



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE COMMISSION

Tuesday 4 October 2011

Session 4

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CONTENTS

	Col.
AUDIT SCOTLAND ANNUAL REPORT AND ACCOUNTS AND AUDITOR'S REPORT	13
AUDIT SCOTLAND AUTUMN BUDGET REVISION 2011-12	22
NATIONAL PUBLIC BODIES DIRECTORY	26
BUDGET PROCESS.....	27
WORK PROGRAMME	28

SCOTTISH COMMISSION FOR PUBLIC AUDIT

2nd Meeting 2011, Session 4

CONVENER

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

DEPUTY CONVENER

*John Pentland (Motherwell and Wishaw) (Lab)

COMMISSION MEMBERS

Hugh Henry (Renfrewshire South) (Lab)

*Alex Johnstone (North East Scotland) (Con)

*Angus MacDonald (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Mr Robert Black (Auditor General for Scotland)

Russell Frith (Audit Scotland)

Andy McBean (Alexander Sloan)

Diane McGiffen (Audit Scotland)

SECRETARY TO THE COMMISSION

Fergus Cochrane

LOCATION

Committee Room 4

Scottish Commission for Public Audit

Meeting of the Commission

Tuesday 4 October 2011

[The Convener opened the meeting at 10:00]

Audit Scotland Annual Report and Accounts and Auditor's Report

The Convener (Colin Beattie): I welcome everyone to the Scottish Commission for Public Audit's second meeting in 2011 in the fourth session of the Parliament. I remind everyone to switch off their mobile phones and other communication devices. I believe that we have received apologies from Hugh Henry.

The first item is consideration of Audit Scotland's annual report and accounts for 2010-11 and the auditor's report on them, which are published on the commission's web page. The commission is responsible for securing the audit of Audit Scotland's accounts and has contracted the chartered accountants Alexander Sloan to undertake that work. We will hear first from Audit Scotland and then from Alexander Sloan.

I welcome from Audit Scotland Robert Black, the Auditor General for Scotland and accountable officer for Audit Scotland; Russell Frith, assistant auditor general; and Diane McGiffen, chief operating officer. I invite Mr Black to make an opening statement.

Mr Robert Black (Auditor General for Scotland): Good morning, convener. As members will see, the Audit Scotland annual report for 2010-11 provides a summary of our performance over the year and information on what we have done with our resources.

I will go straight to the numbers. Some time ago, we set ourselves a target of reducing the cost of public audit by 20 per cent in real terms over the four years to the end of the spending review in 2014-15. Over that period, there will be significant retrenchments in public sector finance and my Audit Scotland colleagues and I were of the clear view that we had to make our own—albeit numerically small—contribution to that and have been working hard on the issue.

In 2010-11, we significantly reduced the costs of our work and subsequently the fees that we charged public bodies. Compared with 2009-10, fees were reduced by 5.5 per cent in real terms and the organisation is on track to deliver the

planned 20 per cent reduction—and potentially more than that—by 2014. As part of that work, we will have reduced staff numbers by 42 by the end of that period and, because we started early and have been paying a lot of attention to workforce planning, we are already halfway towards that target. I can also confidently assure the commission that we have maintained and, in some areas, improved our performance over the period. Our efforts to meet our targets have not been made at the expense of the quality of our work.

A number of key highlights in the report include the fact that, in the financial year 2009-10, we produced with our partners in the firms involved 212 final audit reports on all the public bodies that we audit. Those reports, which are written at the end of the audit, not only are directed to the senior management, the non-executives and the councils of the bodies concerned but are available to Audit Scotland staff for use in our work to Parliament. The reports are all available on the website. A huge amount of work goes on in that respect; indeed, our work programme includes not only the more than 200 final audit reports but 600 separate reports to those bodies. The reports are on a vast range of subjects but are aimed at improving efficiency, effectiveness, financial control and risk management.

