

AUDIT COMMITTEE

Wednesday 23 June 1999
(*Afternoon*)

Meeting 1

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THE OLDEST MEMBER OF THE COMMITTEE:

*Mr Andrew Welsh (Angus) (SNP)

COMMITTEE MEMBERS:

*Brian Adam (North-East Scotland) (SNP)
*Scott Barrie (Dunfermline West) (Lab)
*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)
*Miss Annabel Goldie (West of Scotland) (Con)
*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)
*Mr Nick Johnston (Mid Scotland and Fife) (Con)
*Lewis Macdonald (Aberdeen Central) (Lab)
*Paul Martin (Glasgow Springburn) (Lab)
*Euan Robson (Roxburgh and Berwickshire) (LD)
*Andrew Wilson (Central Scotland) (SNP)

*attended

COMMITTEE CLERK:

Sarah Davidson

SENIOR ASSISTANT CLERK:

Shelagh McKinlay

ASSISTANT CLERK:

Alastair Macfie

Scottish Parliament

Audit Committee

Wednesday 23 June 1999

(Afternoon)

[THE OLDEST MEMBER OF THE COMMITTEE *opened the meeting at 12:00*]

Mr Andrew Welsh (Oldest Member of the Committee): As it is now 12 o'clock, we should start the meeting. I have to resist the temptation of introducing a bad Westminster habit by saying "Order, order". I hope that we will ignore such bad Westminster habits and introduce some good Edinburgh habits into our proceedings instead.

I welcome everyone to this first ever meeting of the Audit Committee. I am in the chair simply because I am the oldest person here, which is not a thought that cheers me up. I used to go to weddings and look at the old folks—now, when I go to weddings, I am one of the old folks. Sic transit gloria mundi.

Interests

Mr Welsh: Let us get down to business. The first item is a declaration of relevant interests and I think the easiest way to do that is to go round the table. I should first declare that I have no interests to declare.

Brian Adam (North-East Scotland) (SNP): I have no interests to declare.

Miss Annabel Goldie (West of Scotland) (Con): I will simply repeat the interests that I declared for the general purposes of the Parliament. I remain as a partner in my law firm, Donaldson, Alexander, Russell and Haddow, in Glasgow. I am a member of the court of Strathclyde University, which might be more relevant to this committee and which is unremunerated. I am a director of the board of the Prince's Scottish Youth Business Trust, which is also an unremunerated post. I hold a position on the Salvation Army West of Scotland Advisory Board, which is certainly unremunerated.

Mr Welsh: You have described a very busy life.

Mr Nick Johnston (Mid Scotland and Fife) (Con): I am a director of Eastern Holdings Ltd, which is an Edinburgh company mainly concerned with motor distribution. I see no conflict of interest between that and the work of the committee.

Cathie Craigie (Cumbernauld and Kilsyth) (Lab): I have no interests to declare.

Paul Martin (Glasgow Springburn) (Lab): I have no interests to declare.

Scott Barrie (Dunfermline West) (Lab): To the best of my knowledge, I have no interests to declare.

Andrew Wilson (Central Scotland) (SNP): I have no interests to declare.

Lewis Macdonald (Aberdeen Central) (Lab): I have no interests to declare.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): I am a director of East Ayrshire Employment Initiative, which is a publicly funded organisation. I receive no remuneration from that directorship, but it may well be subject to issues that relate to this committee, which is why I am declaring that interest now.

Mr Welsh: We have now been joined by Euan Robson. Do you have any interests to declare, once you catch your breath?

Euan Robson (Roxburgh and Berwickshire) (LD): I have a fairly modest interest to declare. I have been the secretary and treasurer of an angling association for the past three or four years, which gives me an honorarium of £500 a year, and I intend to continue in that post until a specific project has been completed. My wife is a partner in a draper's business but there is no issued share capital. I have nothing other than that to declare.

Mr Welsh: I apologise, Mr Robson. I should have given you a moment to get your breath back. The moral is, either arrive on time or try keep-fit courses.

