

AUDIT COMMITTEE AND FINANCE COMMITTEE (JOINT MEETING)

Wednesday 30 June 1999
(*Morning*)

Meeting 1

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AUDIT COMMITTEE

CONVENER:

*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

THE FOLLOWING ALSO ATTENDED:

Peter Collings (Principal Finance Officer, Scottish Executive)

COMMITTEE CLERK:

Sarah Davidson

SENIOR ASSISTANT CLERKS:

Shelagh McKinlay
Callum Thomson

ASSISTANT CLERKS:

Alastair Macfie
Mark MacPherson

FINANCE COMMITTEE

CONVENER:

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS:

*Mr David Davidson (North-East Scotland) (Con)
*Rhoda Grant (Highlands and Islands) (Lab)
*Mr Adam Ingram (South of Scotland) (SNP)
*George Lyon (Argyll and Bute) (LD)
*Mr Kenneth Macintosh (Eastwood) (Lab)
*Mr Keith Raffan (Mid Scotland and Fife) (LD)
*Dr Richard Simpson (Ochil) (Lab)
*Mr John Swinney (North Tayside) (SNP)
*Elaine Thomson (Aberdeen North) (Lab)
*Andrew Wilson (Central Scotland) (SNP)

Scottish Parliament

Audit Committee and Finance Committee (Joint Meeting)

Wednesday 30 June 1999

(Morning)

[THE CONVENER *opened the meeting at 10:02*]

The Convener (Mr Andrew Welsh): I welcome the Minister for Finance, Mr Jack McConnell, to this joint meeting. We are making history this morning as this is the first joint meeting of two committees, in this case the Audit Committee and the Finance Committee. My colleague Mr Mike Watson, the Convener of the Finance Committee, is with me. This is also the first time that we have had a minister before us, so Mr McConnell is doubly welcome for all those reasons. Let us get down to business.

Interests

The Convener: The first item on the formal agenda is a declaration of interests by Mr Adam Ingram.

Mr Adam Ingram (South of Scotland) (SNP): I have no interests to declare.

The Convener: Does anyone else wish to make a formal declaration? It seems not.

Presentation of Memorandum

The Convener: The next item is the presentation by the Minister for Finance, Mr Jack McConnell, of the memorandum "A Financial Framework for the Scottish Parliament".

I notice that the minister has placed before us issues to discuss when he has finished his presentation. Instead of the order in which he has placed those issues, I want to separate them into two sections. The first will be a series of information questions—I will give him notice of those questions before we get there—and in the second we will focus on more substantive issues.

The Minister for Finance (Mr Jack McConnell): Thank you very much, Mr Welsh and Mr Watson. This is a historic meeting because it is not only the first joint meeting of parliamentary committees but the first meeting at which someone has presented a bill. I am very proud to be in that situation. If anyone had told me that I would spend my 39th birthday sitting in front of a finance and audit committee talking about financial accounting procedures after I had failed my first-year accountancy exams at university, I would not

have believed them, but there we are.

As I said last Thursday, I am looking forward to working closely with the Parliament as a whole, with the two committees in particular and, for that matter, with the Opposition spokespersons on finance, in what I hope will be a constructive relationship. This bill is important, but maintaining such a constructive relationship is equally important and I want to develop it positively. I hope that this will be the first of many appearances in front of the joint meeting—or in front of either committee.

The memorandum contains a lot of detail. I want to highlight some of the background and then the specific points that we can address today, over the summer and in the autumn. We have a tight timetable. Although it is not essential for Parliament to pass the bill in its final form by the end of this year, I think that—as a point of principle—the procedures and audit arrangements should be in place for the final budget bill for the next financial year. That should happen in early 2000. Therefore, although the bill does not need to be passed until 31 March 2000, I think that it is important to have it approved by the end of this year.

To that end, we plan—following today's meeting—to go out to consultation over the summer. I want to make clear to the committee my hope and intention to present the final bill for debate, discussion and amendment in the Parliament and in these committees by early September.

The bill's proposals, which are in the document before the committee today and which we will take out to consultation over the summer, are based on the recommendations of the financial issues advisory group and the consultative steering group, which endorsed those recommendations. It was important for an independent body to make those recommendations, because the bill's proposals and the financial and audit arrangements are important to the whole Parliament, not just to the Executive. That body of work has been helpful to us and I want to repeat my thanks of last Thursday to the members of FIAG for all their work.

Committee members may want to raise other issues this morning, but I want to target attention on four or five key areas. First, I want to highlight the legislative process for budgets and budget amendments. In the memorandum, I have raised a specific point about the use of the word amendments. If we are trying to be transparent and clear about what we are doing, it is not helpful to give two completely different meanings to the word "amendment". It would be more helpful to use "amendment" to mean changes to actual legislation and to use a different word to describe

agreed changes to the Parliament's budget.

That highlights a substantive issue about using primary or secondary legislation for budgets. FIAG earnestly proposed that primary legislation should be used both for the Executive's initial budget to be agreed by the Parliament and for any budget adjustments, revisions or amendments over the year. In the autumn, any committee discussion of the consultation exercises should at least address the principle of using primary legislation for the main budget. I am very comfortable with the proposal but I am interested to know whether committee members agree with it.

However, the substantive issue concerns budget adjustments. I want to draw the committee's attention to the fact that, if budget adjustments have to be approved by primary legislation, there is a four-week period during which the law officers can refer a bill passed by the Scottish Parliament to the Privy Council for adjudication should they be concerned about the bill's content and our powers to legislate on the matter. The law officers might never use that power, but if they do, it could delay implementation of the Parliament's financial decisions in a way that perhaps contradicts the very principle of the Parliament making financial decisions.

