona Kordiak briefed Management Team on a staffing matter for noting.

Diane McGiffen advised Management Team of discussions with the SCPA in relation to the proposed agenda for their business planning meeting which we are hosting on 31 August 2017.

10. Date of next meeting

The next meeting of Management Team would take place on Tuesday 15 August 2017.

Management Team

Tuesday 15 August 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fiona Kordiak
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

Mark Taylor, Assistant Director, Audit Services Group
Rebecca Seidel, Audit Manager, Performance Audit and Best Value
David Hanlon, Corporate Finance Manager, Corporate Services
Stuart Dennis, Corporate Finance Manager, Corporate Services
Ian Metcalfe, Governance Officer, Corporate Services
Martin Walker Assistant Director, Corporate Performance and Risk
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 8 August 2017

The draft minutes dated 8 August 2017 were discussed and subject to amendment Management Team agreed these were an accurate record of the meeting.

2. New financial powers and constitutional change

- Transitional staff costs 2017/18

Mark Taylor, Assistant Director, Audit Services Group and Rebecca Seidel, Audit Manager Performance Audit and Best Value, and David Hanlon and Stuart Dennis, Corporate Finance Managers, joined the meeting.

Rebecca Seidel introduced the Transitional staff costs 2017/18 report, which had been previously circulated.

Rebecca invited Management Team to note the proposals to increase our intake of professional trainees in 2017/18 to help build capacity to accommodate work arising from financial devolution and constitutional change, which were contained within the draft report to the Board for its consideration on 23 August 2017 and welcomed any comments.

Management Team noted the proposals in relation to the 2018/19 draft budget report at item 3 of today's agenda which included estimated costs around proposals for how this work could be funded.

During detailed discussion, Management Team reflected on the scale of constitutional change, the timing of resources coming online and the need to provide longer term assurance to support the anticipated additional work arising from the introduction of VAT powers.

Management Team welcomed the report which set the context for the Board in terms of preparing for the work ahead and the resource required to support it before advising of additional commentary for the Board paper.

Following discussion, Management Team approved the proposal to take on additional trainees in the current appointment round.

- Budget proposals

Mark Taylor introduced the Budget proposals report to support the New financial powers and constitutional change, a copy of which had been previously circulated.

Mark invited Management Team to consider the draft report to the Board containing proposals for the budget growth as a result of financial devolution and constitutional change and sought approval for the report to be submitted for consideration by the Board as part of the 2018/19 budget proposals.

During discussion, Management Team recognised the significant of Audit Scotland's role in supporting the Scottish Parliament and strengthening scrutiny in light of fundamental changes to public finances and the need to increase our strategic capacity to respond.

Management Team considered the range of work to be covered and the implications on the budget in the current financial year and future years.

With regard to the additional resource, Management Team welcomed the opportunity to discuss a more flexible approach to deploying resource in order to build on our one organisation approach while recognising the benefits for staff.

Turning to funding, Management Team agreed to fund part of the costs from the Management Team contingency budget but a further discussion would be scheduled to allow for consideration of other budget areas.

3. Draft 2018/19 budget

David Hanlon introduced the draft 2018/19 Budget report, which had been previously circulated.

David invited Management Team to review and discuss the proposed budget for 2018/19 and cost predictions for the four following years.

During detailed discussion, Management Team considered the initial budget assumptions set out in relation to support for new financial powers, as reported at item 2 of today's agenda, together with an increase in workforce, the external assurance being sought in relation to the Quality review, anticipated increases in relation to staff pay and pension contributions, potential increases of auditor remuneration by the firms, provision for property costs, a static Management Team contingency budget and capital expenditure for investment in IT equipment.

Management Team reflected that the fee and funding strategy had delivered a reduction in the overall cost of audit in preceding years and noted that while the proposed budget offered a further small reduction in the cost of audit in real terms to audited bodies we required to support an increase in the level of audit scrutiny in relation to the devolved powers for Scotland.

Following discussion, Management Team agreed that this draft 2018/19 Budget report would reference the earlier report on the budget proposals for supporting the work on the new financial powers set out in an appendix to the Board for its consideration on 23 August 2017.

David Hanlon and Stuart Dennis, Corporate Finance Managers, left the meeting.

4. Q1 Corporate performance report

Martin Walker, Assistant Director, Corporate Performance and Risk and Ian Metcalfe, Corporate Performance Officer, joined the meeting.

Martin Walker introduced the Q1 Corporate performance report, a copy of which had been previously circulated.

Martin invited Management Team to note the overall strong performance reported in Q1 and consider the proposed changes to the reporting focus and format following a review of the 2016/17 performance, discussions with the Performance and Risk Management Group and feedback from Management Team and the Board.

During detailed discussion, Management Team noted the refresh of the key performance questions had highlighted where new performance measures were required and welcomed the inclusion of more information on audits covered by the Firms.

Management Team recognised the report reflected our key corporate objectives and was still being developed but agreed a number of inclusions in relation to our programme development work, including further measures for some of the objectives and expansion of the summary.

Turning to the rag status of each objective, Management Team reflected that in relation to empowering and engaged colleagues this should change to amber to recognise there were a range of activities still underway. Management Team noted a number of changes for the Board report.

Following discussion, Management Team welcomed the report and the communication proposed to share with colleagues.

5. Q1 Becoming world class improvement programme report

Martin Walker introduced the Q1 Becoming world class improvement programme report, which had been previously circulated.

Martin invited Management Team to note the good progress reported and next steps and welcomed any comments.

During discussion, Management Team reflected on progress made across all workstreams and Fraser McKinlay advised he would like to meet with Martin and others to review the Making a Difference workstream. Russell Frith advised he had a couple of comments which he would share out with the meeting on Securing World Class Audit.

Management Team welcomed the report recognising how this related to the corporate plan and agreed this would be shared with colleagues alongside the quarterly corporate performance report.

Management Team reflected on the newly refurbished Glasgow office and the positive feedback from colleagues so far.

Action: Fraser McKinlay and Martin Walker to meet to consider the Making a Difference workstream. (August 2017)

Action: Russell Frith to provide comments out with the meeting. (August 2017)

Action: Martin Walker to liaise with Communications to share the reports with staff. (August 2017).

Ian Metcalfe, Corporate Performance Officer, left the meeting.

6. Openness and Transparency draft board report

Martin Walker introduced the Openness and Transparency draft board report, a copy of which had been previously circulated.

Martin invited Management Team to note the report reflected on the Board's commitment to continued improvement around openness and transparency in line with the On Board guidance,

while considering the external operating environment and the arrangements of other public bodies.

During discussion, Management Team reflected on the developments over the past year while recognising that it was useful for the Board to consider the approach undertaken by other public bodies approach to conducting business in public and agreed the report should expand on the increased public expectation of openness and transparency of meetings.

Management Team welcomed the report and discussion.

7. Annual review of information governance policies

Alex Devlin, Corporate Governance Manager, joined the meeting.

Alex Devlin introduced the Annual review of information governance policies, copies of which had been previously circulated.

Alex invited Management Team to consider and approve the following policies to the Board for re-approval.

- Freedom of information

Management Team considered the annual review of the Freedom of Information and Environmental Information Policy and recommended it to the Board for re-approval.

- Data protection

Management Team considered the annual review of the Data Protection Policy and recommended it to the Board for re-approval.

- Records management

Management Team considered the annual review of the Records Management Policy and recommended it to the Board for re-approval.

8. Internal Audit Report

- Quality management

Alex Devlin introduced the Internal audit report on Quality Management, a copy of which had been previously circulated.

Alex invited Management Team to note the reasonable assurance reported and welcomed any comments on the internal audit report.

During discussion, Management Team acknowledged that the recommendations contained within the report were captured in the quality review scope which formed part of the Securing World Class Audit activities currently underway.

9. Data incident/loss

Alex Devlin introduced the Data incident/loss report, which had been previously circulated.

Alex invited Management Team to note the three incidents reported and welcomed any comments.

Management Team discussed the actions which had been taken to minimise risk and Diane McGiffen agreed to seek a discussion with colleagues to look at practical solutions.

Alex also invited Management Team to note the positive assurance received from the Keeper of the Records in relation to our records management process and policies.

Management Team welcomed the report and assurance received.

10. Draft agenda: Management Team 22 August 2017

Management Team considered the proposed agenda for the meeting on 22 August 2017 and noted the business scheduled for discussion. Russell Frith agreed to confirm attendees for the discussion on the Future Strategy update report.

11. Draft agenda: Audit Firms Meeting 29 August 2017

Management Team noted the proposed agenda and apologies received. Following discussion Management Team agreed that the meeting should be rescheduled in order to provide opportunity for Partners to participate in the second meeting since the new audit appointment round.

12. Any other business

Fraser McKinlay invited Management Team to consider the format for the meeting of the Leadership Group on Wednesday 16 August and welcomed any comments.

Diane McGiffen advised Management Team of discussions with the Chair in advance of the Board meeting on Wednesday 23 August and SCPA business planning meeting on 31 August 2017.

13. Date of next meeting

The next meeting of Management Team would take place on Tuesday 22 August 2017.

Management Team

Tuesday 22 August 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fiona Kordiak
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

David Blattman, HR & OD Manager, Corporate Services
Paul O'Brien, Senior Manager, Audit Strategy
Antony Clark, Assistant Director, Performance Audit and Best Value
Gillian Woolman, Audit Services Group
Owen Smith, Senior Manager, Audit Strategy
Elaine Boyd, Assistant Director, Quality
Fiona Daley, Consultant, Audit Strategy
David Robertson, Digital Services Manager, Corporate Services
Martin Walker Assistant Director, Corporate Performance and Risk
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 15 August 2017

The draft minutes dated 15 August 2017 were discussed and subject to amendment Management Team agreed these were an accurate record of the meeting.

2. Building a better organisation: Leadership conversations

Fraser McKinlay invited Management Team to reflect on discussions at Leadership Group on Wednesday 16 August on pay and reward and their agreement that the principles of Building a Better Organisation should apply to that strategy. Fraser advised he would share the consultant's proposals with colleagues when these were available.

During discussion, Management Team welcomed the opportunity to reflect on the meeting, noting the immediate next steps for the leadership reward strategy before considering the longer term agenda around professional leadership programme for Autumn/Winter 2017.

Action: Fraser McKinlay to share the consultant's proposals on reward and strategy with Leadership Group. (September 2017)

3. Securing world class audit: Future of Audit Strategy update

David Blattman, HR & OD Manager, Paul O'Brien and Owen Smith, Senior Managers, Audit Strategy, Antony Clark, Assistant Director, Performance Audit and Best Value and Gillian Woolman, Assistant Director, Audit Services Group joined the meeting.