Convener

Mr Welsh: We shall move on to the choice of convener. Parliament has determined that the convener will come from the SNP members of the committee. Can I have nominations for convener?

Brian Adam: I nominate Andrew Welsh as convener of this committee.

Mr Welsh: Andrew Welsh has been nominated. Does anyone second that?

Cathie Craigie: I second the nomination.

Mr Welsh: Is that the wish of the committee?

Mr Andrew Welsh was elected convener by acclamation.

The Convener (Mr Andrew Welsh): I thank you for that great honour, especially on an all-party basis, which is appreciated. I hope that that is a sign of how the committee will work in the future. The role of convener is also a great responsibility. The Audit Committee is usually described as Parliament's powerful Audit Committee and I hope

that we will all live up to that title. We are the public's financial watchdogs and we are expected to demand and to maintain the highest standards of probity, value and financial vigilance on behalf of the people and of their Parliament.

The financial issues advisory group, which was drawn from a wide range of Scottish opinion, envisaged a powerful Audit Committee that would be independent of the Executive and would take the lead in scrutinising financial reports and seeking value for money from bodies responsible to this Parliament. To do that, we have a wide range of weapons at our disposal and an enormous reservoir of experience and expertise in our clerks, in the National Audit Office and in the professional audit teams and organisations who will help and advise us.

It is up to us to use that expertise and experience for the public good as an essential part of making this Parliament work for the true benefit of all the people of Scotland. I welcome every member of the Audit Committee. Now let us get started.

Remit

The Convener: The third item of business is the committee's remit. I seek members' views on that issue and on other matters such as how often we shall meet and what briefing input we should receive. Who would like to start? I hope I have not stunned you into silence.

Cathie Craigie: I congratulate you on becoming convener, Mr Welsh, and I hope that we will work in a bipartisan way for the good of the public purse. As you pointed out, the Audit Committee has a very important role and we have to ensure that the public is getting value for money, whether the body concerned is Scottish Enterprise, Scottish Homes or whatever. We will want to scrutinise the accounts laid before us.

Mr Convener, do you propose to go through the remit of the committee, paragraph by paragraph, and seek comments on it?

The Convener: I am just taking general comments about the remit of the committee. Could you choose your priority?

Cathie Craigie: The priority of most of the committees so far has been how frequently they will meet and where to meet. Does the convener intend to take the committee to different areas in the country?

The Convener: We have to wait for reports into which we can get our teeth. An event horizon is happening outside, but that should not slow us down because there are value for money studies that we can examine right away and the clerks have provided us with information about some of

them. I envisage meeting fortnightly, but that will depend on the amount of business that we have before us. We may have to meet more frequently.

As for where we meet, we can meet outside this chamber, but I believe that there are certain budgetary problems that the Parliament shares in general. However, I would not like to think that this committee exists in Edinburgh and for Edinburgh. Although we have the power to call witnesses, I also hope that we will be able to take evidence outside Edinburgh as the occasion and subject demand.

That is a matter for the committee as a whole. As we are just starting out, we will have to see how the matter develops as regards the interests of the committee and the projects that members will want to pursue. I imagine that, to begin with, the committee will meet fortnightly, but we may need to meet more frequently as the work rate increases. Everything depends on the issues that we deal with, because the finance and audit bill coming before Parliament might involve us in twice-a-week or twice-a-day meetings, depending on what role the committee will play. Therefore, how frequently we meet will depend on decisions about to be taken and on our input into and advice towards those decisions.

Andrew Wilson: I echo Cathie's congratulations on your appointment. I am sure you will fulfil the position with aplomb.

In a moment, we will be discussing the limit to what the committee can do in advance of the full transfer of powers and with the reporting procedures being laid before the Parliament. Can we also discuss the list of value for money reports that we can scrutinise, and can you and the clerks confirm whether that list is exhaustive?