It might be more accountable and democratic to devise a system of parliamentary scrutiny of and decision making on budget adjustments based on the principles of secondary legislation, which still give full scrutiny powers to the Finance Committee in the main and to the Parliament as a whole and avoid that possible four-week lag before a decision is implemented. That would also strengthen the Scottish Parliament's power, instead of running it down. I think that that is an area in which dialogue would be useful and I suggest that we discuss it today and over the summer.

I want briefly to address the proposals for audit arrangements. The FIAG report recommended a specific structure for the relationship between the Accounts Commission, the new Auditor General for Scotland and the new body, Audit Scotland. The proposed arrangement has some technical difficulties, particularly the need for financial and other transactions and the relationships between Audit Scotland as a separate body, the Auditor General for Scotland's office, which will work for the Parliament, and the controller of audit at the Accounts Commission, which will work on local authority audit. Such a relationship may also have VAT difficulties.

We have a number of possible options to deal with the situation. There is the extreme option of scrapping the whole idea and simply having the Accounts Commission with the controller of audit, and Audit Scotland with the Auditor General for Scotland as two separate bodies, the first dealing

with local authority audits and the second with Government audits. Another option suggests a more managerial relationship. The controller of audit would still work with the Accounts Commission while the staff of Audit Scotland would be managed directly by the Auditor General for Scotland. The controller of audit would commission work from the staff of the Auditor General, who would effectively be the chief executive of Audit Scotland. A further option is to make the controller of audit the chief executive of Audit Scotland and act almost as a deputy to the Auditor General, with the Accounts Commission as a body scrutinising and commissioning local authority audits, but with the staff of both bodies involved in one managerial relationship.

As of today, I do not have a firm view about which of those options we should choose. As well as putting the matter out for written consultation, I am meeting representatives from the Accounts Commission in July as part of the consultation over the summer. I would also welcome any questions or views on those options from the committees today. We will need to come back to this issue at the end of the summer.

I want to touch on three other areas. The issue of ministerial powers of direction for the detailed layout of accounts is to some extent a legal matter. As yet, we do not have absolutely clear legal advice on whether the power to direct the format of accounts should lie with individual Executive ministers—be it the First Minister or the Minister for Finance—or with the Scottish Ministers as a whole. However, I think that there is an issue about the role that either the Audit Committee or the Finance Committee and the Parliament could play in deciding the layout of accounts. As the Parliament ultimately receives the accounts, it should—through its committees—have a view about the layout of accounts to ensure maximum transparency and accountability.

I strongly believe that, apart from formal civic organisations meeting committees—and the Finance Committee in particular—as part of each year's consultation on the budget of the Executive and the Parliament, the Executive should consult the people of Scotland on its budget and that that should be done as openly and transparently as possible, partly as an information exercise.

Local populations find the information work done by most local authorities in Scotland on annual budgets helpful, informative and useful and the Scottish Executive should follow that trend. Members of the public should be able to give feedback on or contribute good ideas about our budget proposals so that we can take them into account. I hope that the committee will contribute views to or ask questions about that point.

Some aspects of the FIAG report are already

covered in the standing orders and other aspects will be included in the bill, but a number of areas in the report are not appropriate for statute or legislation. Rather than make them the subject of Executive or parliamentary decision making, I propose that they should be the subject of written understandings between the Executive and the Parliament, which would be similar to the concordats that have been discussed and are expected to be implemented later this summer between the new Scottish Government and the UK Government at Westminster.

10:15

A written understanding on some of those areas between these two committees, on behalf of the Parliament, and me, on behalf of the Executive, would be very useful, make clear where the Executive and the committees stand and ensure that we have a productive and constructive relationship.

I am glad to be here today to take questions on points of information first, and then to discuss the issues. It is vital that we in the Scottish Parliament vigorously debate political choices and that we debate their financial implications where those exist. I also think that we can work together on many budget matters, on financial matters and, certainly, on audit—as representatives of different political parties, as parliamentarians and as members of the Executive—to ensure the fundamental principles of accountability, transparency and efficiency. Those principles allow us to spend money in the interests of Scotland to the maximum effect. If we follow those principles together, in a constructive relationship, we will do very well.

Response to Memorandum

The Convener: I congratulate the minister on his birthday. His appearance before the committees might not be the greatest of birthday treats, but we hope it is not too unpleasant an experience.

As the minister pointed out, we have a large agenda and we have a time and space problem, but I would hope to deal with the substantive issues that he mentioned. The minister talked about the timing of the bill, the process, the question of primary and secondary legislation, audit arrangements, the layout of accounts and consultations and written understandings.

I wish to make a start on several of the issues that have been raised: first, on whether we are content with the recommendation broadly to accept the FIAG report.

Miss Annabel Goldie (West of Scotland)

(Con): The Government's conclusion seems to be that it broadly accepts the FIAG report, but we have an interest to know what the Government does not accept—that has not been made clear. There is perhaps an ancillary issue, which Mr Swinney may wish to address: the minister's interpretation of what the FIAG report raises. Will the minister answer the first question: what parts of FIAG does the Government not accept?

Mr McConnell: There are two principal matters that we would wish to discuss over the summer, rather than accept at this stage. The first is the issue of primary and secondary legislation for budget bills and budget adjustments or revisions. I have laid before the committees my reasons for raising that issue. From the point of view of parliamentary scrutiny and accountability, secondary legislation might be more democratic and suitable for adjustments or revisions. That is a matter that we wish to discuss with the committees, and I hope that we will deal with it in a constructive and positive manner.

The second matter that requires further discussion over the summer—particularly with the auditing bodies and the bodies that are audited—is the arrangements for Audit Scotland, the Auditor General, the controller of audit and the Accounts Commission and the relationships between them. The FIAG made a specific proposal on that matter. I have tried to outline this morning the technical, financial and almost bureaucratic difficulties with that model, which could perhaps be dealt with by choosing a slightly different managerial relationship.