David Blattman introduced the Future of Audit Strategy update report, which had been previously circulated.

David invited Management Team to note the work undertaken by the project group to progress the overall vision for the future of Audit Strategy and sought approval of this and consideration of the options presented before agreeing next steps. Paul O'Brien tabled a slide setting out the vision for a centre of excellence.

During discussion, Management Team welcomed the overall vision and ambition as set out in the report and recognised the links to the report at item 4 of today's agenda.

Management Team considered the proposals and agreed that a revised Option 4 was the preferred choice, subject to further evolution, with the technical and professional support around audit quality being an embedded function within the two business groups of Performance Audit and Best Value and Audit Services Group with audit procurement, quality assurance and contract management as an independent, corporate function.

Turning to leadership of the two areas, Management Team agreed that Fiona Kordiak would take the overall lead on professional leadership for the technical support with Diane McGiffen overseeing the corporate elements of independent assurance and audit appointments.

Management Team also agreed that the Code of Audit Practice would be led from within the corporate team and the National Fraud Initiative would be supported by the professional support team embedded within the audit business groups.

Management Team recognised the work of the project team in presenting the options for consideration and welcomed the opportunity to integrate and broaden professional support and specialist skills within the audit groups and the benefits of centralising procurement.

It was agreed that the project team would take forward the implementation of an amended option 4 with support and advice from Fiona Kordiak.

Action: The project team to take forward implementation of option 4 with Fiona Kordiak. (September 2017)

4. Securing world class audit: Quality framework and governance arrangements

Elaine Boyd introduced the report on Quality framework and governance arrangements, a copy of which had been previously circulated.

Elaine invited Management Team to consider the range of proposed changes for governance of audit quality, approve the Audit Quality framework be shared with staff and firms for comment in advance of formal approval, consider and comment on the KPIs to be reported to the Audit Committee in September 2017, the terms of reference for the central quality and procurement team and the Corporate Audit Quality Group and consider the proposed additions to the remit of the Audit Committee.

During detailed discussion, Management Team welcomed the draft framework noting the expanded scope and subject to amendments around the purpose and extent of the framework, further clarification around management of the client survey, reporting, streamlining of KPIs and assurance around the implementation plan to deliver, Management Team approved the report for submission to the Audit Committee.

Turning to the Corporate Audit Quality Group, Management Team agreed Fiona Kordiak should chair the group who in turn agreed to provide guidance in order to simplify the responsibilities of the group.

Following discussion, Management Team welcomed the framework and the platform it provided to deliver audit quality.

Action: Elaine Boyd and Russell Frith to finalise the Audit Quality Framework and present to the Accounts Commission, Audit Scotland's Audit Committee and Board for comment and approval. (October 2017)

David Blattman, HR & OD Manager, Paul O'Brien and Owen Smith, Senior Managers, Audit Strategy, Antony Clark, Assistant Director, Performance Audit and Best Value and Gillian Woolman, Assistant Director, Audit Services Group left the meeting.

5. Digital security

Martin Walker, Assistant Director, Corporate Performance and Risk and David Robertson, Digital Services Manager, joined the meeting.

David Robertson introduced the Digital security report, which had been previously circulated.

David invited Management Team to note the strengthened approach to digital security in an environment of increasing malicious activity and welcomed any comments prior to submission to the Audit Committee.

During discussion, Management Team noted the proposed workstreams to strengthen existing infrastructure, raise awareness through communication and sharing information with colleagues and stakeholders to build a more robust knowledge pool and diversity of our environment and systems.

Following discussion, Management Team welcomed the assurance provided and approved the report for consideration by the Audit Committee subject to minor amendment.

David Robertson, Digital Services Manager, left the meeting.

6. Internal audit recommendations update

Alex Devlin, Corporate Governance Manager, joined the meeting.

Alex Devlin introduced the Internal audit recommendations update, a copy of which had been previously circulated.

Alex invited Management Team to note progress on the implementation of outstanding audit recommendations.

During discussion, Management Team agreed that item 1 should be updated to include the timeline for the invitation to tender for the performance management system.

Following discussion, Management Team welcomed the update.

Action: Alex Devlin, Corporate Governance Manager, to update the report to include the timeline for the invitation to tender prior to submission to the Audit Committee. (August 2017)

7. Annual review of governance policies

Alex Devlin introduced the Annual review of governance policies report, a copy of which had been previously circulated.

Alex invited Management Team to note the minor amendments to the financial regulations, scheme of delegation, members' code of conduct and staff code of conduct from the review and sought approval for submission to the Audit Committee.

Turning to the members' code of conduct, Management Team sought clarification of any known impact of the new lobbying act. Alex confirmed that the model code had not changed to date but would keep this under review.

In relation to the scheme of delegation, Management Team agreed Alex would liaise with David Blattman to ensure the policy and governance arrangements of the VERA scheme were accurately captured.

Management Team welcomed the report and approved the policies for submission to the Audit Committee.

Action: Alex Devlin, Corporate Governance Manager, to liaise with David Blattman to ensure the scheme of delegation reflected the governance arrangements of the VERA scheme accurately. (August 2017)

Martin Walker, Assistant Director, Corporate Performance and Risk and Alex Devlin, Corporate Governance Manager, left the meeting.

8. Draft agenda: Management Team 29 August 2017

Management Team noted the proposed agenda for the meeting on 29 August 2017.

9. Any other business

Management Team reflected on the business being considered by the Board on Wednesday 23 August and Diane McGiffen advised of the proposed agenda of the business planning meeting of the SCPA on Thursday 31 August 2017.

10. Date of next meeting

The next meeting of Management Team would take place on Tuesday 29 August 2017.

Management Team

Tuesday 29 August 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fiona Kordiak
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

Martin Walker Assistant Director, Corporate Performance and Risk

1. Minutes of meeting: 22 August 2017

The draft minutes dated 22 August 2017 were discussed and subject to minor amendment Management Team agreed these were an accurate record of the meeting.

Management Team reflected on discussions around the Future strategy update and agreed this would appear as a recurring agenda item in light of ongoing developments. Fraser McKinlay, Fiona Kordiak and Diane McGiffen agreed to meet to discuss this and professional leadership given the links between the two. Turning to professional support and ethics, Management Team noted the assurance sought by the Accounts Commission and members would be invited to a knowledge café being scheduled on this topic with colleagues for late Autumn.

2. Review of risk register

Martin Walker, Assistant Director, Corporate Performance and Risk, joined the meeting.

Martin introduced the Review of risk register report, a copy of which had been previously circulated.

Martin invited Management Team to review and comment on the revised risk register, advising that appendix 1 contained a summary of the risks with more detail appearing in appendix 2. Martin referenced the escalated risk around the protection of digital infrastructure and provided an update on the file and records management risk which appears at item 3 of today's agenda.

During detailed discussion, Management Team considered the security risk and felt reassured by the monitoring, actions and arrangements in place to minimise the risk in light of the ever present external threat.

Management Team agreed that David Robertson would attend the Audit Committee meeting to discuss any points arising, and recognising the link to the digital strategy report agreed that the report should be updated to reflect the ongoing investment required in this area. Management Team considered risk 5 and 9 relating to the new financial powers and Brexit discussing the potential impact these may have on audit bodies and Fiona advised these will be built into the planning guidance.

Following discussion, Management Team agreed that the report going to the Audit Committee would be updated to reflect discussions and advise of the proposals to review risk owners in light of Russell Frith's retirement, removing risks where these had been at target for some time together with a refresh of the register which would be influenced by the developing corporate plan.

Management Team welcomed the discussion.

Action: Martin Walker, Assistant Director, Corporate Performance and Risk to update the report prior to submission to the Audit Committee. (August 2017)

3. Risk interrogation – capacity and one organisational working

Martin Walker introduced the report on Risk interrogation – capacity and one organisation working, which had been previously circulated.

Martin invited Management Team to note this report to the Audit Committee followed on from their request for a more detailed consideration of items from the risk register and this report links the risks of 'failure of capacity' and 'failure to operate as one organisation'. Martin invited Management to review and comment on the report prior to its submission to the Audit Committee.

During detailed discussion, Management Team welcomed the report which provided an overview of the arrangements we have in place, the opportunities it presents and how this will develop in light of the opportunities for the project team to consider in light of the future of Audit Strategy.

Following discussion, Management Team welcomed the assurance provided around resource, allocation and deployment of skills and approved the report for consideration by the Audit Committee subject to amendment.

Action: Martin Walker, Assistant Director, Corporate Performance and Risk to update the report prior to submission to the Audit Committee. (August 2017)

4. File and records management lessons learned review

Martin Walker introduced the report on File and records management lessons learned review, which had been previously circulated.

Martin invited Management Team to consider the outcome of the lessons learned review on file and records management and note next steps.

During detailed discussion, Management Team reflected on the key objectives of the review to determine the root cause of the issue, the effectiveness of the response, identification of any further learning points and actions required and review the risk assessment in the risk register referred to at item 3 of today's agenda.

Management Team agreed the matter was primarily a compliance issue although noting compliance was variable across business groups. Management Team agreed that policies, procedures and guidance were appropriate and it was important for IAOs to continue to actively reinforce messages within business groups and for additional training for key colleagues to ensure sustained focus.

Following discussion, Management Team noted that recent developments including escalating and sharing of reports earlier had assisted in ensuring compliance but recognised the need to build more resilience. Looking ahead, Management Team noted that Office 365 will provide more flexible options around file and records management.

Management Team agreed that they would welcome an update at the end of the year to report on compliance and future developments with Office 365. With regard to the risk register Management Team agreed the risk should remain amber in the context of continued monitoring and raising awareness.

Management Team welcomed the report.

Action: Martin Walker, Assistant Director, Corporate Performance and Risk to schedule a report at the end of 2017 on compliance and developments around Office 365. (December 2017)

Martin Walker, Assistant Director, Corporate Performance and Risk, left the meeting.

5. Disclosure Scotland clearance

Russell Frith, in the absence of Gillian Woolman, introduced the Disclosure Scotland clearance report, a copy of which had been previously circulated.

Russell invited Management Team to consider the options proposed to extend the requirement for colleagues to obtain clearance from Disclosure Scotland in order to access the premises and systems of audited bodies.

During detailed discussion, Management Team noted that a number of staff working on Central Government audits had clearance from Disclosure Scotland and supported the principle that auditors in Audit Services Group and Performance Audit and Best Value who may be required to undertake work on financial audits would be requested to seek clearance in order to enable the flexible deployment of colleagues where required.