My immediate point is that the Liberal Democrats have tabled a motion calling for this committee to re-examine the National Audit Office's report on the Skye bridge. Perhaps that dovetails with Cathie's point about the committee meeting elsewhere. A meeting to discuss that matter could take place, if not on the island in "Ring of Bright Water", then certainly in the vicinity of that project.

I want to turn more specifically to the substantive issue of the finance and audit bill coming before Parliament. I also sit on the Finance Committee—I do not know if anyone else on this committee does—and I have to say that the bill falls between two stools. The Finance Committee has had a severe burden placed on it at an early stage with a very heavy programme of work to do. The Finance and Audit Committees will have a joint meeting next week to discuss those issues.

I suggest that the Audit Committee seeks to take a lead in examining the bill at stage 1 and stage 2.

Stage 1 is when the report from the consultation process comes before this committee. We then make recommendations to the Parliament based on that report. We could play a significant role. Once the bill reaches stage 2—once the Parliament has agreed to the bill in principle—it is considered line by line. The option before the Finance and Audit Committees is to split that role, which is a dual role. We can make the case that this committee currently has space in its agenda to take some of the burden from the Finance Committee, subject to joint agreement. That is a procedural matter, not one for party issues. We could make a useful contribution to next week's meeting, given the severe pressures on the Finance Committee.

I seek advice from the convener and from the clerks on three other issues. First, does the ability to initiate legislation on audit matters come from a mandatory committee such as this? That is a long-term issue, but we may want to consider it.

Secondly, as Andrew mentioned at the start of this meeting, we are lucky to have significant back-ups from the committee clerks and from the audit facilities available to the legislature. What other opportunities do we have to take on permanent advisers, as was suggested by the consultative steering group, and, perhaps more appropriately, to have independent advice on specific issues given on an ad hoc basis? Both are advisable for all committees.

Thirdly, can we initiate a dialogue with the other UK legislatures and with those across Europe and, if necessary, further afield, to establish the best practice achieved in audit procedures and facilities?

The Convener: Wow! I will try to deal with some of those points.

To return to Cathie's point, the other problem with meetings is where members are involved in other committees. There may be timetabling restrictions. We shall examine and overcome those problems.

You mentioned VFM reports, Andrew. The list that you have is not exhaustive. One problem is that the Westminster Parliament's remit is pre-devolution; post-devolution is our concern. We are waiting as reports mature and as details amass and come to us: an event horizon is heading towards us. We do not, however, have to sit back and wait. We can be proactive and suggest to the National Audit Office topics that it would be useful to investigate. That would allow us to examine the report in detail when it comes back to us. We could help to create the agenda by making such suggestions to the National Audit Office.

Andrew Wilson: I would like advice—perhaps not at this meeting, but soon—on what the time

scales would be for such a process. If we came up with a topic for suggestion, and I am sure that we all have ideas, what would the process be and how long would it take for the National Audit Office to respond? When could we get into the meat of such a suggestion?

The Convener: The clerk could prepare a note on that.

Andrew Wilson: That would be ideal.

The Convener: We have to take advice from the National Audit Office, which has to gather the evidence. Reports take time as they must be done carefully, but we wish to begin work as quickly as possible and encourage reports being done as reasonably quickly as possible. The timetable and programme will evolve after we get down to work. The clerk will send a note about the timing.

To return to the list of VFM reports, which, as I said, is not exhaustive, it includes the private finance initiative report—health matters will be coming up—and the report on the Scottish Ambulance Service. Some substantive subjects are included, and they could be in our remit almost right away. You mentioned the finance and audit bill, Andrew, and asked whether we should be the lead committee. You made the point that we probably have more time to deal with the bill than our sister committee, the Finance Committee. I will have a conversation with the Convener of the Finance Committee to discuss that further—it is for future decision.

The options are for one of the two committees to become the lead committee or for the bill to be divided into the specific remits: this committee would deal with the audit sections and the Finance Committee would deal with the finance sections. I will discuss those ideas with the Convener of the Finance Committee, but ultimately it will be for the Parliamentary Bureau to decide.