While I, as Minister for Finance, have an interest in having the most efficient audit arrangements possible for the Parliament and elsewhere, that matter is in many respects ultimately more the preserve of the Audit Committee. That is why I have flagged the matter up for comment today. I hope to keep in regular contact, in particular with Mr Welsh, as consultations proceed over the summer. Responsibility for receiving reports from the auditors will ultimately lie with Mr Welsh's committee rather than with me.

The Convener: We will return to those substantive points later.

Mr John Swinney (North Tayside) (SNP): Some of the FIAG's recommendations relate particularly to audit. I accept what the minister said about there being something of a question mark over the direction of some of the audit arrangements. It seems that FIAG recommends a broad sweep of audit throughout the Government community in Scotland.

I am particularly interested in local enterprise companies. I suspect, from some of the responses to the recommendations, in particular

recommendations 46 and 51, that the Government is proposing that there should be not quite the same intrusion into local enterprise company auditing as I would like to encourage. I would be interested to hear if that represents the Government's position. There is a point in the response to recommendation 51 that suggests that only the further education sector would be involved in the extension of audit. Has the minister come to any definitive conclusions on that point or is it something that the Audit Committee can still make representations about and pursue with the minister in due course?

Mr McConnell: Our response was quite consistent, particularly on the thrust of the FIAG proposals on the audit of other bodies. Both in last week's statement and in the memorandum, we recommend adjusting the audit arrangements quickly for specific bodies. The audit of companies presents a particular legal problem: it is the responsibility of the Auditor General. That is why we are not making a specific proposal to change the audit arrangements of local enterprise companies at this stage. I can give Mr Swinney an absolute assurance that it would be my view, as Minister for Finance, that such arrangements should be kept under constant review, and that it is a specific matter which I would want to raise in the summer in consultation with the ministers responsible and with officials. It cannot perhaps be dealt with under the legislation that is before us, but we should constantly review auditing arrangements for bodies that spend a considerable amount of public money, and how their spending is reported to the Parliament and beyond.

Mr David Davidson (North-East Scotland) (Con): Is the minister considering at the back of his mind whether the Finance Committee, in approving spending patterns, might consider ways in which money that is spent can be traced and accounted for in a form which would be recognised in commercial practice—before the audit stage, which is more an investigation of outcomes? In other words, is he expecting the Finance Committee to be involved at an early stage in clarifying and controlling, through its recommendations? Is that where the minister is coming from?

Mr McConnell: The parliamentary scrutiny process will, of necessity and in principle—quite rightly—allow for more detailed scrutiny and clarity in advance of specific budget lines, proposals and decisions. I imagine that there will also be considerable discussion, in the Finance Committee and, I suspect, in some other committees, as the budget is compiled during the nine or 10 month three-stage process, about the details that lie below budget lines, about what ministers propose spending money on and about

committee members' proposals that ministers want to consider.

In my introduction, I raised the issue of the format of accounts. My understanding is that it should be regularised, although the First Minister, the Minister for Finance and other ministers would have a power of direction. The Executive would want to consult the appropriate committee about the format and layout of accounts year on year, so that members of the committees are happy that their discussions about the content of the budget and, therefore, about the content of the accounts at the end of the year, translate into the way the accounts are laid out in Parliament. To be absolutely transparent and accountable in our decisions, that has to happen: I would welcome dialogue about the format and layout of accounts, in particular with the committee conveners, between now and the bill being introduced to Parliament.

The Convener: If there are no more points on that subject, let us turn to point 31.3.2 of the memorandum:

"extending consultation outwith the Parliament to the people of Scotland".

Andrew Wilson (Central Scotland) (SNP): I wish to clarify how meaningful consultation will be. Everyone accepts the principle, but what plans are there to structure consultation? Will it be a matter of approaching the general public with three fire engines or four? Such questions were brought up earlier, in the private part of the meeting.

I am very keen, as are the committees, that consultation is seen to be more than a show. It must be meaningful if it is to happen at all, but the public will require detailed access to information if we are to achieve that. I would like some early feedback from the minister on how he plans to structure consultation, what the timing will be, and how meaningful he sees it as being—it has obviously been done in the past.

Mr McConnell: I would welcome a discussion with the committees on the matter after the summer. Some of the other committees involved in public consultation and in similar relationships could also be involved. What I have presented today is a principle. It is vital that we inform the public of the detail of our budget deliberations and that we consult the wider public of Scotland, beyond the representative organisations that would normally be involved and which, under the procedures of the new Parliament, will be involved in formal consultation in committees and elsewhere. How we do that is open to discussion. There is and will be very good practice on consulting the public in the local authority sector and among other private and public bodies. I would like to take examples of best practice from

them when considering how to proceed.

The task is not easy. Public consultation on a budget runs off the tongue easily as a point of principle, but it is much harder to implement. I do not underestimate the scale of that task. However, I do not think that it is impossible for us to devise systems—annually or on a rotation over two or three years—for consultation with the public about areas in which, for example, they see duplication of expenditure that could be rooted out of Government spending plans to use money more effectively, or about areas in which they could see money being better spent. It would not be impossible, from time to time, to find imaginative ways, particularly in this information technology age that we live in, in which particular options might be put to the public in an effort to extract views. I am particularly keen that we do not concentrate our attention just on the voters of today and on those who pay taxes today.

As part of building our new democratic structure in Scotland, we can involve schools. I had a very fruitful discussion at a high school two weeks ago about some of the decisions that we have made in the Parliament—I am not referring to some that have been on the front pages of the tabloids. Interestingly, a class of 15-year-olds had picked up from the press, or from discussions in class, on some meaty debates, even from parliamentary question time.

It would not be impossible for us to devise a schools pack that encourages senior modern studies classes to discuss the Parliament's financial arrangement, the choices that are open to MSPs and how they relate to the rest of the United Kingdom. That would be very productive in terms of building an interest in politics and in Government in Scotland. Given the turnout, particularly in the European elections, we all have a responsibility to increase interest in and knowledge about Government decision making in Scotland and elsewhere among the generations of tomorrow.