Following discussion, Management Team agreed Gillian Woolman should liaise with HR to discuss the proposal with PCS, communication with colleagues and take forward the proposed implementation and management of clearance arrangements. Management Team noted audit firms were responsible in managing their own clearance arrangements.

Action: Gillian Woolman to liaise with HR around communication and proposed implementation of Disclosure Scotland clearance for colleagues. (August 2017)

6. Draft agenda: Accounts Commission meeting 14 September 2017

Management Team noted the proposed agenda for the meeting of the Accounts Commission on 14 September 2017. Russell Frith advised the review of audit quality was scheduled for the meeting of the Accounts Commission in October 2017 and Fraser McKinlay agreed to liaise with Paul Reilly to confirm the agenda.

7. Draft agenda: Management Team 5 September 2017

Management Team noted the proposed agenda for the meeting on 5 September 2017.

8. Any other business

Diane McGiffen provided a summary of discussions at the Board meeting on 23 August 2017 and advised of the agenda for the SCPA business planning meeting scheduled for 31 August 2017.

9. Date of next meeting

The next meeting of Management Team would take place on Tuesday 5 September 2017.

Management Team

Tuesday 5 September 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fiona Kordiak
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

David Blattman, HR & OD Manager
Peter Reilly, Principal Associate, Institute for Employment Studies
Antony Clark, Assistant Director, Performance Audit and Best Value

1. Minutes of meeting: 29 August 2017

The draft minutes dated 29 August 2017 were discussed and subject to minor amendment Management Team agreed these were an accurate record of the meeting.

2. Leadership Group reward and development

David Blattman, HR & OD Manager and Peter Reilly, Principal Associate, Institute of Employment Studies (IES), joined the meeting.

Diane McGiffen recapped on the various strands of engagement with colleagues both internally and through sessions with Peter Reilly of IES to develop the role profiles and the pay and reward strategy for Leadership Group.

Fraser McKinlay introduced the report on Leadership Group reward and development, which had been previously circulated. Fraser reflected on the desire of Leadership Group to adopt a reward strategy that supports continued collegiate working and aligns with the design principles adopted as part of the pay and reward strategy for main grade colleagues, the need to ensure Audit Scotland can recruit when required, and continue to develop talent within the organisation in order to deliver succession planning. Management Team noted that any recommendations would be submitted to Remco for approval at its meeting on 5 October 2017.

Fraser invited Peter Reilly to open discussion on the proposals set out in his report, which had been previously circulated.

During detailed discussions, Management Team considered the minima and maxima of zones, the option of additional incremental steps to provide additional flexibility in terms of recruitment, additional responsibility and investment in development opportunities to attract, support and retain colleagues and of continuing professional leadership.

Following discussion, Management Team agreed Peter Reilly would develop the model for a pay and reward strategy adopting the same principles for Leadership Group pay and reward as

that for main grade staff. Management Team also recognised further development around the framework was required to provide flexibility around investment and development opportunities for Leadership Group going forward.

Turning to the reward strategy for Management Team colleagues, Caroline Gardner advised she was considering open range, incremental or spot salary options and noted Management Team's desire to adopt a simple approach based on the same principles applying to Leadership Group and the rest of the organisation.

Following discussion, Management Team considered the next steps and agreed that the Leadership Group pay and reward proposals would be developed further by Peter Reilly which would then form appendices to a report to be submitted to Remco for their consideration and approval.

Action: Peter Reilly to provide further modelling on incremental steps for Leadership Group and pay and reward options. (September 2017)

Action: Peter Reilly to provide proposals to Caroline Gardner for Management Team pay and reward. (September 2017)

3. Future Audit Strategy update

Russell Frith provided a verbal update, advising of 1:1 meetings with the team, engagement with Fiona Kordiak on Ethics and external representation and of continuing work in relation to fees and funding with David Hanlon and Stuart Dennis.

Fiona advised of discussions around leadership of the professional support team, forthcoming reporting and her role as ethics partner.

Diane McGiffen provided an update in relation to work underway to secure external partners for the quality review by June 2018 and consideration of the short to longer term leadership of the corporate support, and the possible resource required to assist from an operational perspective in the short term.

Management Team welcomed the discussion.

4. Commission on Parliamentary reform

Antony Clark, Assistant Director, Performance Audit and Best Value, joined the meeting.

Antony Clark introduced the Commission on Parliamentary Reform report, a copy of which had been circulated.

Antony invited Management Team to consider the report.

During discussion, Management Team reflected on the recommendations set out by the Commission on Parliamentary reform and the range of likely impacts and potential responses for the Scottish Parliament.

Management Team welcomed the helpful summary and noted our proposed and continued engagement with Parliament to better understand what practical implications there might be for Audit Scotland in terms of scope and coverage of our audit work and what further support Audit Scotland might be able to offer to parliamentary committees in scrutinising how public money is being used to support the delivery of outcomes.

Following discussion, Management Team welcomed the suggestion to invite a representative from the Parliamentary review team to host a Knowledge Café on the Commission's report in order to help shape our thinking on how we best respond to the report.

Antony agreed to report back with details in due course.

Action: Antony Clark to report back with detailed proposals in due course. (TBC 2017)

5. Communications digest

In the absence of James Gillies, Communications Director, Diane McGiffen invited Management Team to consider the Communications Digest report, which had been previously circulated.

During discussion, Management Team noted the level of activity during Parliament's recess and considered the key highlights and discussed the recent and forthcoming publications.

Following discussion, Management Team welcomed the report.

6. Hotlist of emerging audit risks

Antony Clark introduced the Hotlist of emerging audit risks report, a copy of which had been previously circulated.

Antony invited Management Team to note there were four updated risks and two new risks identified.

Management Team reflected on the audit risks presented and welcomed the report.

7. Draft agenda: Management Team 12 September 2017

Management Team noted the proposed agenda for the meeting on 12 September 2017.

8. Any other business

There was no further business.

9. Date of next meeting

The next meeting of Management Team would take place on Tuesday 12 September 2017.

Management Team

Tuesday 12 September 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fiona Kordiak
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

Claire Sweeney, Assistant Director, Performance Audit and Best Value
Fiona Diggle, Audit Officer, Performance Audit and Best Value
Ian Metcalfe, Corporate Performance Officer
David Hanlon, Corporate Finance Manager
Stuart Dennis, Corporate Finance Manager
Martin Walker, Assistant Director, Corporate Performance and Risk

1. Minutes of meeting: 5 September 2017

The draft minutes dated 5 September 2017 were discussed and subject to amendment Management Team agreed these were an accurate record of the meeting.

2. Making a difference: How we spend our time

Claire Sweeney, Assistant Director, and Fiona Diggle, Audit Officer, Performance Audit and Best Value, joined the meeting.

Claire Sweeney introduced the How we spend our time report, a copy of which had been previously circulated.

Claire invited Management Team to note the emerging messages around inconsistency of recording time fully and the recommendation to develop a better approach.

During detailed discussion, Management Team noted the progress reported as part of Stage 1 to understand the data of the work undertaken and agreed in principal the proposed approach to Stage 2 to identify areas for improvement in how we record time.

Following discussion, Management Team agreed with the recommendation to review the systems we currently operate, simplify the codes used, benchmark with other agencies where possible and support teams to develop an approach which is relevant and accurate across the business.

Fiona Diggle left the meeting.

3. Making a difference: Carbon Scrutiny Board Annual Report 2016/17

Ian Metcalfe, Corporate Performance Officer, Corporate Services, joined the meeting.

Claire Sweeney introduced the Carbon Scrutiny Board Annual Report 2016/17, which had been previously circulated.

Claire invited Management Team to consider and approve the Carbon Scrutiny Board annual report for publication and comment on the future areas of focus in relation to environmental issues.

Management Team welcomed the reduction in carbon emissions by 21% against our baseline in 2014/15 across three key areas – energy, transport and waste.

Fiona Kordiak queried the headline figures reported for energy and transport in Exhibit 1 and Claire advised these would be updated.

Turning to the future direction for reporting, Management Team noted the intention to refresh the group and streamline reporting. Management Team discussed the links to the Health, Safety and Wellbeing Committee and Giving something back which could help inform the development of cultural change and engagement.

Following discussion, Management Team approved the report and welcomed the overall reduction of our carbon footprint.

Claire Sweeney and Ian Metcalfe left the meeting.

4. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update on developments and advised Management Team that David Hanlon and Stuart Dennis would be reporting on their analysis of sector fees next week. Further Russell advised work was underway on the transfer of knowledge around the fee and funding strategy.

Russell advised he and Fiona Kordiak were attending the PAF Technical Directors meeting in Cardiff on Thursday 14 September to continue to develop professional links across the national audit bodies.

Turning to the external assurance tender, Russell advised this was scheduled to go live on 1 October and following discussion, Management Team agreed that interviews are to be held as part of the overall tender process.

During detailed discussion, Management Team considered the timing and transition of the teams, line management responsibilities and communication with colleagues. Russell advised he would provide 3D feedback to direct reports with forward looking 3D discussions to be scheduled as part of the transition to the new team structures. Management Team agreed Russell would issue a blog to colleagues about the forthcoming team changes.

Management Team welcomed the discussion.

Action: Russell Frith to confirm the external assurance tender process to include interviews. (September 2017)

Action: Russell Frith to provide feedback to direct reports prior to transition. (September 2017)

Actions: Russell Frith to issue a blog as part of communication to organisation. (September 2017)

5. Building a Better Organisation: Leadership development: External speakers

Fraser McKinlay introduced the Leadership development: External speakers report, which had been previously circulated.

Fraser invited Management Team to discuss the proposed external speaker programme for the Leadership Group and welcomed any comments on the proposed approach.

Management Team considered the programme and welcomed the approach for inviting speakers which provided a diversity of voices and perspectives around leadership in a complex and challenging environment.

Management Team discussed and agreed the frequency of inviting speakers together with the proposal that members of Leadership Group will host some of the sessions.

Following discussion, Management Team welcomed the report.

6. 2017/18 Spring budget revision

David Hanlon and Stuart Dennis, Corporate Finance Managers, joined the meeting.

David Hanlon introduced the 2017/18 Spring budget revision report, a copy of which had been previously circulated.

David invited Management Team to approve the submission of a request to the SCPA for an amendment to our 2017/18 budget through the Annually Managed Expenditure to accommodate increased pension charges.