12:15

When this committee deals with Executive bills, committees are required to determine the pre-legislative consultation exercise at stage 1. If we are initiating legislation or dealing with a bill at the pre-legislative stage, we will be involved in consultation. That will evolve over the next week or so. I will have conversations not only with the Convener of the Finance Committee, but with the Minister for Finance. I believe that he will be presenting a paper about the bill to this committee.

Andrew Wilson: Would it be possible to gauge the mood of this committee and whether it wishes that proposal to be taken to the bureau? We could then discuss it at the joint committee meeting next week to get a unified finance and audit view on the matter, rather than leave the bureau to decide on it

in isolation.

Lewis Macdonald: Before we take a view on that, it would be useful to have more of a steer on what the detailed contents of the bill are likely to be and on what the rational split between the two committees' remits is likely to be. The convener mentioned the possibility of the Minister for Finance addressing a meeting in the near future, and I think that the whole committee would find that useful in order for us to focus on what the bill is likely to contain and on how to proceed with it in committee.

The Convener: We do require information. We do not yet know what the split between the remits of the two committees will be. The minister's address would help us take a sensible decision on whether the work should be divided or dealt with by one lead committee.

Miss Goldie: I am immensely comforted by what you say, Convener. There is a huge danger of us all becoming involved in a paper chase. To an extent, we are dealing with the unknown, and, until we see the bill and are aware of the pre-consultative stages, we have no clear idea of what our relevance to the process is. I understand Mr Wilson's concern: he wants to lighten the burden of the Finance Committee; but we have to be responsible about what we can properly undertake, and I do not think that any of us know that until we are clearer about the content of the bill.

Brian Adam: I appreciate the convener's comment that we could initiate debate by seeking advice. There is a suggestion that we set up Audit Scotland, so that one body formed from different auditing organisations coming together would be accountable.

Because of my previous experience, I have an interest in the whole area of value for money, best value regimes, benchmarking and so on. We may wish to examine soon the whole rationale behind that, and whether that is the direction in which we wish to go. If we drive in the direction of value for money, we want to ensure that that does not impinge too much on local organisations trying to deliver what people want. There can be central direction—through the competitive tendering process, best value regimes or benchmarking—or there can be local input. I hope that the two are not mutually exclusive, but that may potentially be the case. I do not know if that question has been explored and, since we are to represent Parliament's view of what value for money might be, this committee could proceed as I have suggested at a reasonably early stage. Best value regimes are being developed and benchmarking is on the go. We want to help the direction of that and it would be a useful exercise to hear the views of professionals in the Accounts Commission for

Scotland and in other organisations on how they see their role and on the guidance that they might want from Parliament about the direction that they take.

The Convener: Value for money—examining how assets are being used as opposed to the old line-by-line auditing system—is a particularly dynamic part of modern-day auditing. It is relevant for the future and, as this committee develops its programme, we will be following it.

Mr Johnston: How many VFM reports must we consider at the moment? Do some of them need to be considered now? Will we get a background briefing on the VFM reports that are listed? Will the Audit Committee have any input into the recruitment of the Auditor General for Scotland? Do we have any power of veto or even of interview? What restrictions will be placed on the Audit Committee in terms of on-going projects? One immediately springs to mind: the Holyrood project. Are we allowed to examine things as money is being spent, rather than once the door is shut?

The Convener: You have given me a few things to contend with, but I have not finished Mr Wilson's points, so I will deal with them first.

Mr Johnston: Sorry.

The Convener: I am having a meeting today regarding the Auditor General. Members from this committee will participate in the selection panel for the Auditor General. I am not sure about a veto, but obviously those of us who are there will be able to participate in proceedings and make recommendations, so this committee will have an input.