Andrew Wilson: I agree with all that. Does the minister see the Executive leading that process, or would it be more usefully conducted by the Finance Committee?

Mr McConnell: There are two processes. The FIAG proposals allow for consultation—quite correctly—by the Finance Committee, and possibly by other committees, on budget proposals. The first stage of the annual budget round is largely about consultation with bodies outwith the Parliament and, perhaps, with individuals who come to committees and comment on the Executive's overall strategic plans, which will form the budget that is to appear in the autumn.

10:30

I think that it is incumbent on the Executive, when its budget is published in the autumn, to take some responsibility for publicising that fact and to take some initiative each year to get feedback from the public. I see that as being a process in which we are all involved. The statutory obligations and relationships and rights of the committees and the members of the Parliament allow for that consultation to take place. I injected this particular idea into last week's statement, and into today's memorandum, because I believe that the Executive also has a responsibility to consult on its proposals.

Mr Keith Raffan (Mid Scotland and Fife) (LD):

I do not want to prolong this point, but I share the concern that has already been expressed that this might turn out to be a fairly gigantic and expensive PR exercise that might come under the Audit Committee's gaze. An effective consultation process relates to the layout and format of the accounts—they must be easily accessible to everyone. A schools pack is one thing, and as a communications exercise in education that is fine, but if consultation is to be effective, it must be informed. That is my first point.

My second point is that I do not see how we can consult outside civic bodies or representative organisations other than through focus groups. We know the problems that those have brought to some political parties, so perhaps that is not the route to follow. Also, it is now summer, and that is not a good time to consult on anything. In his reply to a question I asked in the chamber last week, the minister said that we had already lost two months of the financial year. We will have lost another two by the time that we come back from the recess. We are working to an extremely tight timetable for next year's budget. Consulting even the Parliament will be severely curtailed, compared to what it might be in subsequent years.

Mr McConnell: I largely agree with what Mr Raffan has said, although I do not share his pessimism about consultation not being possible. There are some very good examples of both public and private bodies that consult. There are also—I am certain of this, although I do not have details with me today—examples from other countries of governments and levels of government that consult the public on their budgets. In American cities the directly elected mayors have a statutory responsibility to consult the public about their budgets. They do it in many different and innovative ways. When I was in America two years ago, I experienced occasions when widespread public consultation produced ideas that no public official or politician had thought of or had had the will to implement and good budget revisions were produced. I am an

optimist about these things. If we set the principle and are clear about it, we can find a way of doing it. I hope that we can learn from other examples.

There is a difficulty this year because of the compressed budget timetable. This proposal is not one that I have for this year; it would be part of the future package. I noted Mr Raffan's point last week, and I hope to come back to the Finance Committee in September with a plan for how we intend to handle the budget decision making and consultation process inside the Parliament between September and March. We will obviously need to get that under way while this bill is going through the parliamentary stages.

The Convener: These are very useful questions and answers, but I am anxious to cover all the topics. Please can we have snappier questions.

Brian Adam (North-East Scotland) (SNP): I share some the concerns that other members have expressed. I am delighted to hear that the minister is optimistic about the future, but I am afraid that I am a little cynical about the consultation process. I am concerned that it should take place prior to any decisions being made. My experience elsewhere is that consultation has occurred once the principal decisions have been taken. Can the minister give us any idea whether he intends to start the consultation process having set the overall sum and trend of the budget, or prior to that?

I am also concerned about some of the consultation mechanisms that have been used by local authorities. To my mind, they have engendered only cynicism. Mr Raffan referred to focus groups. Similar things are public meetings at which only three people turn up out of a city of almost a quarter of a million people, or an advert in the paper to which 30 or 40 people reply—and that many replies is a joyous experience. Positive ideas can arise from that, but we need to be careful not to reinforce cynicism. I hope that this process will encourage people to take an interest on an informed basis. People must also believe that their participation may have some influence, rather than everything being set in advance and our telling them what we are going to do as opposed to asking what they would like us to do. Can I have some assurance as to how you intend to proceed?

The Convener: Minister to tackle cynicism. *[Laughter.]*

Mr McConnell: I do not want to overstate the significance or extent of this part of the document. There is a large number of technical and political—with a small p—matters that committees and the Parliament have to look at. I do not want this one small paragraph to detract attention from those other matters. I would like to give Mr Adam

two very firm assurances. First, I have never mentioned the words “focus group” in relation to this particular proposal, although if we are telling local authorities to look at citizens' juries or panels and similar mechanisms without doing that ourselves in some areas of expenditure or services, then perhaps we are being inconsistent. I do not like the idea of private focus groups, but public citizens' panels could be the bodies to take an interest in our annual budget deliberations. That is one possible option.

Secondly, I give a categorical assurance that, while I think that consultation should be informed and should be based on specific proposals or options so that people have something on which to comment, I would not waste anyone's time by consulting after decisions have been made. If that suggestion is ever made, I will have no part of it.

Mr Davidson: I want to follow the same point. I am sorry to sound cynical, but I have seen many of these exercises in operation elsewhere, as Mr Adam kindly put it without fingering any political party. We must ensure that consultations are validly run, and the number of people participating is part of that. I am also concerned about the transfer of accountability from an Executive body to the public whom it consulted. The Executive body can turn round and say “That was what you wanted. You chose to have a fire engine instead of an ambulance.” We must do away with that. We have had many bad experiences in Scotland, and we are looking for the minister and his team to come up with crystal clear methods that cannot be used cynically against the Parliament. That is what will happen if these systems are not run properly.

Mr McConnell: Agreed.

The Convener: Never has a minister been subject to such close questioning in terms of proximity.

Mr McConnell: It is very comfortable.

The Convener: The third set of questions is on the section regarding written understandings not covered in the proposed bill or in the interim standing orders.