The report contains a table showing that more than 90 per cent of health bodies and all further education bodies thought that the audit had provided a high-quality service. Although that is satisfying, we hope to continue to improve in that respect.

It is also worth mentioning the work that we do for Parliament and the Accounts Commission. In all, we published 26 performance and best-value reports, a full list of which can be found on the report's inside back cover. We would be very happy to talk about that work, which, in general, is designed not only to challenge the public sector on its efficient use of public money and its performance but to support improvements. In our reports, we use techniques to encourage audited bodies to take our recommendations seriously. Examples are highlighted in the annual report but we will answer any questions that members might have.

The national fraud initiative is an exercise that we have been running for a number of years. The initiative, which is overseen by Russell Frith, has achieved a £63 million cumulative impact in Scotland during the period that we have been working on it. Again, there are details of that in the annual report. We launched the latest national fraud initiative exercise recently and will be using some of the new data-matching powers that the Scottish Parliament brought into effect last year.

I am pleased to say that Audit Scotland has achieved—and continues to enjoy—one to watch status in the Best Companies review. The review, which is of the whole United Kingdom public sector, identifies the top 75 public sector workplaces in the UK, so our achievement is significant.

We take very seriously our support for work with people with disabilities, and we have been given the two ticks accreditation for that work. We take satisfaction from such endorsements but, of course, we will continue to work hard to improve in that area.

During the past year, we presented at almost 70 seminars, conferences and training events, which we itemise in the report.

During the year, we also received four groups of overseas visitors. Our work overseas is a small part of our work, but we think that it is very important for two reasons. First, it is right that an organisation such as Audit Scotland should help and support the development of high standards of governance and financial management in other countries, particularly in Europe. Secondly, it is good experience for our staff. They get a sense of satisfaction from helping those countries, and sometimes we learn from their experience.

We have also done some work overseas in partnership with the National Audit Office and the Swedish audit office, and we are doing work on the audit of the United Nations, which is a good experience for our staff. Much of that work might not be immediately evident or transparent to the commission, so our international work is the subject of a report on our website. Through contributing to conferences, seminars, training events and so on, we like to think that we are making a contribution to improving standards of governance, audit and financial management.

My colleagues and I are happy to answer questions. I will be relying on Diane McGiffen, as the chief operating officer, and Russell Frith to help me answer any detailed questions.

The Convener: Thank you. I will throw the discussion open to members in a moment, but I will kick off. Page 45 of the annual report and accounts shows that income from local authorities increased marginally from 2010 to 2011, from £13,183,000 to £13,429,000. Although that increase is less than 2 per cent, year on year, it is not reflected in other sectors, where income from fees and charges has actually fallen year on year. Why have the fees and charges payable by local authorities increased from 2010, while those payable by other sectors have fallen?

Mr Black: Russell Frith will answer that.

Russell Frith (Audit Scotland): There is a combination of factors. The income that is shown in the accounts is a combination of income from two different audit years: the conclusion of the 2009-10 audits and the start of the 2010-11 audits. The income reflects the activity undertaken by the auditors between 1 April and 31 March. If they are slightly further on or slightly less far advanced in a particular year's audits at 31 March, that will have an impact on whether the fee income that is recorded in the accounts is slightly up or slightly down one year in comparison with another.

For the 2010-11 local government audits, a new, additional set of audits was undertaken. The local government pension schemes were subject to separate audits for the first time. Although we were quite rightly saying that the fees charged for like-for-like work were going down, the volume of work for local government was going up, because of the introduction of new separate audits for the pension schemes. That explains why the local authority bit is slightly higher. In the other sectors, the audits were not quite as far advanced at 31 March 2011 as they were at 31 March 2010, by very marginal amounts, and there were no additional volume elements in the other sectors.

The Convener: You are essentially saying that it is a question of timing on the billing—

Russell Frith: Largely, yes.

The Convener: Which will adjust itself through the next year.

Russell Frith: Yes.