We have quite a few VFM reports already. I refer Mr Johnston to the list on page 11 of the briefing notes. VFM reports "The PFI contract to complete and operate the A74/M74 Motorway in Scotland" and "Further Education Colleges: managing costs" are already completed and published. Reports on the "Scottish Ambulance Service", "Emergency Planning for the Year 2000" and "Scottish Enterprise—training" are in progress. The other reports on the list are in the pipeline.

Mr Johnston: I did not get to that page.

The Convener: That is no problem at all. We have substantial subjects on which to get started. I am anxious that the committee gets down to work right away to allow members to have an input.

Margaret Jamieson: I think that Andrew asked if that was a full list of VFM reports and you have again indicated that those are the reports that will be available. I am especially interested in the report published recently by the Accounts Commission, "Full house—theatre utilisation in Scottish hospitals". Is that the full list or is there

more to come? We did not get an answer.

The Convener: It is not a full list; there will be more reports. There is a procedural problem. The Accounts Commission does not normally report to Parliament but to a specific body such as a local council or whosoever commissioned the report. The National Audit Office reports to Parliament and we will operate on its reports.

Margaret Jamieson: That is an area that we need to consider. The report does not cover one specific area of the health service but applies throughout it. If we want VFM in the health service, I suggest that the health service falls within our remit, which goes back to the point that was made previously.

The Convener: We could consider that in the context of the bill that is coming up. There will be changes; that bill may well pass health service matters to this committee and to Parliament and that is something to look out for during the passage of the bill. It was recommended that that was done and I hope that it will happen.

Cathie Craigie: On that point, annex C of the introductory briefing for members, under the heading "Statutory Accounts", does not define our responsibilities for this year. It suggests that the National Audit Office produces a report on the financial management matters arising from the audits of the 1998-99 accounts that were before it. It would be good if we could be involved in that. Many members here have not been previously involved in auditing public accounts and that would be a good way for members to be involved and break their teeth on the issues.

The Convener: Are you suggesting a sort of practice run on past accounts?

Cathie Craigie: Yes.

The Convener: I will ask the clerks to look into that good suggestion.

Andrew Wilson asked what advice we will have. We are fortunate to have a wide range of top professional advisers through the National Audit Office and—when he is in office—the Auditor General. He mentioned the Accounts Commission reports; they will always provide us with good background information.

In addition, the Scottish Parliament information centre has offered to give us briefings and seminars either towards the end of, or soon after, the summer recess. Members should indicate, to me or the clerk, the topics that they want included in seminars, bearing in mind the fact that we are all on a swift learning curve. I think that only two members of the committee have any accounting background—they are all the more welcome for that. National Audit Office staff will give advice on technical matters—indeed, we can have a days'

seminar from the National Audit Office to give us a full background briefing.

The question is how we fit that in. If members let the clerk know their holiday arrangements and availability, we may be able to fit a seminar into the last week of the recess or certainly the first week that Parliament is back.

Brian Adam: The first week back would be good.

The Convener: What do other members feel?

Miss Goldie: I think that the first week back would be easier.

Cathie Craigie: A day seminar would be good.

The Convener: Remember that we have to fit that in with parliamentary business.

Cathie Craigie: The week before we return from recess might be better because the schools are back before us. Perhaps the last week in August is a possibility if it does not clash with people's holidays.

Brian Adam: I already have commitments that week.

The Convener: When things become impossible, we hand them to the clerk. If members tell the clerk their holiday commitments and their preferences, we will try to fit something in. I hope to accommodate everybody's wishes because it is important that we go through the learning process together as a group.

SPICe can offer us that service. The programme could include advice and background information from the National Audit Office. I hope that we will also receive briefing papers from SPICe to inform us as we go along.

I would like us to engage in dialogue with other legislatures. I envisage meeting, with the clerks, the Chairman of the Public Accounts Committee as quickly as possible to share ideas, to learn from that committee and to help us to innovate. We are not here just to copy what everyone else does. If this committee does its work properly, I hope that it will be able to teach other legislatures. Certainly, we can learn from other legislatures and I hope to contact them, again through the clerks, possibly in writing. I would like meetings with the Public Accounts Committee to help the smooth transition from the Westminster system to the new Scottish parliamentary system. That will be taken in hand.