Andrew Wilson: First, when does the minister anticipate producing these understandings? A specific date would be useful. Secondly, what is the status of the written understandings, and how enforceable are they? More generally, what is the role of this committee in feeding into the budget process? The minister is not legally bound to act on anything that we suggest, even if it is a consensus view from the committee. Can we have a written understanding that he will act on our suggestions?

Mr McConnell: The question of when is up for discussion. I plan to meet the conveners of the

appropriate committees over the summer to set a timetable for written understandings to be produced and agreed. How enforceable they will be is a matter for ourselves, collectively. I would not want to say—partly because I do not know the answer—whose would be the ultimate responsibility. I presume that in some cases it would be the Executive and in some cases the Scottish Parliamentary Corporate Body. Given the constructive way that this discussion has gone, it would be a tragedy if we got to a stage in the autumn where either the SPCB or the bureau were making some decisions about financial decision making, the Executive was making others, and the two were at loggerheads. It would be much better if I, on behalf of the Executive, and the committees, on behalf of the Parliament, could make those agreements, and agree on how they would be enforced. We have a corporate responsibility to make that work in practice.

I have no written plans or proposals for that, but I believe that if we have a good discussion and operate in a constructive format, then we will be able to address these issues in the autumn. If there are disagreements at that stage I imagine that the SPCB, and perhaps the Executive, would need to be involved in resolving them, but I do not anticipate our getting to that stage, even though these are the kinds of matters where there will be political and individual disagreement.

A more serious issue than my taking on board the views of the committee is that of the Executive taking on board the views of the Parliament regarding the budget proposals. As FIAG clearly said, the Parliament will have a veto in relation to any budget that is proposed. The Executive must propose a budget that is consistent and coherent in its entirety. The FIAG report makes it clear that there should be an eight-month period of two stages in which there is widespread consultation and then discussion inside the Parliament and its committees of the possible content of the budget and of the Executive proposals. When the budget bill is brought forward in January of each year, the Parliament and committees can again comment on that bill and propose positions, but only the Executive can propose amendments. There will not be a series of individual amendments that might be financially inconsistent.

Ultimately, however, that budget will be approved or rejected by the Parliament. If the Parliament believes that the Executive has not taken on board the representations of this committee—or any other committee—then it will vote down the budget. That is the principle that operates in many democratic Parliaments across the world and it is the one that we should adopt. That is right and proper for the new Scottish Parliament and for the improved democracy that we are trying to create.

Andrew Wilson: So the answer to the request for a written agreement to take on board the views of the committee is no.

10:45

Lewis Macdonald (Aberdeen Central) (Lab): On that same point, there was discussion as to the status of the written understandings. I take it that Mr McConnell is looking for an agreement with the conveners of these two committees, acting on behalf of Parliament, on the points that are not covered by standing orders or by this bill?

Mr McConnell: That is my intention. I would like to sit down with Mr Watson and Mr Welsh over the summer months and agree a way of handling this matter. My intention is that where the written understandings cover Audit Committee and Finance Committee responsibilities, we will have individual discussions with each committee to try to secure agreement.

I would imagine that once we have agreement, perhaps straying into other people's responsibilities, we would report to Parliament and it would accept our responsibility in the way that we had handled the agreement. The authority of each written understanding and the way in which the understandings are carried through will be a matter for the discussions about those understandings.

It may be that some of the written understandings are purely technical; for example, laying out when we will discuss particular matters each year. If we agree that we will discuss something at a certain time of the year, and I do not have a written proposal ready for the committee in, for example, October of each year, the committee will be at liberty to call a meeting and ask where I am and why the proposal is not ready. To some extent, the written understandings will be underpinned by democracy, rather than rules of enforcement.

Mr Swinney: The memorandum refers to written understandings about areas not covered in the bill or the interim standing orders. Where does Mr McConnell see the written understanding going? As a Parliament, we will have agreed, firmer standing orders. Does he envisage some entrenchment of the written understandings to give them more status and clarity within the parliamentary process?

We are still awaiting information on the concordats that have been structured between the Scottish Executive, the Scottish Parliament and Westminster. I am concerned about the numbers of instruments, agreements and points of contact that exist outwith the formal aspects of the relationships that have been agreed by the Parliament. Obviously, a lot of what the minister

has said is predicated on the goodwill that all of us are prepared to put into the process, but where that goodwill breaks down, some of us would like to see a greater and firmer structure given to the relationships that exist, and to what the committees can expect to receive from the Executive.

Mr McConnell: The proposal for written understandings is put forward in a positive way. It is an attempt to avoid a situation in which I, as Minister for Finance, or the Executive, or perhaps the Parliamentary Bureau or the Scottish Parliamentary Corporate Body, decide things without discussion and an understanding. We can use the understandings for positive purposes. Rather than restrict our discussions, they can help us to have better discussions and better decision making.

Having said that, I do not have any specific thoughts or opinions on whether any of the written understandings, or any elements that are not covered by legislation, might end up in the standing orders. If we reach written understandings and they work in practice, we might set a good lead to other parts of our decision-making process. If we try to reach written understandings and fail to do so, or if we have a written understanding and it breaks down, standing orders could be used. Presumably, at that stage, Parliament would say that the ministers and the committees were not delivering a constructive relationship in a way in which it could follow our deliberations, therefore it would bring in standing orders to ensure that the relationship functioned properly.

I envisage standing orders being used only as a last resort, but I have no strong feelings one way or the other about whether their use would be advisable at this stage. I hope that we can find a way forward. If someone makes a proposal during the discussions that something should be in a standing order rather than in a written understanding, I presume that we would examine the matter collectively.

I will correct one thing that was said: there are no concordats currently structured between the Scottish Executive and the British Government. There are discussions within the British Government for the production of draft concordats. When they are drafted in final form, they will be presented to the Scottish Executive. We will consider them, discuss them with the UK Government and then present them to the Parliament by whatever method is agreed by the bureau. I have tried to clarify that point on a number of occasions recently, as have some of my colleagues. As yet, there are no written concordats and no discussions between the Scottish Executive and the British Cabinet, but I

hope that they will take place during the summer.