John Pentland (Motherwell and Wishaw) (Lab): I have a supplementary. The same table on page 45 of the report indicates that there has been a tremendous increase in miscellaneous income. Is the explanation for that the same as the one that you have just given the convener?

Russell Frith: No. Miscellaneous income is largely income from secondments. We had more staff—in one case, a very senior member of staff—out on secondment during 2010-11.

The Convener: As there are no more questions on that matter, I throw the discussion open to members.

Alex Johnstone (North East Scotland) (Con): I will raise a couple of issues related to tax liabilities. Section 3.3 of the audit management letter highlights as a significant matter a creditor this year for VAT liabilities relating to the outward secondments of staff in current and previous years, which you mentioned. Was VAT levied on invoices in previous years and not paid over to HM Revenue and Customs, hence the liability arising, or was VAT not charged, for which Audit Scotland is now liable retrospectively?

Russell Frith: It is the latter.

Alex Johnstone: I move on to other tax liabilities. On page 4, the audit management letter states that Audit Scotland may be subject to corporation tax for certain future and previous income streams. Audit Scotland has estimated that liability, at 31 March this year, as less than £3,000. Does the estimate of £3,000 cover all the previous years' potential liability or does it just cover the year ending 31 March 2011?

Russell Frith: It covers the previous years' potential liability, back to when we understand that HMRC changed its view on the taxation of public bodies for such income. In our case, it is pretty much entirely interest income, which has been very low for the past two or three years.

Alex Johnstone: So you believe that £3,000 will cover any total liability.

Russell Frith: Yes.

Angus MacDonald (Falkirk East) (SNP): I congratulate Audit Scotland on initiatives such as the national fraud initiative. It is encouraging to see £60-odd million result from that.

The annual report states that Audit Scotland has a recruitment freeze in operation, yet table 4 in the notes to the accounts, on page 44, shows that £70,000 was spent on staff recruitment in 2011. Can you clarify that?

Diane McGiffen (Audit Scotland): We have a targeted recruitment freeze. We have continued to recruit to our graduate training scheme and we have not been able either to do without or to fill in-house a few specialist posts, so we have had to advertise those externally.

The bulk of the costs cover our graduate training recruitment scheme, which we have exempted from the recruitment freeze because there is a continuing role for us in developing the next generation of auditors for the public sector and for ourselves. They play an important part in how we deliver the work that we do and we feel that we make an important contribution to the development of financial auditing skills by continuing with that scheme.

Angus MacDonald: Thanks. That is an encouraging response. I am keen on graduate training schemes.

You said that the bulk of the £70,000 was spent on that scheme. Can you give us a rough percentage?

Diane McGiffen: I guess that about £40,000 might be the total cost of not simply advertising but of running assessment centres and the various stages of recruitment. I will come back to you with specific detail on that.

10:15

Angus MacDonald: Thank you—that would be appreciated.

In the remuneration report, you list the salaries of individual members of the senior management structure and identify two posts as the deputy Auditor General and the assistant Auditor General. Can you clarify what foundation there is for those job titles, as they are not provided for in statute? What would be the bearing of the deputy Auditor General in particular should—God forbid—the Auditor General resign or be unable to fulfil his role?

Mr Black: On my advice, the board of Audit Scotland approves the senior management team. For a few years now the organisation has recognised the need to have someone in the organisation who can deputise for me in my absence for whatever reason. A letter is held by Audit Scotland that authorises the deputy Auditor General to assume my role pro tem if I am unable to fulfil my duties for a time. The title also reflects the fact that the occupier of that post in our current structure has oversight of all the delivery mechanisms in Audit Scotland with the exception of those that fall under Russell Frith, so they are the most senior member of staff in Audit Scotland.

Angus MacDonald: Who is the letter from that confirms that the deputy Auditor General would stand in?

Mr Black: It is from me to her.