Do members wish to raise any other topics?

Euan Robson: If, in our work, we discover a policy deficiency or problem with a particular organisation, are we empowered to trace the origins of the difficulty back through the period before Parliament was established?

The Convener: Yes. The National Audit Office could do that, too. We can make inquiries and call in witnesses to give evidence.

I would like our inquiries to be as open as possible. We are the public watchdog; it is our job to find out the truth and to present it to Parliament and the people. We should use every weapon at our disposal to ensure that the truth is brought out, that we find out the facts and that those facts are made public.

Euan Robson: It is important for us to consider the root causes of problems, which may take us back to before the establishment of Parliament. I thought that that would be the response and I am grateful for the clarification.

The Convener: On root causes, I hope that this committee will be able to give advice from what it has learned to prevent something that has gone wrong from happening again.

I hope that this committee will be involved in aftercare. In other words, if we report that things should be remedied, there is no point in leaving matters there. I want this committee—after six months, a year or whatever the suitable period is—to go back and examine what was actually done.

I say that knowing from experience that, in Westminster, select committees can make recommendations, but those recommendations need not be debated—ours can be—and who knows whether the Government takes action? There is no provision for any aftercare. If we have sensible, good advice that is in the public good, I want us to be able to ensure that that advice is heeded by those who have failed in the past.

We are not here simply to attack public organisations; I hope that we will also be helpful. Where we see good practice, part of our remit should be to ensure that it is extended to organisations throughout the country.

Brian Adam: In connection with that, we want to have a relationship with the people for whom we have some responsibility. You mentioned the possibility of our talking to the Accounts Commission and the National Audit Office. To some extent, they will be providing us with services and we will consider the details that they provide, but we will also to some extent be responsible for bodies such as Scottish Homes—annex A lays out a host of such organisations and the list may not be exhaustive.

Perhaps we should have a programme of introducing ourselves to those organisations. They should also have the opportunity to come to us, so that we can work out a proper relationship. We should not have to turn up to ask people what on earth has gone wrong or to give an account of

themselves. We should have the opportunity to conduct a more informal dialogue about how best we can work to provide value for money and the appropriate audit.

12:30

The Convener: We should bear in mind that we have to work out a four-year programme. I would like us to get into the meat of the subject as quickly as possible, but we have a large remit and should pace ourselves over four years to ensure that we cover as wide a spread of activities and investigations as possible.

I agree that the relationships that we build up with the organisations with which we have contact are important. It is one thing to be afraid of having the auditors in, but this committee should go beyond that. Once the auditors have done their work and submitted their report, we should support best practice and encourage people to make suggestions to this committee about issues that ought to be examined. Our remit is wide open. Organisations should have the confidence to approach us, and should be able to expect open-handed treatment and a reasonable response.

As the public watchdog, it is our job not only to ensure that we do our best to get to the root of problems—to point out what is wrong and can be cured—but to support best practice. We should encourage every organisation in Scotland for which we have responsibility to be simply the best and to improve its efficiency. That is our duty to the people. If we do our work properly, there will be great savings and money will become available for services. The end-product of our work—what this Parliament does for the good of the community of Scotland—is very important.

Are there any other points?

Andrew Wilson: I am encouraged by that statement, with which everyone will agree. There is a widespread view that, because the budget is fixed, the job of the Audit Committee is to unearth things rather than to promote. Promoting best practice and shared benchmarking across the government community—local and national government—is important. The convener made the point that the committee should take an innovative role in that process. We ought to think laterally about that over the coming months, because there are great opportunities for us as a legislature to make a positive impact.