During detailed discussion, Management Team reflected on the increase in non funded pension liabilities which had been assessed by the actuaries, noting this had doubled from last year. Management Team agreed it would be helpful to set out the background to the pension budgeting process for the purpose of reporting to the Board.

Following discussion, Management Team approved the submission for the Board's consideration and welcomed David's early report to support Stuart Dennis in preparation for his first submission of a Spring Budget Revision.

Action: David Hanlon and Stuart Dennis to update the report and submit to the Board for approval. (October 2017)

David Hanlon and Stuart Dennis left the meeting.

7. Corporate Performance and Business Management Framework Tender responses

Martin Walker, Assistant Director, Corporate Performance and Risk, joined the meeting.

Martin Walker introduced the Corporate Performance and Business Management Framework Tender responses report, which had been previously circulated.

Martin invited Management Team to note the outcome from the procurement exercise and sought approval of budget spend to procure the external consultancy for the development of the corporate performance and business management framework together with the market scan of potential digital solutions.

During discussion, Management Team reflected on the timescales reported and agreed the methodology and language should be refined ahead of communicating with colleagues. In addition, Management Team reflected on the discussion at item 2 of today's agenda, How we spend our time and the need to capture this and the development of the corporate plan as part of the overall project.

Following discussion, Management Team welcomed the report and approved the budget spend.

Martin Walker left the meeting.

8. Draft agenda: Management Team 19 September 2017

Management Team noted the proposed agenda for the meeting on 19 September 2017.

9. Draft agenda: Accounts Commission Committees meetings 28 September 2017

Management Team noted the proposed agenda for the meeting of the Accounts Commission Committees meetings on 28 September 2017.

10. Any other business

Fraser McKinlay provided an update on the Edinburgh Trams inquiry. Management Team agreed he or another member would attend the inquiry on Wednesday 20 September with Graham Greenhill when he was due to give evidence.

Diane McGiffen advised Management Team of progress being made around the proposals for the Leadership Group pay and reward strategy. Caroline advised she is liaising with David Blattman and Peter Reilly of IES to discuss proposals around Management Team pay and reward.

Fraser McKinlay advised of discussions with the Cyber Resilience Unit of the Scottish Government and Diane advised a draft response had been prepared on behalf of the Auditor General, Accounts Commission and Audit Scotland to set out how as an organisation we will consider the risk in our audit processes and how we will incorporate the recommendations in audit planning.

11. Date of next meeting

The next meeting of Management Team would take place on Tuesday 19 September 2017.

Management Team

Tuesday 19 September 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Caroline Gardner (Chair)
Fiona Kordiak
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

Diane McGiffen

In attendance:

Angela Canning, Assistant Director, Performance Audit and Best Value
Tracey Bray, Senior Business Partner, HR&OD
Jim Rundell, Senior Audit Manager, Audit Services Group
David Hanlon, Corporate Finance Manager
Stuart Dennis, Corporate Finance Manager

1. Minutes of meeting: 12 September 2017

The draft minutes dated 12 September 2017 were discussed and subject to minor amendment agreed that these were an accurate record of the meeting.

In relation to the action for Russell Frith to confirm interviews were included in the tender process for the external assurance, Management Team discussed and agreed their preference to include interviews given the nature and duration of the contract.

2. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update to Management Team on developments within the Audit Strategy team, including the arrangement of 3D feedback discussions and preparations for the transition of the teams which would take effect from 1 October 2017.

Fiona Kordiak and Fraser McKinlay advised of discussions with their respective management teams and Fiona advised a communication from Caroline would be shared with colleagues later this week to advise them of developments.

Caroline Gardner advised Elaine Boyd was updating the Audit Quality framework report for the Accounts Commission, which would also come to Management Team in advance of submission to the Board in October.

Management Team reflected on developments and welcomed the discussion.

Action: Caroline Gardner to issue communication to colleagues. (September 2017)

3. **Building a Better Organisation: Career Development Gateways and band profiles**

Angela Canning, Assistant Director, Performance Audit and Best Value, and Tracey Bray, Senior Business Manager, HR&OD, joined the meeting.

Angela Canning introduced the Career Development Gateways and band profiles report, which has been previously circulated.

Angela invited Management Team to consider and approve the Career Development Gateways (CDG) and associated Band Profiles so that they can be presented to the Remuneration and Human Resources Committee (Remco) on 5 October 2017, to seek their approval to implement the CDG process.

During discussion, Management Team noted the involvement of colleagues and engagement with PCS in designing the role profiles and gateways with future awareness sessions planned early in November 2017 for colleagues.

Following discussion, Management Team welcomed the clarity and detail around the process and subject to the addition of further information approved the report for submission to Remco.

Action: Angela Canning and Tracey Bray to update the report prior to submission for Remco. (September 2017)

Angela Canning and Tracey Bray left the meeting.

4. **Building a Better Organisation: Audit Scotland Conference 2018**

Jim Rundell, Senior Audit Manager, Audit Services Group, joined the meeting.

Jim Rundell introduced the Audit Scotland Conference 2018 report, a copy of which had been previously circulated.

Jim invited Management Team to consider and agree in principal the proposals for the Audit Scotland Conference to be held in Dunblane Hydro on 18 January 2018.

During discussion, Management Team considered the topics, speakers, balance of staff sessions and breakout sessions for the conference, logistics around that and the need to secure speakers and communicate the date with colleagues.

Management Team agreed the main topics would focus on new financial powers, EU exit and Transformation and suggested possible speakers for each while also combining some of the breakout sessions.

Following discussion, Management Team recorded their appreciation of the work of the group for their time and effort in preparing and presenting a well considered and interesting agenda for the conference.

Action: Jim Rundell to finalise the agenda and arrange communication with colleagues. (September 2017)

Jim Rundell left the meeting.

5. **2018/19 Budget**

David Hanlon and Stuart Dennis, Corporate Finance Managers, Corporate Services, joined the meeting.

David Hanlon introduced the 2017/18 Budget report, a copy of which had been previously circulated.

David invited Management Team to consider the initial draft budget submission for 2018/19 to include information on sector costs and the impact on fees for the 2017/18 and 2018/19 audit years.

During detailed discussion, Management Team considered the level of apportionments across sectors, the allocation of central costs, the consistency of time recording across audit teams and noted that the full year results for the first audit year were still unknown. In addition, Management Team considered the impact of any additional cost of living assumptions on the budget and the additional overheads in the budget for new financial powers.

David Hanlon tabled two additional papers, one showing the overall 2016/17 audit days for each sector and one setting out fees options for 2018/19.

Following detailed discussion, Management Team agreed they would like to see analysis to consider whether it was appropriate to smooth fees to account for the first year effect of new audit appointments.

Management Team recorded their thanks to David Hanlon for his support, advice and management of Audit Scotland's financial matters for the past ten years and wished him a long and happy retirement.

Action: Stuart Dennis to bring a further report with further analysis of fees to Management Team next week. (September 2017)

David Hanlon and Stuart Dennis left the meeting.

6. Draft agenda: Management Team meeting 26 September 2017

Management Team considered the proposed agenda for the meeting on 26 September 2017 and noted apologies from Fraser McKinlay.

7. Draft agenda: Annual Audit Planning Conference 2 October 2017

Management Team noted and discussed the proposed agenda for Annual Audit Planning Conference on 2 October 2017.

8. Draft agenda: Remuneration and Human Resources Committee 5 October 2017

Management Team noted the draft agenda for the Remuneration and Human Resources Committee meeting on 5 October 2017.

9. Any other business

Fraser McKinlay provided an update on the Edinburgh Trams inquiry and Management Team reflected on the support offered to Graeme Greenhill and agreed he or another member of Management Team would attend the inquiry on Wednesday 20 September, when he was due to give evidence.

10. Date of next meeting

The next meeting of Management Team would take place on Tuesday 26 September 2017.

Management Team

Tuesday 26 September 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

Apologies:

Caroline Gardner
Fraser McKinlay

In attendance:

Stuart Dennis, Corporate Finance Manager
David Blattman/ HR&OD Manager
David Robertson, Digital Services Manager
Alex Devlin, Corporate Governance Manager
Paul Reilly, Secretary, Accounts Commission

1. Minutes of meeting: 19 September 2017

The draft minutes dated 19 September 2017 were discussed and subject to minor amendment agreed that these were an accurate record of the meeting.

2. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update to Management Team on developments within the Audit Strategy team, including the arrangement of 3D feedback discussions and preparations for the transition of the teams which would take effect from 1 October 2017. Diane McGiffen advised of the draft communication to colleagues which would be issued by the end of the week.

Turning to the tender for external assurance, Russell sought views on who would be on the interview panel in order to check availability. Management Team discussed the panel should consist of Diane McGiffen, Elaine Boyd, Russell Frith, as well as Fiona Daley, subject to other commitments or possible conflict.

In relation to the Audit Quality Group meeting scheduled for 16 October, Russell advised of his intention to contact existing members to thank them for their contribution to date. Management Team noted that the meeting scheduled for 16 October 2017 would be rescheduled by Fiona Kordiak once the group had been reformed following the transition.

Russell invited Management Team to consider the scope of Fiona Daley's contract and discuss an extension to provide. Following discussion Management Team agreed the extension in principle.

Management Team welcomed the discussion.

Action: Fiona Kordiak and Diane McGiffen to finalise communication to be issued to colleagues. (September 2017)

Russell Frith to consider interview panel and dates for the tender of external assurance. (September 2017)

Russell Frith and Fiona Kordiak to communicate with Audit Quality Group and reschedule 16 October 2017 meeting. (October 2017)

3. Draft 2018/19 Budget

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis introduced the Draft 2018/19 Budget report, a copy of which had been previously circulated.

Stuart invited Management Team to consider the update on the draft budget submission for 2018/19 in respect of the potential fee options for the 2017/18 and 2018/19 audit years compared to sector costs.

During detailed discussion, Management Team noted the underlying assumptions previously agreed, considered the effect of the options set out on the allocation on fees for audited bodies and discussed the budget assumptions for quality, new financial powers and the requirement to consider investment of savings achieved through VERA,

Management Team considered the future modelling of costs including 1% and 2% cost of living increases and sought assurance that any variances remained within the parameters for each sector as set out in the fees and funding strategy. Management Team also discussed the potential changes to future Parliamentary funding arrangements.

Following discussion, Management Team agreed that Stuart would develop the modelling on 2% cost of living assumption.

Action: Stuart Dennis and Russell Frith to develop the draft budget and model likely sector fees. (October 2017)

4. Corporate Services Resourcing Adjustment

David Blattman, HR&OD Manager and David Robertson, Digital Services Manager, joined the meeting.