Angus MacDonald: It is my understanding that the Scottish Commission for Public Audit would appoint a depute in Mr Black's absence, but we can get clarification on that.

Mr Black: I am happy to provide that.

The Convener: Those are all our questions for Audit Scotland, so I thank Robert Black, Russell Frith and Diane McGiffen for attending today. We will suspend for a couple of minutes to allow a changeover of witnesses.

10:17

Meeting suspended.

10:19

On resuming—

The Convener: I welcome Andy McBean and David Jeffcoat from Alexander Sloan chartered accountants, external auditors of Audit Scotland. I ask Andy McBean to confirm that Alexander Sloan has received all the necessary information and explanations to inform its opinion of the accounts. Perhaps he can provide an overview and any observations that have arisen from the work.

Andy McBean (Alexander Sloan): Good morning. I am happy to confirm that we received all the necessary information and explanations to allow us to undertake our audit for the year ending 31 March 2011.

I will give you a quick overview of our work. Following a competitive tendering process, Alexander Sloan was appointed last December to carry out the external audit of Audit Scotland. We are required to provide an opinion on whether the accounts give a true and fair view and whether they have been prepared in accordance with international financial reporting standards, as interpreted and adapted by the financial reporting manual. We are also required to confirm that they have been prepared properly in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions by Scottish ministers.

We carried out an interim audit in February and a final audit was carried out in May and early June of this year. Our audit was carried out in accordance with international standards on auditing. As I said, we received all the information and explanations required to carry out our work, and the audit was completed without any significant issues. We signed our audit report on 15 June 2011.

Our audit report is unqualified—that is to say that there are no significant matters that should be brought to the attention of the readers of the accounts. In other words, it is a clean audit report.

We are also required to prepare a report—or letter—to management to summarise the key issues arising from our audit and report any weaknesses in the accounting and internal controls that came to our attention during the audit.

This year we have made two minor recommendations in our report, neither of which is of significant concern. I am pleased to report that those recommendations have been accepted and actioned by the staff at Audit Scotland.

Finally, I record my firm's thanks to the staff at Audit Scotland and the support staff at the SCPA for their assistance during this first year of our appointment.

The Convener: Thank you. I invite members to ask questions.

John Pentland: Section 3.2 of your letter highlights as a significant matter a provision of £776,000 to cover the cost of the voluntary early release arrangement. Have you reviewed the basis of that provision and the underlying calculation on which it is based, and are you satisfied that the individual payments reflect the entitlements of staff members who have opted to leave Audit Scotland in 2011-12?

Andy McBean: We identified that as a key item in our audit. We examined the calculations and checked them against supporting documentation. Part of the provision relates to pension liabilities and payments to be made to the pension scheme. We checked that, too, and we were satisfied that there were no errors in the figure. The point to highlight is that the provision is made only when the person has signed up for the arrangement, which is then approved by Audit Scotland. People might perhaps take advantage of the scheme at a later date, but the provision relates only to those who were officially signed up by 31 March 2011—that is the only basis on which we can provide for it within the accounts.

John Pentland: When do you hope to see an efficiency saving being made from that early release arrangement? When will that start to feed into Audit Scotland?

Andy McBean: Obviously, the payments have to be made and that has put a charge into the accounts, but the people concerned will not all be retired by this stage; some might retire towards the end of this calendar year. We will probably not start to see any benefit until the end of this accounting year.

The Convener: There are no other questions, so thank you very much for your attendance, which we appreciate. We will suspend the meeting for a few minutes while we change witnesses.

10:24

Meeting suspended.

10:25

On resuming—

The Convener: I welcome back Robert Black, Russell Frith and Diane McGiffen from Audit Scotland for consideration of Audit Scotland's 2011-12 autumn budget revision.

Mr Black: Thank you, convener. I will be guided by you on this: if you wish, I am happy to provide further information on the operation of our early retirement scheme, to assist in answering John Pentland's question to our auditors.

The Convener: That might be helpful.