I support Mr Johnston's point. The Parliament as a whole has a big job in establishing itself in this country, and that also applies to the committees. Before we start to examine other institutions, we need to show that our house is in order. At the moment the Holyrood project, which the Parliament agreed to support last week, is

attracting widespread concern. Given that the project is now unstoppable—personally, I support it—the Audit Committee must have an on-going role in scrutinising it. It is our duty to ensure that the Parliament's house is kept in order. I very much support the idea that we should hold a watching brief on the Holyrood project. We understand that the Scottish Parliamentary Corporate Body is the client—indeed, the fact that the Parliament will be responsible for this project supports my argument—but we need to ensure that a close eye is kept on the project. Perhaps today this committee can reach consensus on that point and we can ask the clerks how we should take it forward—very soon.

The Convener: We will certainly ask the clerks to consider that. Past activities will come within our remit. This is one issue about which the committee could usefully hold discussions with the National Audit Office, and those will take place in due course. However, the corporate body holds a watching brief on the Holyrood project. As the client group on behalf of Parliament, it has ultimate responsibility and is overseeing what happens. It has also asked that regular reports be made available to all members of the Parliament; last week's debate took place at the behest of the corporate body. It is important that Parliament should be kept informed, and I agree that Parliament should be able to demonstrate good practice. The watching brief will be with the corporate body, but past accounts will be available, through the National Audit Office, for investigation by this committee.

Margaret Jamieson: I return to the question of value for money. There seems to be a myth that value for money automatically leads to financial savings. That is not the case. Value for money builds in factors that were not taken into account by previous Governments, with regard to issues such as competitive tendering.

Quality is high on the VFM agenda; the quality that individuals will receive is determined before other areas are examined. We should not make the mistake of believing that, if we opt for VFM, more money will necessarily end up in the till. No one should hold on to that myth; Andrew said that, if we opt for VFM, more money will be available, but that is not my experience. We will do things differently. The amount of money available may increase or remain the same, but delivery and the quality of what is delivered will improve significantly. That, rather than just cash, should be our measure.

The Convener: That sounds like valuable practical experience, which should be of great use to the committee.

Margaret Jamieson: Twenty years of it.

The Convener: When I spoke about value for money, I was referring to an auditing approach—to auditing techniques that take into account how assets are used. That is a dynamic form of modern auditing that can be very useful in ensuring value for the public. However, I take Margaret Jamieson's point.

Cathie Craigie: I return to Andrew's point about the Holyrood project. Annabel made a comment about the paper chase—at this stage we should not involve ourselves in matters that are outside our remit. We all want value for money from the Holyrood project, and I hope that we will achieve it in many different ways, in terms of what will be available to us and the people of Scotland. However, ensuring that we obtain value for money is the role of the corporate body; David Steel also gave a commitment to bring the issue back before Parliament. We have much to do and to learn, and we should wait until the appropriate time before taking on functions that are outside our remit. The corporate body should be left to get on with the job that it is supposed to be doing for the whole Parliament.

The Convener: Cathie Craigie makes a valuable point about pacing and avoiding duplication. The corporate body is directly answerable to Parliament.

Brian Adam: Can the convener clarify this matter? I accept that we should not start immediately to delve into someone else's territory. However, there is no doubt that money will already have been spent on the project, so it is not unreasonable for us to consider it. Perhaps at an early stage the clerks could produce a paper for us on our role in the Holyrood project and the role of the corporate body. The convener may find himself in some difficulty here because of his dual role, but the matter may be usefully addressed in the clerks' report.

The Convener: I am aware of that and it will be taken into account. It will not be a problem.

Andrew Wilson: The points raised by Annabel and Cathie were well made, but auditing need not always be after the fact. If, as the convener said, we are to innovate, our role should be not just to uncover mistakes after the fact, but to ensure that they do not occur. Given that public expenditure has been committed to the project—as the First Minister said in last week's debate—there must be a role for the Audit Committee to examine it as it progresses. I agree that the corporate body is the client, but the auditor is never the client—the auditor's role is to examine the spending decisions that the client has made. I suggest that the Audit Committee should assume an on-going role in monitoring the client's activity and the project as a whole. Obviously, we need to take advice on how that should work—Brian made that point when he

referred to the money that has already been spent. My appeal is not that we rush in where angels fear to tread, but merely that we do not sit back and allow things to happen.