The Convener: Will the concordats be presented as a block or individually?

Mr McConnell: That is entirely a matter for the Parliamentary Bureau and nothing to do with me as the Minister for Finance.

The Convener: We now move on to areas of substantial importance. The first one concerns the use of primary or secondary legislation for approving budgets and/or budget amendments.

Mike Watson (Glasgow Cathcart) (Lab): Mr McConnell suggested in the memorandum that he wants the views of the joint committee on the question of primary versus secondary legislation. He outlined the reasons for that in the memorandum: there could be a four-week delay before the bills could receive royal assent, for the reasons stated.

While we accept that it could happen, we have received advice that, in fact, such a four-week delay would appear to be unlikely, particularly with regard to budget bills, because it is unlikely that vires issues would arise, and if the Secretary of State for Scotland and the three law officers agreed that they would not challenge the bill, it could be endorsed within days. I would like Mr McConnell's comments on that, because the feeling among the joint committee members is that primary legislation would probably be the better course. One of the reasons for that is that we understand that the affirmative statutory instrument procedure takes 40 days, but a budget amendment bill has to take 30 days or fewer, so there may not be the time saving that has been suggested.

Within the committees there was also the feeling that primary legislation was more open and transparent, and gave more opportunities for the Parliament to participate in the process. For those reasons, our preference veered towards primary, as opposed to secondary, legislation. We would like to hear Mr McConnell's view on that suggestion.

Mr McConnell: This is an appropriate point in the meeting to introduce Dr Peter Collings, who is the principal finance officer. I should have done that at the beginning and I apologise for not doing so.

There are two points to be made. First, while it is possible for the Secretary of State for Scotland and the Law Officers to decide quickly not to use their power of referral to the Privy Council, it would be extremely unlikely that as a general rule they would say in advance that they would not use that power in relation to budget amendment bills. The option would always be there for them to take that course of action, therefore a four-week delay is

always a possibility.

We must think about the long term rather than the short term. Given the current financial relationship between the Scottish Parliament and the British Government, the good relationship between the secretary of state and the British Cabinet, the atmosphere of budget deliberations created by the comprehensive spending review, the increases in spending over the next two to three years, and that it is so soon after the passing of the Scotland Act 1998, I would be surprised if those powers were used. However, with a devolution settlement that stands the test of time, in 10 or 15 years we could easily find ourselves in the situation in which there is an administration in the Scottish Executive that is different politically from the British Government. In those circumstances it would be possible for the powers to be used for delaying purposes. That long-term possibility is why we have put forward our proposals.

I do not think that there will be any difficulty with minor budget amendment bills over the next two or three years—we have a good atmosphere here already: we can work well in this Parliament, and we have a good relationship with colleagues in London—but we must plan for the longer term and create a structure that suits the decision making of the Scottish Parliament, rather than tying our hands to other means. That addresses the issue of the four-week delay. I make that point for people to think about today, and in the eight or nine weeks before we return after the recess.

On the issue of time scales, Mr Watson is right about the potential timetable for statutory instruments and for bills, but I was under the impression that we could examine the ways in which that secondary legislation is dealt with, particularly in relation to budget adjustments. If we have discussions about that over the summer and into the autumn, I hope that we can have imaginative discussions that do not restrict us to the procedures that are used for other matters. A bill can be passed in 30 days, but it can take a lot longer if there is a protracted period of time wasting by colleagues in Parliament. I presume that in all parliamentary matters, rules are there to be used in different ways at different times by different people. In the longer term again, we must be careful to ensure that the procedures that we put in place stand the test of time.

Mike Watson: The minister's last point was perhaps the most interesting. He is looking quite a bit down the road. Of course, there is the possibility of Governments of different political hues in London and Edinburgh. If that were to happen, or if the system that we adopted was not seen to be working as effectively and efficiently as we thought, it might be appropriate to review the

matter then, rather than anticipating problems now. Like the minister, we have also found that the spirit of optimism exists. We should be more optimistic, and act on the basis of getting business through, with as much transparency as possible. I take the point about considering matters over the intervening weeks, but that was the view of the committee when we considered these matters before this formal meeting.

Mr McConnell: I take that point. Both points can be turned the other way. The FIAG report stated, with the best of intentions, that primary legislation should be used at all stages, which reflects the group's view of the importance of making budget decisions in Parliament. While there may not be concrete, firm, absolute, 100 per cent secure reasons for changing that recommendation, no concrete, logical case has been set out for why that recommendation benefits the Parliament, the Executive or the people of Scotland.

We must have open minds, and be conscious of the fact that the committees, through the Parliament, could adjust the regulations in the other direction. I take Mike Watson's point that we could start off with budget adjustment, revision or amendment bills and then, if we found that the system was too cumbersome, bureaucratic or problematic, change to some form of secondary legislation. I return to the point that it could work the other way: we could start off with a streamlined system that gave the Parliament full scrutiny, full decision-making powers and absolute accountability for the Executive. However, if the committee and the Parliament felt that that did not provide enough scrutiny and accountability, and that bills—for some reason that we have not yet thought of—would provide more, the Parliament could change that legislation and the committee could propose that change.

11:00

Those of us who have been at Westminster or who have watched Westminster on the screens and in the galleries know that it is hard to adapt rules and to create new procedures there. There is a new atmosphere here, however, and I want whatever is agreed at the end of this process to be as clear, transparent and accountable as possible, and within the responsibility of the Parliament. The proposal for us to consider the recommendation over the summer is intended to ensure maximum transparency and accountability.

Miss Goldie: From what the minister says, I understand that he applauds the prospect of flexibility. That seems to be the gist of his attitude. It is a purely technical point that primary legislation can be amended, whereas subordinate legislation can only be accepted or rejected. Does not the

latter risk the rigidity of which he seems to be fearful?