Mr Black: We have agreed that 17 staff may go under the scheme. It is the principal means by which we are generating the significant efficiency savings that we have already partly delivered and that we anticipate continuing to deliver through to 2014. My colleagues and I in Audit Scotland are committed to demonstrating that the scheme delivers value for money, not only in aggregate but in respect of the individual posts that are going.

As your auditors have informed you, they have examined the scheme and provided an assurance that it was properly undertaken. I will outline some of the key numbers for the record. The 17 agreements into which we have entered will generate net savings of £967,000 over the three years that were used to assess the business cases. An annual saving of £590,000 will be generated from April 2012.

So far, up to the end of September, six colleagues have left the organisation under the scheme. The remaining 11 staff will be away by the end of December. The actual costs relating to the six departures have already occurred, and were very close to the provisions that we made. We anticipate that the total cost will be very close to our estimate of £776,000.

Each of the proposals for the agreed departures has been reviewed in detail; I would have it no other way. A period of three years was used to assess the cost and savings for each case. Each case was considered on its individual merits and had to generate a financial benefit over the three-year period equivalent to 25 per cent of the annual salary of the departing member of staff.

Given that staff costs are by far the largest single element in our budget, that is the only way in which we can generate the sort of savings that we are seeking. Each and every agreed departure is generating savings in its own terms.

A further benefit of the scheme is that it allows us to examine the skill mix in the organisation. As I am sure that members will appreciate, the staff who are leaving the organisation generally have long service. We are able to consider the range of skills that we need in the organisation, not least with regard to some of the new directions in which I want Audit Scotland to go with its performance audit work, for which stronger analytical skills are needed.

The other benefit is that, in so far as we are replacing staff, the new staff tend to be on lower salaries, so we are pushing down the total wage cost in that way. All the numbers have been subject to external audit.

The Convener: That was useful. Would John Pentland like to ask a supplementary?

John Pentland: No; that was helpful. I would be pleased if we could get a copy of that information.

Mr Black: We will be happy to drop you a note.

Audit Scotland Autumn Budget Revision 2011-12

10:30

The Convener: We commence agenda item 2. I ask Robert Black to make an opening statement.

Mr Black: My statement is essentially to do with end-year flexibility, as our proposed autumn budget revision seeks approval for a matter relating to EYF.

As the SCPA is well aware, Audit Scotland is required under the Public Finance and Accountability (Scotland) Act 2000 to break even in broad terms, taking one year with another. We cannot carry forward reserves, so end-year flexibility is the only mechanism available to enable us to balance one year with another.

In the past we have faced the challenge of audit years not coinciding with financial years, so there have been issues around billing and cash flow to be managed. In recent years Audit Scotland has substantially reduced its EYF and, as my colleagues and I have outlined in the annual report and at today's meeting, we are well on the way to implementing a number of significant cost reduction measures in recognition of the pressures on public finances.

Our underlying underspend in 2010-11 was £1.275 million. That is £590,000 more than the amount that was recorded in the previous year, mainly because Audit Scotland is making good progress towards its four-year cost reduction target. In other words, we are ahead of the game in that regard.

Given that we have a current cost reduction target of 20 per cent over the four-year period, there must be implications for a reduction in the fees that we charge audited bodies. We outline in the budget revision document that it would be possible to provide those public bodies with a further financial benefit from the funds that we did not use in 2010-11, and we can do that only through the EYF provisions.

We suggest that £945,000 of the end-year flexibility, which in effect is comprised of resources that came to us through fees charged, is used to provide a one-off fee rebate of just under 5 per cent of fee charges to audited bodies. That is a repeat of an exercise that we carried out in 2008-09, when we provided a similar rebate to clients using the EYF mechanism.