David Blattman introduced the Corporate Services Resourcing Adjustment report, which had been previously circulated.

David invited Management Team to consider and approve the proposal to adjust the staffing in Digital Services, HR&OD and Finance teams which would result in a modest overall increase of 0.4 w.t.e in establishment.

During detailed discussion, Management Team considered the need to increased resilience in systems security, the HR service delivery agenda and coordination of the team to enable and support more strategic management and the need to build capacity and resilience within the Finance team.

Management Team discussed the process for the career development gates which would be followed to support the transition within the Finance team. David Blattman agreed to bring a further report to Management Team setting out the governance arrangements around career development gates for Corporate Services setting out the establishment structure, costs and timing.

Following discussion, Management Team approved the creation of a new Digital Security Specialist, a senior HR consultant post and agreed the Finance administration officer subject to receiving assurance around the in-year costs and the longer term budget.

Action: David Blattman to confirm in year and longer term budget for the resource adjustment. (September 2017)

David Blattman to report on the Career Development Gateway process and governance arrangements for Corporate Services. (October 2017)

Stuart Dennis, David Blattman and David Robertson, left the meeting.

5. Provision of internal audit services from April 2018

Alex Devlin, Corporate Governance Manager, Corporate Services, joined the meeting.

Alex Devlin introduced the report on the Provision of Internal Audit Services from April 2018, which had been previously circulated.

Alex invited Management Team to consider the future arrangements for the provision of internal audit services for Audit Scotland from 1 April 2018 to inform the attached draft report to the Audit Committee, which would also include a draft tender specification and proposed timeline.

Management Team agreed the option to re-tender the internal audit services contract and approved the report for the Audit Committee subject to amendment.

Action: Alex Devlin to amend the draft report for the Audit Committee prior to submission. (October 2017)

6. Provision of legal services from April 2018

Alex Devlin introduced the report on the Provision of Legal Services from April 2018, which had been previously circulated.

Alex invited Management Team to consider the future arrangements for the provision of legal services to Audit Scotland from 1 April 2018.

During detailed discussion, Management Team noted the ability to retender as part of the Scottish Government framework but on reflection considered that the potential for conflicts of interest arising could prove problematic while recognising the need to achieve best value and agreed there should be an ability to extend any contract.

Following discussion, Management Team agreed Alex should seek consent from the Accountable Officer to proceed to secure legal services out with the Scottish Government framework.

Management Team welcomed the report.

Action: Alex Devlin to seek the Accountable Officer's consent to proceed to procure legal services out with the Scottish Government framework. (October 2017)

Alex Devlin, left the meeting.

7. Accounts Commission mid year strategy session summary

Paul Reilly, Secretary, Accounts Commission, joined the meeting.

Paul Reilly introduced the report on the Accounts Commission mid year strategy session summary, a copy of which had been previously circulated.

Paul invited Management Team to note the areas of discussion around the Accounts Commission strategy and work programme, mini-review of the Commission's Committees and raising the profile of the Commission through engagement and local promotion.

During discussion, Management Team considered the work programme, the high profile output in relation to benefits auditing and the interest in rural services. With regard to enhanced engagement and local promotion of Best Value, Fiona agreed Paul should continue to engage

with Fiona Mitchell Knight and Fraser McKinlay in considering any resource implications and planning.

Paul advised the appointment of a new Chair for the Accounts Commission would be announced on 23 October 2017.

Following discussion, Management Team welcomed the report.

8. Draft agenda: Accounts Commission meeting 12 October 2017

Paul Reilly introduced the draft agenda for the Accounts Commission meeting on 12 October 2017 and welcomed any comments.

Management Team noted the agenda.

Paul Reilly left the meeting.

9. Draft agenda: Management Team meeting 3 October 2017

Management Team considered the proposed agenda for the meeting on 3 October 2017 and Russell Frith advised a report from Alex Devlin on the new money laundering regulations would also be brought to the meeting.

10. Any other business

Diane McGiffen provided a verbal update following a meeting on Monday 25 September with Stephen Herbert, Clerk to the Scottish Commission for Public Audit.

11. Date of next meeting

The next meeting of Management Team would take place on Tuesday 26 September 2017.

Management Team

Tuesday 3 October 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen (Chair)
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

Martin Walker, Assistant Director, Corporate Performance and Risk
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 26 September 2017

The draft minutes dated 26 September 2017 were discussed and subject to amendment agreed that these were an accurate record of the meeting.

2. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update to Management Team advising that the transition to the new teams had been effected, 3D closing discussions completed and a final team meeting had taken place last Tuesday.

Diane McGiffen advised she would liaise with David Blattman to ensure that the formal records held by HR were updated to reflect the changes. Management Team also discussed the likely investment required going forward and Diane agreed she and Fiona would consider the staffing and budget forecasting with Stuart Dennis. In addition, Management Team agreed they would welcome an update on over indicative audit fees.

Turning to the external assurance tender, Russell advised this was ready to be issued once a date for the interviews had been confirmed after today's meeting.

Management Team reflected on the Annual Audit Planning Conference and Diane McGiffen advised she would write to the audit firms to advise them of Fiona Kordiak's intention to meet with them and communicate the date of the next meeting in December 2017.

Russell advised he would continue his involvement with the Audit Quality Group until the framework was approved, work with Paul O'Brien's team and meet with Gordon Smail, prepare for the PAF Technical conference and would also be hosting knowledge cafes on audit and data analytics.

Management Team welcomed the discussion.

- Action(s):** Russell Frith to provide an update on over indicative audit fees. (October 2017)
- Russell Frith to arrange for the tender to be issued after today's meeting. (October 2017)
- Diane McGiffen to liaise with David Blattman to update HR records. (October 2017)
- Diane McGiffen to write to the audit firms to advise of the meeting in December 2017. (October 2017)
- Fiona Kordiak to arrange introduction meetings with audit partners. (October 2017)

3. Openness and transparency of Board business

Martin Walker, Assistant Director, Corporate Performance and Risk and Alex Devlin, Corporate Governance Manager, joined the meeting.

Alex Devlin introduced the Openness and transparency of Board business report, a copy of which had been previously circulated.

Alex invited Management Team to consider the proposals set out in the draft Board report in relation to supporting meetings being held in public.

During discussion, Management Team welcomed the principal adopted by the Board to meet in public, subject to consideration of the practicalities to support these and agreed that the report should set out clear recommendations on frequency of public meetings and when these would commence.

Following discussion, Management Team approved the report for submission to the Board subject to simplification of the details around the effective governance of meetings.

Action: Alex Devlin to update the report prior to submission to the Board. (October 2017)

4. Money laundering regulations 2017

Alex Devlin introduced the report on Money laundering regulations 2017, which had been previously circulated.

Alex invited Management Team to consider the proposed changes to future proof our arrangements in light of the new regulations.

During discussion, Management Team considered the proposals and agreed that given the link to fraud and bribery there should be a central point for reporting suspicions and a professional lead which would be considered as part of ongoing discussions with Leadership Group.

Management Team welcomed the report and agreed a further update would come back in November.

Action: Alex Devlin to report on money laundering arrangements. (November 2017)

Martin Walker and Alex Devlin left the meeting.

5. Draft agenda: Management Team meeting 10 October 2017

Management Team considered the proposed agenda for the meeting on 10 October 2017 and agreed a report on above indicative audit fees would also be considered alongside the draft Budget proposal.

6. Draft agenda: Board meeting 25 October 2017

Management Team considered the draft agenda for the Board meeting on 25 October 2017.

7. Any other business

Management Team discussed the Leadership Group meeting on 4 October 2017 which would continue the discussion around leadership and professional development.

8. Date of next meeting

The next meeting of Management Team would take place on Tuesday 10 October 2017.

Management Team

Tuesday 24 October 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Caroline Gardner (Chair)
Diane McGiffen (by phone)
Fraser McKinlay
Fiona Kordiak
Russell Frith
Lorna McEwan (Minutes)

Apologies:

None

In attendance:

Martin Walker, Assistant Director, Corporate Performance and Risk
Stuart Dennis, Corporate Finance Manager

1. Minutes of meeting: 10 October 2017

The draft minutes dated 10 October 2017 were discussed and agreed that these were an accurate record of the meeting.

2. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update to Management Team advising of the Accounts Commissions consideration of the Quality report.

Management Team noted the Accounts Commission support for the Audit Quality Framework and reflected on the discussion ahead of the Board meeting on 25 October 2017.

Diane McGiffen advised of ongoing discussion around reporting arrangements between Audit Scotland and the Accounts Commission.

Management Team welcomed the update.

3. Corporate Planning 2018 and Engagement Plan

Martin Walker, Assistant Director, Corporate Performance and Risk, joined the meeting.

Martin Walker introduced the Corporate Planning 2018 and Engagement Plan, a copy of which had been previously circulated.

Management Team welcomed sight of the paper and following discussion, Martin agreed to make final revisions to the report.

4. Q2 Financial Performance

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis introduced the Q2 Financial performance, which had been previously circulated.

Management Team welcomed sight of the revised format of the paper and a discussion followed. Stuart advised that forecasting schedules would shortly be distributed and would be prepared for consideration by Management Team at the end of November.

Subject to slight amendment, Management Team approved the Q2 financial performance paper.

Action: Stuart Dennis to bring Schedules to Management Team at the end of November 2017.

Stuart Dennis, Corporate Finance Manager, left the meeting.

5. Review of Risk Register

Martin Walker introduced the review of the risk register, which had been previously circulated.

Martin advised that over all the risk register was consistent with the one considered by the Audit Committee at its meeting on 13 September 2017.

A discussion followed on risk owners and it was agreed that Fiona Kordiak would take ownership of Russell Frith's risks as ethics partner. It was further agreed that risk ownership would be extended to members of the Leadership Group.

Following discussion it was agreed that a stocktake on Brexit would be undertaken before the end of the year and this would be added to the register.

Subject to minor amendment, Management Team approved the risk register for submission to the Audit Committee on 15 November 2017.

Management Team welcomed the discussion.

6. Risk Interrogation – Impact and Influence

Martin Walker introduced the Risk Interrogation – Impact and Influence, a copy of which had been previously circulated.

Management Team welcomed sight of the paper which forms part of the risk management framework.

Management Team approved the risk interrogation paper, subject to slight amendment.

7. Risk Interrogation Schedule 2018

Martin Walker introduced the Risk Interrogation Schedule 2018, a copy of which had been previously circulated.

Management Team welcomed sight of the paper and following discussion it was agreed that 'quality' would be subject to a risk interrogation towards the end of 2018 or early in 2019.