Peter Collings (Principal Finance Officer, Scottish Executive): I shall answer that technical point about how secondary legislation proposals could be changed.

Miss Goldie: Will not Mr McConnell answer it?

Peter Collings: The proposals can be changed during the passage of a bill if the Executive withdraws the original statutory instrument and puts forward a new statutory instrument that includes the amendment. That does not reflect rigidity in secondary legislation; it is just a different process for amending the original proposal. At Westminster an amendment is not taken; the statutory instrument is withdrawn and replaced with a revised one. I understand that that model will be adapted for this Parliament.

Mr McConnell: Both processes are based on similar principles. The budget bills, as proposed by the FIAG report, and budget amendment bills, or whatever we would call them, cannot be amended by Parliament. Amendments to them can be proposed only by the Executive. Exactly the same principle lies behind both procedures.

Mr Raffan: The withdrawal of statutory instruments—something that I have seldom seen done at Westminster—is a cumbersome and time-consuming process. The Executive would have to propose another statutory instrument and the whole process would start again. However, if statutory instruments could be amended, that would be more flexible.

The minister said that he was interested in strengthening democracy. I can see his point vis-à-vis different Administrations at Holyrood and Westminster, but within this Parliament we are in danger of taking a more cumbersome route. The big W has become a bogey in this Parliament; however, an awful lot of things would be done better here if we took notice of the way in which they are done at Westminster. That Parliament has been in operation for a long time, and knows what it does badly, as do I. Let us follow its example when it does things well.

Mr McConnell: From conversations with officials and political colleagues over the past few weeks, I have had the impression that the use of statutory instruments for budget matters works quite well at Westminster. I take Mr Raffan's point, which is an argument for my own point of view.

Mr Raffan: Statutory instrument debates at Westminster are appallingly badly attended.

The Convener: Mike Watson and I have sat through quite a few of them in our time.

Mr Swinney: The point that Mike Watson made

at the outset summarises several other views. With regard to time scale, no compelling argument has been made on why secondary legislation is imperative. We want the minister to reflect carefully on that point again. The system of primary legislation would give us a transparency and openness that accords with the language that the minister is using; it is only fair to recognise that. It would be appropriate to the approach that we want to take to financial issues within the Parliament to provide that primary legislation forum. That would set an appropriate standard for the scrutiny of other financial issues.

Mr McConnell: I am happy to reflect on that. As I said today, and in my statement last week, I will open up the discussion to see how members feel about it over the next eight weeks. It is important that we take on board the points that have been made today, and that we re-examine timetabling and procedure so that we can return with a considered proposal. I am quite happy to do that, and would be willing to continue the discussion informally with individual committee members over the summer as part of the consultation process.

Mr Nick Johnston (Mid Scotland and Fife) (Con): I ask the minister to consider FIAG's recommendation in paragraph 3.50 on page 41 of its report. Does he feel that FIAG was wrong to say that this

"would have the advantage of giving more opportunities for parliamentary scrutiny than would be the case if secondary legislation was used"?

Mr McConnell: It is possible that FIAG's recommendation would provide more such opportunities. It is also possible that Parliament might find it easier and more acceptable to scrutinise decisions on financial legislation through secondary legislation. I do not have a strong view one way or the other, but I believe that discussion needs to take place. We should not wander into the use of primary legislation at all stages of the budget, and the amendment of the budget during the year, without thinking through whether that is the road that we want to go down. The FIAG report expresses that point of view, but does not back it up with lots of detailed evidence and information.

The other option that I have suggested today is not backed up with lots of comparative information either. The course that we follow is a matter of judgment for the Executive and for Parliament. A number of factors must be taken into account: the level of scrutiny and debate; where that scrutiny and debate will take place; our relationship with the law officers and the secretary of state, which I mentioned earlier; and parliamentary time. This is an important matter for the Finance Committee and the Audit Committee, but the issue of parliamentary time might be important for all the

committees and for the Parliament as a whole, when it concerns bills and secondary legislation.

I want to bring this debate into the public domain over the summer. I have no fixed view about what should emerge at the end of the consultation period. I have heard what has been said in the committee today and I hope that its members—and other members of the Scottish Parliament who might hear of today's discussion—will express their views over the summer, so that we can return with a recommendation on the bill in September.

The Convener: I think that the minister has a clear view of the committee's feelings. I am anxious to move on to the next item, but two members still want to speak.

Lewis Macdonald: I welcome the minister's assurance that he will consider the matter further. It has not been made clear in the discussion that there is a major difference between the two procedures that are being considered, in respect of either transparency or the ability of Parliament to make amendments. It is important that a principle should be established at the beginning, and I welcome the minister's commitment to that.

Mr McConnell: Thank you.

Mr Davidson: I shall be brief, as we have had a fair session. I cannot detect huge differences between the two systems except for one thing: the perceived ownership of the process in its early stages by the Parliament, although I accept that there could be flexibility in the future. That is something in which the public would be interested. I say that not from a nasty point of view. In the early stages, when we know that we can change things, we should follow the FIAG report, which seems to have the committee's support. We should maintain that course and if, for good reason, there is change, it should be up to the Executive to ask the committees and the Parliament to endorse that change.

Mr McConnell: I am perfectly comfortable with the views that have been expressed in the committee. Perceptions can sometimes be created by what we all say and do. It is in the interests of the Parliament that we should have a discussion on the matter over the summer, so that we can make the best recommendation in the autumn. I hope that that discussion will show that the committees of the Parliament and its ministers can have a sensible debate about an issue or procedures and can come to a decision that benefits Scotland. That would be a useful perception for us all to create.

The Convener: The minister clearly has received the impression, from both committees, that the preference for primary legislation is an ongoing matter.

We should now address the issue of conferring ministerial powers of direction on the form of accounts.