The balance of £330,000 would be retained by the Scottish consolidated fund; Audit Scotland's net funding requirement is met by the Parliament, so it is right and proper that the Parliament gets

some benefit from that. That will be the only use to which we put the EYF. It is a means of restoring to the public bodies to which we charge fees some of the money that we took from them, because we have not found it necessary to use that resource due to the progress that we are making with our efficiencies.

Russell Frith and Diane McGiffen can help me to answer any detailed questions that you might have. I should add that the policy principle that I describe was established last year.

The Convener: Thank you, that was helpful. Before I throw open the discussion to members, I have a question.

Audit Scotland has applied to use £945,000 of end-year flexibility, which will be returned to audited bodies by way of a reduction in audit fees that are levied in future. The effect of that is an average 4.9 per cent reduction in audit fees for one year. Will it be made clear to audited bodies that the discount is non-recurring and is unlikely to apply year on year? Secondly, will the discount be explicit on the invoices that Audit Scotland sends to the audited bodies?

Russell Frith: The answer to both questions is yes.

The Convener: Excellent—thank you.

Alex Johnstone: Page 3 of the budget revision document states that £173,000 of the end-year flexibility arises as a capital variance. Section two explains how the revenue budget variance has resulted in revenue EYF, but it does not explain the capital variance.

In the original budget proposal for 2011-12, there was a capital resource requirement of £250,000. Can you confirm that the £173,000 of capital variance is underspend? How did that underspend arise?

Diane McGiffen: I confirm that it is money that we requested, but have not used. As I think we have discussed with you, we have been reviewing our property portfolio and making provision to reshape and change our accommodation. We did not proceed with that in this period, but we made some provision in case we were able to exit early from our properties. We have made savings on our capital budget, which primarily funds information technology investment and adjustments to our properties. We have made considerable savings in our IT investment programme and the underspend that you see is a result of that.

Alex Johnstone: Thank you. On an entirely different strand, if you made savings on IT investment, please pass on how you achieved that. Some of us would like to achieve it elsewhere.

Angus MacDonald: On page 3 of the autumn budget revision it states that end-year flexibility had arisen due to a

“pay and recruitment freeze that was introduced at the start of 2010/11.”

Page 26 of the annual report and accounts show that the assistant Auditor General’s salary has increased by two bands from between £95,000 and £100,000 to between £105,000 and £110,000. Can you explain that apparent salary increase in view of the pay freeze introduced at the start of 2010-11? I know that the assistant Auditor General is here.

Diane McGiffen: The explanation is partly the result of the bandings that we use. The pay freeze applied to all the scales in the organisation. There were still pay awards based on contribution. All pay was frozen and all pay scales were frozen, but employees who had, in line with their remuneration scheme, made sufficient contribution were still eligible for very small contribution-based payments. In addition, for the latter part of the year, some colleagues were undertaking additional responsibilities as a result of the secondment of the deputy Auditor General. The pay that you see attached to the assistant Auditor General job is not a like-for-like comparison with the previous year, because the role had changed.

Angus MacDonald: Okay. I thought that a pay freeze would apply right across the board, but I think I understand the explanation.

Mr Black: I will build on what Diane McGiffen said. Across the public sector as a whole, the pay freeze has been in operation for some time now. We went into the pay freeze a year earlier than other bodies; we decided to do that and we are seeing the benefit of it in the flow-through of the efficiency savings. Across the public sector as a whole, people are still entitled to what used to be called incremental progression, so there will be a cost. In fact, we highlighted that in our recent report on Scotland’s public finances.

The deputy Auditor General has been away on secondment for a year doing a very major piece of work for the United Kingdom Government. Clearly we are saving the full cost of that person’s salary and it is perfectly common that while that is happening other colleagues in an organisation such as ours would receive a small recognition of the extra responsibility that they are carrying. That is an element in this, but it is not a permanent enhancement; it is a temporary enhancement pending the interim arrangements that are put in place.

The overall financial effect of the secondment is that we are generating a significant short-term saving, which we discussed in relation to the miscellaneous income in the accounts.