Martin Walker, Assistant Director, Corporate Performance and Risk, left the meeting.

8. Draft agenda: Accounts Commission 9 November 2017

Management Team approved the draft agenda for the meeting of the Accounts Commission on 9 November 2017.

A discussion on the approach to Shared Risk Assessment followed and a briefing note would be circulated by Fraser McKinlay.

Action: Fraser McKinlay to circulate Shared Risk Assessment briefing note.

9. Draft agenda: Management Team 31 October 2017

Management Team approved the proposed agenda for the meeting on 31 October 2017.

10. Any other business

Management Team discussed the delay in the announcement of the Chair of the Accounts Commission.

Fiona Kordiak gave an update on the Scottish Police Authority (SPA) audit and a discussion followed.

11. Date of next meeting

The next meeting of Management Team would take place on Tuesday 31 October 2017 and apologies were noted for Fiona Kordiak.

Management Team

Tuesday 31 October 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen
Caroline Gardner
Fraser McKinlay
Russell Frith
Joy Webber (Minutes)

Apologies:

Fiona Kordiak

In attendance:

Elaine Boyd, Assistant Director, Appointments and Assurance Team
Owen Smith, Senior Manager, Appointments and Assurance Team
John Gilchrist, Manager, Appointments and Assurance Team
Alex Devlin, Corporate Governance Manager
Ian Metcalfe, Corporate Governance Officer

1. Minutes of meeting: 24 October 2017

The draft minutes dated 24 October 2017 were discussed and subject to minor amendment, agreed that these were an accurate record of the meeting.

2. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update to Management Team advising of the Accounts Commissions consideration of the Quality report.

Russell provided a verbal update on his last meeting with LASAAC yesterday and confirmed Paul O'Brien would succeed him as a member and be the LASAAC nominee on CIPFA.

Management Team noted the feedback from the series of knowledge cafes Russell was hosting with the final one scheduled next Monday, 6 November 2017.

Russell advised of his continued engagement on audit quality and fees and funding.

Management Team discussed the resource for the Professional Support Team and Diane advised that the Appointments and Assurance Team were developing their work plan which would come to a meeting by the end of the year.

Action: The Appointments and Assurance Team to bring a report on their work programme. (November 2017)

3. Securing World Class Audit: Audit Quality First Report 2017/18

Elaine Boyd, Assistant Director, Owen Smith, Senior Manager and John Gilchrist, Manager, Appointments and Assurance Team, joined the meeting.

Elaine Boyd introduced the first in year Audit Quality report following Board approval of the new Audit Quality Framework on 25 October 2017 and provides assurance about the effectiveness of the arrangements for monitoring and assessing audit quality across all audit work.

Elaine invited Management Team to consider the report and the assurance it provided and approve it for submission to the Audit Committee,

During detailed discussion, Management Team acknowledged that the majority of outputs were delivered within the deadlines, annual audit plans comply with the new Code of Audit Practice, provided scope to identify work which adds value, audit providers have effective quality arrangements and firms are responding positively to the Financial Reporting Council's findings. Management Team noted the number of prior in year adjustments and Elaine advised the value and volume was higher than anticipated and further investigation is required.

Turning the Audit Quality report, Management Team provided detailed comments on the structure and content of the report to include the ethics partner's role, expansion of the reference to the audit dimensions, summarising the additional work required in the next steps section, remove appendix 3, simplify the remaining appendices and add in cross references to connect them to the main report.

With regard to reporting, Management Team noted the need to capture the process around formal assurance reporting to the Auditor General and the Accounts Commission and escalation of issues.

Following discussion, Management Team welcomed the assurance provided.

Management Team reflected on team's work in the preparation of the report and welcomed the detailed discussion.

Action: The Appointments and Assurance Team to draft a protocol on formal reporting to the Auditor General and Accounts Commission. (November 2017)

Elaine Boyd, Owen Smith and John Gilchrist left the meeting.

4. Internal audit reports

Alex Devlin, Corporate Governance Manager and Ian Metcalfe, Corporate Governance Officer, joined the meeting.

Alex Devlin, Corporate Governance Manager, introduced the internal audit reports and invited Management Team to consider

Procurement and contract management

Management Team noted the assurance provided by the report, noting recommendation 2 regarding clarity of procedures for staff to include a section to assist staff to determine when they should undertake formal procurement. Alex confirmed the threshold was £10,000 and this was included in the handbook.

Audit efficiency

Management Team noted the substantial assurance provided by the report, noting regular monitoring was effective to provide assurance around audit efficiency with developments ongoing towards a performance management framework.

5. Internal audit recommendations progress report

Alex Devlin introduced the Internal audit recommendations progress report, which had been previously circulated.

Alex invited Management Team to note that of the five recommendations, two are ongoing with work underway.

Management Team noted the report.

6. Data incident/loss

Alex Devlin introduced the Data incident/loss report, a copy of which had been previously circulated.

Alex invited Management Team to consider the report and approve it for submission to the Audit Committee.

Management Team noted the number of incidents took us to an overall total of 10 incidents so far this year and agreed Alex would continue to monitor the position.

Following discussion, Management Team agreed a number of changes to the report before approving it for submission to the Audit Committee.

7. Annual review: Business continuity arrangements

Ian Metcalfe introduced the Annual review of the business continuity arrangements, which had been previously circulated.

Ian invited Management Team to consider and approve the report for submission to the Audit Committee.

During discussion, Management Team noted the minor updates to the arrangements following walkthrough tests undertaken in March and August this year, the delay to some digital testing, the proposal to test the arrangements in due course and the agreed there was a need to continue to raise awareness with colleagues and be prepared.

Following discussion, Management Team welcomed the annual review and approved this for submission to the Audit Committee,

Alex Devlin and Ian Metcalfe left the meeting.

8. Draft agenda: Audit Committee 15 November 2017

Management Team noted the draft agenda for the meeting of the Audit Committee on 15 November 2017.

9. Draft agenda: Management Team 7 November 2017

Management Team approved the proposed agenda for the meeting on 7 November 2017.

10. Any other business

Diane McGiffen invited Management Team to note the previous agreement to extend Elaine Boyd's secondment and welcomed approval to do so to the end of September 2018 to align with the audit quality work cycle. Following discussion, Management Team agreed with the proposal.

11. Date of next meeting

The next meeting of Management Team would take place on Tuesday 7 November 2017.

Management Team

Tuesday 7 November 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

David Blattman, HR&OD Manager
James Gillies, Communications Manager
Antony Clark, Assistant Director, Performance Audit and Best Value

1. Minutes of meeting: 31 October 2017

The draft minutes dated 31 October 2017 were considered and Management Team agreed that these were an accurate record of the meeting.

2. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update to Management Team of ongoing engagement with the Appointments and Assurance Team on the first Audit Quality report ahead of the Audit Committee meeting next week and of an initial meeting with Gordon Smail.

Russell advised that tenders for the procurement of external assurance had been received and were currently being evaluated, with interviews to be held on 20 November 2017.

Management Team noted the final knowledge café 'Thinking like an auditor' had taken place yesterday with 34 colleagues attending including the new trainees.

Turning to the Public Audit Forum meeting scheduled for this Friday, 10 November, Russell provided a summary of the agenda and confirmed this would be published on ishare and the website.

Russell advised of scheduled knowledge share meetings in relation to fees and funding between himself, the Appointments and Assurance Team and Stuart Dennis, Corporate Finance Manager.

Management Team welcomed the update.

Action: Russell to share the agenda and delegate information for the Public Audit Forum Technical Conference. (November 2017)

3. Building a better organisation: Pay Award 2018

David Blattman, HR&OD Manager, joined the meeting.

David Blattman introduced the Pay Award 2018 report, which had been previously circulated.

David invited Management Team to discuss and approve the parameters set out in the report for consideration and approval by the Remuneration and Human Resources Committee (Remco) at its meeting on 15 November 2017.

Management Team recognised the uncertainty around public sector pay policy and inflation and had a preliminary discussion around the pay award proposals.

Following discussion, Management Team agreed that the HR&OD team would continue to monitor external developments and engage with the PCS Branch, reverting to Management Team and Remco as required.

Following discussion, Management Team agreed a further update on the pay award for 2018 be scheduled early in 2018.

Management Team welcomed the discussion and approved the report for submission to Remco.

Action: David Blattman to submit the report to Remco for its consideration and approval of the parameters for the pay award 2018. (November 2017)

Action: David Blattman to update Management Team early in the New Year on developments. (January 2018)

David Blattman left the meeting.

4. Communications digest

James Gillies, Communications Manager and Antony Clark, Assistant Director, Performance Audit and Best Value, joined the meeting.

James Gillies introduced the Communications Digest, a copy of which had been previously circulated.

James invited Management Team to note the key highlights from external and internal communication, meeting engagements and media coverage over the previous month together with forthcoming publications and activities in the month ahead.

Management Team noted the overriding theme around pressure on public finances coming through and discussed the range of reporting going forward.

5. Hotlist of emerging audit risks

Antony Clark introduced the Hotlist of emerging audit risks report, which had been previously circulated.

Antony invited Management Team to note the updates in relation to developing audit risks, the watchlist and recently closed items.

During discussion, Management Team noted there were no new risks on the register and welcomed the opportunity to reflect on the number of section 22 reports on similar themes.

Management Team agreed that a review of the watchlist be undertaken in advance of the next report to update items or remove long standing matters.

Management Team welcomed the discussion of the reports.

6. Draft agenda: Remuneration and Human Resources Committee 15 November 2017

Management Team noted the agenda and reflected on the earlier discussion at Item 3 in relation to the Pay Award 2018.

7. Draft agenda: Leadership Group 22 November 2017

Fraser McKinlay provided a summary of the proposed outline for the upcoming meeting of Leadership Group and welcomed any comments. Management Team noted the theme for the meeting was leadership in challenging and complex times. Following discussion, Management Team also agreed that a short summary from each member on respective key priorities would be welcomed.

8. Draft agenda: Board 29 November 2017

Management Team noted the draft agenda for the meeting of the Board on 29 November 2017.

9. Draft agenda: Management Team 14 November 2017

Management Team noted the proposed agenda for the meeting on 14 November 2017.

10. Draft agenda: Accounts Commission Committees 23 and 30 November 2017

Management Team noted the draft agendas for the Accounts Commission Committee meetings being held on 23 and 30 November 2017.

11. Any other business

Diane McGiffen advised Management Team that Audit Scotland's budget submission will be considered by the SCPA on Wednesday 20 December 2017.