The Convener: We must be careful not to stray into other people's territory, but the clerk will prepare the paper that has been requested.

Mr Johnston: I think that Andrew is saying that it is the role of the Audit Committee to stop the corporate body going native.

The Convener: I dread to think how I am going to relay that to my colleagues. Are there any other comments?

Andrew Wilson: Could we decide which VFM reports we want to look at? Does anyone have any early thoughts?

The Convener: Does anyone have any priorities for the VFM reports, which are set out on page 11 of background paper 1 in the briefing pack?

Andrew Wilson: All of them are priorities and I am sure that everyone is interested in them all, but my early thought was that we should consider specific areas of policy interest. Scottish Enterprise training jumps out at me as an important matter, as it accounts for a large chunk of public expenditure in a key area of public policy and is crucial to the development of the economy. Of the reports that have been completed, the one on the A74-M74 private finance initiative is important.

I repeat that the Skye bridge is another important issue for us, given that a Liberal Democrat motion will be coming before Parliament, but the two reports that I mentioned are early priorities given the general concerns that have been raised outwith and within the Parliament. However, I am sure that other folk have other ideas.

The Convener: Scottish Enterprise is an important topic, but the report is not due until December 1999 so there will be a time delay before it is considered.

Andrew Wilson: Does that mean that we cannot consider it yet?

Brian Adam: I presume that there is a mistake in the final column and that it should say that the possible date for consideration is February 2000.

The Convener: The fact that the clerk is blushing should tell you the answer to that question.

Andrew Wilson: I beg your pardon.

The Convener: A National Audit Office report on the Skye bridge already exists and the matter has been considered at Westminster. There could

be procedural problems if we were we to examine the issue, but we can look into whether that would be feasible.

Andrew Wilson: In that case, we should make representations to the relevant Westminster committee, as the briefing pack says that some matters can be considered subject to formal agreement being reached with the Chairman of the Public Accounts Committee. There is a motion before Parliament, so we might like to think about what our view on it is, although that will depend on the outcome of any decision. That is not a party issue.

Margaret Jamieson: We need to wait for Parliament to make its decision before we discuss the motion and make our view known. We need to be careful that we do not rake over old coals on matters that have already been considered by the Public Accounts Committee at Westminster. We must have the Parliament's decision before we decide to resurrect the discussion or ask for another report to be completed.

The Convener: I suggest that we ask the clerk to give us the background information, which we will need before the committee can make a decision.

It has been suggested that we consider the report on the A74-M74 PFI, which is already available. What do members feel about that?

Cathie Craigie: As I said earlier, it would be helpful for all of us to get on with the reports that are already available. Although that is not really part of our remit, it would help with the learning curve.

The Convener: Are we all agreed?

Members: Yes.

The Convener: In that case, our starting point will be to consider the PFI and the previous accounts.

Brian Adam: There is also the report on the Scottish Ambulance Service.

The Convener: That will not be available until September.

Brian Adam: It will be available by the time we get back.

Mr Johnston: Annabel and I have just come from the Enterprise and Lifelong Learning Committee, which should really be called the further education committee. I would find it useful to consider the report on further education colleges.

The Convener: I will ask the clerks to think about those priorities and to begin to set out a programme, as a lot will depend on the bill and our

participation in it. Market day is wearing on, so are there any other comments?

Lewis Macdonald: I want to support Mr Johnston. Further education may be an area of considerable growth in the near future, so it is important that we consider early on the information on management costs in that sector.

The Convener: As a former senior FE lecturer, I thoroughly agree. Are there any other comments?

Members: No.

The Convener: We have been over the course fairly well and have covered a lot of territory. The clerk will consider the points that require further action. Thank you all for your attendance and participation.

Meeting closed at 12:44.

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