That might help your understanding of the overall picture.

Angus MacDonald: Would it be correct to describe it as an acting allowance, as opposed to an actual salary increase?

Mr Black: Yes, indeed. It is to do with the extra responsibilities taken on during the past 12 months.

The Convener: Do members have any other questions that they would like to ask?

John Pentland: The rebate to the audited bodies will be more than welcome, but you emphasised clearly that it will not be recurring. You identified that the underspend came from things such as the recruitment freeze and the pay freeze. When you outsource your work to public bodies, you are charged a fee. Is that fee reflected in what you charge local authorities or is there a difference between that fee and what you charge, which may have accounted for some of your underspend?

Russell Frith: The fee that we are charged by the firms is one part of the total charge to the audited bodies. The audited bodies also pay a contribution towards some of the performance audits and the best-value audits in local government, for example. We do not apply a mark-up to the element that comes from the firms. Yes, the total charge to the audited body is greater than the fee from the firm, but that reflects the other costs that we are required to bill the audited bodies for.

John Pentland: Could you identify what the difference is, percentage-wise?

Russell Frith: It varies significantly between sectors, depending on the elements of our work that are paid for through the Scottish consolidated fund. For example, local authorities pay for every part of their audit work: the financial audit, the performance audit, the best-value audit and their contribution to the national fraud initiative are all paid for directly. In central Government, the audited bodies pay for the financial audit, but the cost of the performance audit comes out of the money that is provided from the consolidated fund. In health, it is a mixture. In further education, it is purely the financial audit that is paid for.

The Convener: As there are no more questions from members, I thank the witnesses very much for their attendance. I have no doubt that we will see you back here again soon.

National Public Bodies Directory

10:43

The Convener: Item 3 on the agenda is the national public bodies directory. We must consider and agree a response to a letter that we have received from the Cabinet Secretary for Finance, Employment and Sustainable Growth on the removal of the SCPA from the national public bodies directory. A copy of the letter is attached to a paper from the commission's secretary, along with a suggested response. I invite comments from members on the suggested response.

Angus MacDonald: Given that our predecessor commission approached the cabinet secretary with the suggestion in question, John Swinney's response seems to be fair enough, and I am happy to go with the recommendation.

The Convener: Do members agree to go with the suggested response in annex B?

Members *indicated agreement.*

Budget Process

10:44

The Convener: Item 4 is consideration of the revised written agreement on the budget process between the Finance Committee and the SCPA. A paper from the secretary is attached. A separate written agreement between the SCPA and Audit Scotland will follow at a later meeting. Do members have any suggestions or comments on the revised written agreement?

Alex Johnstone: A couple of us have a foot in each camp, so we are inclined to be quiet and to listen to what the rest have to say.

The Convener: Are members happy to go with the written agreement as drafted?

Members *indicated agreement.*

The Convener: I will write to the Finance Committee's convener to inform him that the commission is content with the written agreement. A copy of the agreement will be published on the SCPA's web page.

Work Programme

10:45

The Convener: Item 5—our final item—is consideration of, and agreement to, a paper from the secretary on our work programme and our approach to conducting business. Are we happy to agree to the work programme?

Alex Johnstone: I am content that the paper summarises what we discussed.

The Convener: The key items that we discussed at previous meetings were: meeting in public and publication of meeting papers, minutes and reports whenever possible; adoption of a quorum of three; allowing non-SCPA members to attend and—with the convener's agreement—to participate in meetings; and publication of an annual report setting out the commission's work and activities each year, in line with parliamentary committee annual reports. We will align ourselves pretty much with parliamentary committees. Are members happy to adopt that approach?

Members *indicated agreement.*

The Convener: That concludes our business. Our next meeting will be on Thursday 27 October, when we will take evidence on Audit Scotland's budget proposals for 2012-13 and consider a written agreement between the SCPA and Audit Scotland. I thank members for their attendance.

Meeting closed at 10:46.

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