12. Date of next meeting

The next meeting of Management Team would take place on Tuesday 14 November 2017.

Management Team

Tuesday 14 November 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

Apologies:

None

In attendance:

Mark Taylor, Assistant Director
Martin Walker, Assistant Director
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 7 November 2017

The draft minutes dated 7 November 2017 were considered and Management Team agreed that these were an accurate record of the meeting, subject to minor amendment.

2. Securing World Class Audit: Future Audit Strategy update

Russell Frith provided a verbal update to Management Team on the process for reviewing the tenders for external assurance and confirmed interviews were scheduled for Monday 20 November 2017.

Russell reflected on the PAF Technical Conference on 10 November and advised of the positive feedback received, particularly in relation to the audit quality discussion.

Management Team noted Russell's continued engagement on the audit quality framework and further knowledge sharing sessions on fees and funding being held until the end of the year.

Management Team noted team meetings had been organised for the new Professional Support and the Appointments and Assurance teams on 21 November and 4 December 2017 respectively.

Management Team welcomed the update.

3. New financial powers and constitutional change update

Mark Taylor, Assistant Director, joined the meeting.

Mark Taylor introduced the New financial powers and constitutional change update report, which had been previously circulated.

Mark invited Management Team to note the key developments surrounding further financial devolution and constitutional change and our arrangements to support this work. Mark invited any comments on the draft report prior to its submission to the Board for its consideration.

During detailed discussion, Management Team noted the publication of the 59 recommendations by the Budget Process Review Group significant changes to the current budget process. Management Team noted the discussion paper published by the Scottish Government on the role of income tax in the budget and the announcement that they will publish its draft budget on 14 December 2017.

Mark advised that since the Social Security Bill was introduced, the team have been looking at the shape and timing of the audit work required once the agency comes into existence on September 2018. Management Team noted that this agency will start paying carers supplements in the second half of 2018/19 and discussed the IT system and development required for implementation.

Management Team noted the next focus was in relation to the Scottish rate of income tax and the effect of withdrawal from EU for a devolved government in Scotland, public bodies and councils. Mark agreed to come back to Management Team with the team to explore the implications of EU withdrawal.

Management Team discussed organisational risks for us and agreed that Mark would be involved in the next review of our corporate risk register as well as a future risk interrogation.

Following discussion, Management Team welcomed that the team was developing well and welcomed the assurance provided around workforce planning in order to support this work.

Action: Mark Taylor to be involved in the next review of the corporate risk register. (February 2018)

Action: Mark Taylor to be involved in a risk interrogation to be scheduled early next year. (May 2018)

Action: Mark Taylor to schedule a discussion session with Management Team on the implications of EU withdrawal. (January 2018)

Mark Taylor left the meeting.

4. Q2 Corporate performance report

Martin Walker, Assistant Director and Alex Devlin, Corporate Governance Manager, joined the meeting.

Martin Walker introduced the Q2 Corporate performance report, which had been previously circulated.

Martin invited Management Team to consider the report and advised if any additional management attention was required.

Management Team noted the continued strong performance which included delivering local government audits to schedule and the number of central government audits which had been delivered ahead of schedule and the performance and best value reports published during the quarter. In addition, Management Team noted and the new appendix which provided examples where performance makes a difference through our audit work.

Management Team welcomed the report and the addition of a new appendix which set out clear examples of impact.

During discussion, Management Team provided detailed comments to develop the actions for a number of objectives to include qualitative information, particularly in relation to people engagement and the ability to access information through the 3D process.

Management Team welcomed the discussion and approved the submission of an amended report for the Board's consideration at its meeting on 29 November 2017.

Action: Martin Walker to amend and submit the report to Board for its consideration. (November 2017)

5. Q2 Becoming world class improvement programme report

Martin Walker introduced the Q2 Becoming world class improvement programme report, a copy of which had been previously circulated.

Martin invited Management Team to review and comment on progress made in the quarter and approve the report for submission to the Board.

During detailed discussion, Management Team reflected on the work in developing the new Audit Quality framework, the establishment of the Appointments and Assurance and Professional Support teams, agreement of the budget to support the new financial powers work and development of the Digital Audit and Digital Services strategies.

Management Team also welcomed the finalisation of the role profiles, bands and gateways as part of Building a Better Organisation and agreed the leadership development work Fraser McKinlay was leading on should also be referred to.

Following discussion, Management Team welcomed the agreed a discussion with Leadership Group to reflect on the achievements of the Becoming World Class programme and develop the strategic objectives going forward.

Management Team welcomed the report acknowledging the overriding theme around pressure on public finances which was coming through and discussed the range of reporting going forward.

6. Money laundering regulations 2017

Alex Devlin introduced the Money laundering regulations 2017 report, a copy of which had been previously circulated.

Alex invited Management Team to consider and approve the proposed arrangements in support of the new Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 following an earlier report on 3 October 2017.

Management Team discussed the options proposed for the purpose of central reporting and recognised the links between this and the National Fraud Initiative agreed this would sit with the Professional Support Team. In addition, Management Team agreed that it also formed part of our annual assurance reporting with the Appointments and Assurance Team and Alex would build this into the corporate governance annual review process.

Martin Walker and Alex Devlin left the meeting.

7. Draft agenda: Management Team 21 November 2017

Management Team discussed the agenda and agreed to cancel the meeting and deal with the Local Government annual fee setting report by correspondence.

8. Any other business

There was no other business..

9. Date of next meeting

The next meeting of Management Team would take place on Tuesday 5 December 2017.

Management Team

Tuesday 5 December 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Lorna McEwan (Minutes)

Apologies:

None

In attendance:

Antony Clark, Assistant Director
Stuart Dennis, Corporate Finance Manager
Alex Devlin, Corporate Governance Manager

1. Minutes of meeting: 14 November 2017

The draft minutes dated 14 November 2017 were considered and Management Team agreed that these were an accurate record of the meeting, subject to minor amendment.

2. Securing World Class Audit: Future Audit Strategy update

Audit Appointments and Assurance (AAA) development

Diane McGiffen provided a verbal update on the AAA development event held on 4 December 2017.

Management Team noted that very positive foundations had been initiated at the session.

A discussion followed on the shortfall in resourcing and a proposal of engaging with an external agency to help strengthen the team in the short term was considered.

Professional Support development

Fiona Kordiak provided a verbal update on the first Professional Support away day held on 21 November 2017.

Development of a workplan was currently underway and would be assisted by the finalisation of leads in professional areas. A discussion followed on the lead for Brexit and Fiona would liaise with Assistant Direction in Audit Services Group in this respect.

Management Team noted that Fit and Proper forms would be distributed this week to all staff and a discussion followed on the refresh of terminology used in Audit Scotland polices as a consequence of Russell's retirement and the disbandment of Audit Strategy. Diane would speak with Martin Walker in this respect.

Ethical advice to the Accounts Commission

Management Team discussed the paper which shared proposals on how the Accounts Commission sources ethical advice. Management Team agreed to invite Paul Reilly to discuss at the next meeting of Management Team.

Management Team welcomed the update.

Action: Fiona Kordiak to confirm the professional lead for Brexit. (January 2017)

Action: Diane McGiffen to liaise with Martin Walker in respect of the refresh of terminology used in AS policies. (December 2017)

Action: Diane McGiffen to liaise with Paul Reilly re the Accounts Commission paper, Ethical advice to the Accounts Commission. (December 2017)

3. Leadership Group Development Programme

Fraser McKinlay introduced the PowerPoint presentation in respect of Leadership Group development.

Management Team welcomed the presentation and following discussion it was agreed that Fraser would share it at the forthcoming Assistant Director's meeting scheduled for 7 December 2017.

Action: Fraser McKinlay to present PowerPoint at Assistant Director's meeting held on 6 December 2017.

4. International work at Audit Scotland

Antony Clark, Assistant Director, joined the meeting.

Antony Clark introduced the International work at Audit Scotland report, which had been previously circulated.

Antony highlighted the range of international activities undertaken since 1 April 2017 which included hosting visits, presenting at conferences, sharing good practice and learning from the approach of other countries.

Management Team noted that during 2017, the emphasis of international work had shifted towards focussing on what we can learn from audit work in other countries and how this could be incorporated into the work of Audit Scotland.

A discussion followed on whether Audit Scotland should invest more in international work as a consequence of Brexit. This will be reflected in the International work annual report.

Management Team welcomed the report and acknowledged the planned activities for 2018.

Antony Clark, Assistant Director, left the meeting.

5. 2017/18 Financial forecast

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis introduced the 2017/18 financial forecast which sought to present the results of the year-end exercise.

Management Team noted that the net operating costs for 2017/18 are forecast to be £8,909k which was £248k less than budget.

A discussion followed on the provision of £100k to provide support for the additional work arising from new financial powers which currently remained unallocated in the forecast. The unallocated balance of £14k for audit quality work would be used to contribute towards the cost of ICAS work.

Management Team requested that Stuart Dennis bring an update to Management Team on the in-year budget before the end of the year.

Management Team welcomed the discussion.

Action: Stuart Dennis to provide Management Team with an update on the in-year budget before the end of the year. (December 2017)

6. Lothian Pension Fund – 2017 valuation

Stuart Dennis introduced the report which sought to provide an update on the results of the three yearly valuation of Lothian Pension Fund.

Management Team noted that in 2014 the actuary reported that the Audit Scotland share of Lothian Pension Fund was in deficit to the value of £6,829k and that following the 2017 valuation the deficit had increased to £9,202k. The funding level of the Audit Scotland share of the scheme had increased slightly from 90% at March 2014 to 91% at March 2017.

Management Team agreed to note the contents of the report and to note that the increase in employer contribution rate was in line with budget proposal assumptions.

Stuart Dennis left the meeting.

7. Whistleblowing: Prescribed persons list

Alex Devlin joined the meeting.

Alex Devlin provided a verbal update in respect of Audit Scotland's removal from the Public Interest Disclosure Act (PIDA) list of prescribed persons.

Due to a mis-communication from the Department of Business, Energy and Industrial Strategy (BEIS), Audit Scotland, along with the Wales Audit office had been removed from the list which would mean that any whistleblowing disclosures would have to be considered under the Auditor General's or Accounts Commission's prescribed persons role. The exception to this would be NFI which would not be covered at this time.

A discussion followed and Alex agreed to request sight of the communication trail before drafting a letter to the UK Government.

Management Team also agreed that a communication should be made to all staff advising of this error and that a request to be reinstated would be made in early course.

Action: Alex Devlin to request sight of the communication trail and draft letters accordingly and keep Management Team apprised of any updates. (December 2017)

Alex Devlin left the meeting

8. Draft agenda: Management Team: 12 December 2017

Management Team discussed the agenda and agreed that the Audit Appointment and Assurance Work Programme would be deferred to the meeting of 19 December 2017.

The Professional support work programme would be considered at a future meeting of Management Team.

9. Any other business

Fraser McKinlay provided an update in respect of the error in the Local Government Financial Overview 2016/17 which had been sent to members of the Accounts Commission in advance of the meeting of 7 December 2017. The error related to how the additional income collected through this year's council tax reforms flows through to councils. Fraser had written to the Local Government and Communities Committee to notify them of this and would also respond to comments via Twitter.

A discussion followed on the most appropriate way to inform colleagues of this error and it was agreed that Communications would publish a statement on ishare.

Action: Communications to issue a statement on ishare to inform colleagues of the error. (December 2017)

10. Date of next meeting

The next meeting of Management Team would take place on Tuesday 12 December 2017.

Management Team

Tuesday 12 December 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Diane McGiffen
Caroline Gardner
Fraser McKinlay
Fiona Kordiak
Russell Frith
Lorna McEwan (Minutes)

Apologies:

None

In attendance:

Neil Cartlidge, (Correspondence Manager)
James Gillies, (Communications Manager, Corporate Services)
Robert Cumming, (PA Advocacy)
Claire Sweeney, (Assistant Director, PABV)
Carol Calder, (Senior Manager, PABV)
Paul Reilly, (Secretary to the Accounts Commission)

1. Minutes of meeting: 5 December 2017

The draft minutes dated 5 December 2017 were considered and Management Team agreed that these were an accurate record of the meeting, subject to minor amendment.

2. Securing World Class Audit: Future Strategy update

Russell Frith provided a verbal update in respect of the Audit Appointments and Assurance (AAA) team development.

Fiona Kordiak provided an update on her very positive meeting with representatives of Scott-Moncrieff. A discussion followed on the co-ordination of feedback with the firms and Fraser McKinlay would liaise with Elaine Boyd in this respect.

Management Team welcomed the update.

Action: Fraser McKinlay to liaise with Elaine Boyd re the co-ordination of feedback with the firms. (January 2017)

3. Impact Conference 19 – 20 March 2018

Fraser McKinlay introduced the report which sought Management Team approval for him to speak at a performance audit conference in Sydney Australia on 19 and 20 March 2018.

Management Team noted that there was no option available for online participation.

Fraser proposed to travel to Sydney on 16 March and return to Edinburgh on 22 March, therefore being away from the office for five working days. In an effort to keep costs down Fraser would stay with friends for three out of four nights. A discussion followed on the benefits

of Fraser extending the visit slightly to further develop a network of international contacts as well as promoting the work of Audit Scotland on the international stage.

Following discussion Management Team agreed to Fraser accepting the invitation to speak at the Impact Conference.

Action: Fraser McKinlay to investigate the cost of spending additional night(s) in Sydney.

4. **Audit Scotland Conference 2018 - update**

Neil Cartlidge joined the meeting.

Neil Cartlidge introduced the draft agenda for the Audit Scotland Conference 2018, which had been previously circulated.

Neil informed Management Team that all the speakers had confirmed their attendance and a discussion followed on the format of the breakout sessions.

It was agreed that Caroline Gardner and Graham Sharpe would jointly open the conference with Fiona Kordiak providing closure at the end of the event.

Neil informed Management Team that Eventbrite invitations for the breakout sessions would shortly be available and would be limited to 55 participants per session. Management Team noted the proposal to cost coach(es) from Glasgow / Edinburgh to Dunblane.

A discussion followed on the suggestion of an illustrator / cartoonist being engaged on the day and this would be pursued by Neil.

Management Team noted that members of the Accounts Commission and the Board would be invited to the event and Neil would liaise with Paul Reilly in this respect.

Management Team welcomed the update and acknowledged the planned activities for the 2018 Conference.

Action: Neil Cartlidge to take forward the actions as agreed with Management Team. (December 2017)

Neil Cartlidge left the meeting.

5. **Audit Scotland parliamentary engagement survey results 2017**

James Gillies and Robert Cumming joined the meeting.

Robert Cumming introduced the fifth annual MSP Advocacy Survey, which had been previously circulated.

Management Team noted that all MSPs had been contacted and 72 had been interviewed face-to-face by Robert from 4 September – 10 November 2017.

Robert highlighted the key points and Management Team welcomed the very positive set of results.

Management Team noted that the report would be considered by the Board at the January meeting and agreed that further discussion would take place in this respect.

Management Team welcomed the discussion of the survey.

Action: Management Team to discuss the arrangements for sharing the report with Board members prior to its January 2018 meeting. (December 2017)

James Gillies and Robert Cumming left the meeting.

6. Approach to community empowerment

Claire Sweeney and Carol Calder joined the meeting

Claire Sweeney introduced the report which sought to set out the interest of scrutiny bodies to community empowerment, which had been previously circulated.

Management Team noted that as part of agreeing their work programme, which sets out areas of shared interest, the Strategic Scrutiny Group (SSG) agreed that Audit Scotland would lead work on community empowerment. A short life advisory group, comprising of interested members of the SSG and a range of external experts had been established to help direct and drive forward activities.

Claire updated Management Team on the proposed methodology to developing a coordinated approach to the scrutiny of community empowerment in Scotland and highlighted the three stage approach.

Management Team welcomed the report and agreed to approve the approach.

Claire Sweeney and Carol Calder left the meeting

7. Ethical advice to Accounts Commission

Paul Reilly, Secretary to the Accounts Commission, joined the meeting.

Paul Reilly introduced the paper which sought to provide Management Team with an opportunity to discuss a proposed report scheduled to go to the Accounts Commission.

Fiona Kordiak gave a detailed explanation of the role of the ethics partner and a discussion followed in respect of non audit services.

Management Team noted that Audit Scotland had not provided a clear explanation to the Accounts Commission on what arrangements were already in place in respect of the ethics partner role and this would be addressed in the near future.

Action: Representatives from Management to meet with Graham Sharp and Pauline Weetman to discuss ethics partner role in Audit Scotland and how the Accounts Commission should source advice, both in relation to the Financial Reporting Council Ethical Standards and the Ethical Standards in Public Life Framework. (January 2018)

Paul Reilly left the meeting

8. Draft agenda: Management Team: 19 December 2017

Following discussion Management Team approved the draft agenda for the meeting of 19 December 2017.

9. Any other business

No other business was discussed at the meeting of 12 December 2017.

10. Date of next meeting

The next meeting of Management Team would take place on Tuesday 19 December 2017.

Management Team

Tuesday 19 December 2017, 9.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Fraser McKinlay (Chair)
Diane McGiffen (in part)
Caroline Gardner
Fiona Kordiak
Russell Frith
Joy Webber (Minutes)

Apologies:

Diane McGiffen (in part)

In attendance:

Elaine Boyd, Assistant Director, Appointments and Assurance
Owen Smith, Senior Manager, Appointments and Assurance
John Gilchrist, Manager, Appointments and Assurance

1. Minutes of meeting: 12 December 2017

The draft minutes dated 12 December 2017 were considered and Management Team agreed that these were an accurate record of the meeting.

Management Team reflected on the discussion around the Audit Scotland Conference 2018 and discussed who would host the various sessions. Fiona agreed to chair the morning session with Fraser chairing the afternoon programme.

Action: Fiona Kordiak to advise the working group of the chairs for the forthcoming staff conference. (January 2018)

2. Securing World Class Audit: Future Strategy update

Management Team reflect on the work and commitment of the Appointments and Assurance and Professional Support teams over the past few months and noted both were committed to further development meetings to continue to build on progress to date.

3. Securing World Class Audit: Appointments and Assurance work programme

Elaine Boyd, Assistant Director, Owen Smith, Senior Manager and John Gilchrist, Manager, Appointments and Assurance, joined the meeting.

Elaine Boyd introduced the Appointments and Assurance team work plan, a copy of which had been previously circulated.

Elaine invited Management Team to consider and approve the request for additional internal resource to deliver the priorities of the Appointments and Assurance Team as set out in the attached work plan.

Management Team noted the key priorities for reporting assurance to the Auditor General, Accounts Commission and the Board, the annual review of financial and performance audit, the

review of the Code of Audit Practice to ensure it continues to deliver and ongoing development and thematic work. Management Team welcomed the risk based approach of the external reviews and output reviews informing priorities for the Appointments and Assurance team.

During detailed discussion, Management Team agreed the need for additional resource to deliver the work and requested the costings for this. Management Team also sought clarification on the number of days allocated for the annual review and suggested an alternative peer review approach to involve colleagues from Audit Services, Performance Audit and Best Value and the firms, noting that additional moderation by the Appointments and Assurance team may be required for any outliers.

Turning to the independent review work by ICAS, Management Team noted the short timeframe for reporting and agreed that there should be an equal spread of reviews across Audit Services, Performance Audit and Best Value and the firms in order to report by 31 March 2018. Management Team noted the independent assurance will then feed into the overall Quality reporting scheduled for June 2018.

Following discussion, Management Team approved in principle the additional resource requested, subject to Elaine confirming the costings and budget. In addition, Management Team requested the team to develop arrangements around the output review and adjust the spread of external assurance reviews for reporting by end March 2018.

Diane McGiffen left the meeting.

Management Team welcomed the discussion recognising the progress made on the quality regime and reporting and thanked the team for the report.

Action: Elaine Boyd to report on budget and costings for additional resource. (December 2017)

Elaine Boyd, Assistant Director, Owen Smith, Senior Manager and John Gilchrist, Manager, Appointments and Assurance, left the meeting.

4. Draft agenda: Accounts Commission 11 January 2018

Management Team noted the agenda of the meeting of the Accounts Commission on 11 January 2018 and agreed they would welcome a discussion around the Scottish budget at an early date.

5. Draft agenda: Management Team: 9 January 2018

Management Team discussed the agenda and Fraser advised he would invite Gemma Diamond to bring the budget briefing to the next meeting of Management Team.

6. Any other business

Joy Webber invited Management Team to consider the email from Alex Devlin seeking approval of the revised Terms and Conditions for the Purchase of Goods and Services which had been updated to take account the requirements of the new GDPR legislation.

Management Team expressed their thanks to Russell for his contribution to Audit Scotland and wished him a long and happy retirement.

7. Date of next meeting

The next meeting of Management Team would take place on Tuesday 9 January 2018.