Mike Watson: The minister's memorandum talks about the powers of direction as a mechanism that is needed to ensure that accounts are laid out effectively. Ministerial direction is suggested and another possibility is mentioned. We are concerned that whoever was the personification of that ministerial direction—whether the First Minister or the Minister for Finance—would have considerable powers.

This committee suggests that the minister should attend another of the joint committee meetings, with a proposed form of accounts. The issue is primarily the responsibility of the Audit Committee, but we would like the minister to attend a joint committee meeting because that would increase the openness of the procedure. However, we do not want to enter again into discussion of statutory instruments and the rigidity that they would impose on the changing or updating of accountancy procedures. We would also like the minister to consider the ways in which parliamentary scrutiny of forms of accounts could be tightened without requiring it to be enshrined in the legislation.

Mr McConnell: I am happy to respond positively to that point. It was always my intention to attend the committee to discuss the matter before any decision on direction was made. I agree entirely that there should be discussion on how that subject can be scrutinised by Parliament without too rigid a system constraining us all in the making of those decisions and taking up valuable parliamentary time. It might be appropriate for Mr Collings to say one or two words about that, as it is quite a technical matter and it would be helpful if the committee were aware of some of the issues.

Peter Collings: Annexe E of the FIAG report sets out some early thoughts about how the accounts might look. At the moment, that is what we intend to follow. Mr Davidson referred to making the Parliament's accounts look more like commercial accounts. We are in the process of doing so. We are producing such accounts for the financial year 1998-99, which will be reviewed by the National Audit Office but will not be subject to a full audit because some of the accounting guidance from the Treasury, on accounting standards in that area, has not been finalised. We will produce accounts on that basis for 1999-2000, which will be audited.

It may be asked at what stage the Parliament and the Executive will be sufficiently confident about the information in those accounts to use them to control spending. As the process evolves, we will produce proposals for changing the format as we move towards a more commercial style of

accounts.

11:15

Andrew Wilson: I realise that this is early in the programme of changing over the systems. Can I make an early appeal for it to be possible for us to compare previous forms of accounts so that we can make like-for-like comparisons? We must be able to do that in our deliberations—I am talking about converting previous forms of accounts, not about redoing standard industrial classifications.

Peter Collings: That is one of the reasons for doing a parallel run of the two systems. Our ability to go back is limited because we do not hold the data in that form.

Andrew Wilson: My second point is on departmentalisation. The Scottish Executive has a different make-up from the Scottish Office. My concern is about direct accountability for each of the ministers and what can be done about that, given that there is no obvious line of accountability as the budgets do not relate directly to a specific minister.

Mr McConnell: We might have been overtaken by events, because I believe that the First Minister made an announcement either yesterday or the day before on the new structure of the Scottish Office. It is now to be termed the Scottish Executive in line with the new procedures and our new standing as from tomorrow. The vast majority of the departments have been reorganised to fit in with ministerial responsibilities, although the committee might wish to note that the one set of ministerial responsibilities that still crosses over four or five departments is my own. There is now a department of justice—

Andrew Wilson: Where was this announced?

Mr McConnell: It was announced by the Scottish Office information department, either yesterday or the day before, in advance of Thursday. It is a managerial shift that was resolved by the management group, but it was endorsed by the Cabinet last week and announced yesterday or the day before. That is helpful from the point of view of parliamentary scrutiny because the individual departments in the main translate to ministerial responsibilities. I will be happy to ensure that Mr Wilson gets a copy of whatever has been issued so that he can pursue any further questions.

Andrew Wilson: It might be nice if the minister could do that and let the information unit know, so that we can see it in the bulletin.

Euan Robson (Roxburgh and Berwickshire) (LD): I want to ensure that I have a clear understanding of what the minister said earlier about direction on the form of accounts. The

memorandum states at the top of page 6:

“the Finance and Audit Committees would be consulted on the terms of any such direction.”

Is the minister saying that he is prepared to go beyond that and agree the form of accounts with the two committees, rather than just consult them before he makes the direction?

Mr McConnell: That will depend on the final legislative decisions of the Parliament on the bill. If the powers of direction of accounts lie either with the Scottish ministers collectively or with an individual minister, be that the First Minister or the Minister for Finance, it is clearly that person's executive responsibility to agree the direction of accounts. What I am saying—and I am certain that I say this on behalf of the whole Executive—is that that is not a power that would be exercised without full discussion in the Finance Committee in advance.

I would like to discuss with the Finance Committee at an early date the ways in which that discussion would proceed and the ways in which the matter would be subject to parliamentary scrutiny. That is an important principle; today I would not like to rule out or rule in how far that discussion might go or at what point in the year it might take place. We shall need to discuss such matters as the months go by. It may even be that there is a decision on direction and who has responsibility in the legislation, but that there is a written understanding or minuted understanding of how that will be carried through. I have an open mind on that as well. The issue was raised today because we do not have a firm recommendation at this stage either to accept or reject the proposals.

The Convener: We are up against a time constraint. We might continue, but the official report probably will not, which would not be terribly good. I ask for quick questions so that we can move to the last area.

Mr Raffan: Andy raised the important point about comparison. Let me put it tactfully: the minister's alter ego, the Chancellor of the Exchequer in the British Government, has shown extraordinarily creative powers on the presentation of figures, particularly on increases in expenditure so that it is not clear whether the figures take inflation into account, which period they cover, which years they cover, which year they are being compared with or which Government they are being compared with. I am sure that Mr McConnell will not go down that route because there is a happy atmosphere in the committee, and I am sure that he will do nothing to disturb it.

Mr McConnell: What a suggestion; as if I would ever do anything of the sort.

Mr Swinney: That was the minister's coalition

partner talking.

The Convener: If there are no further questions, we will move swiftly on to the last section, about Audit Scotland. I say to the minister that we recognise that the Executive is giving careful thought to those issues, some of which have emerged since the end of the FIAG process. On this occasion, we do not want to pre-empt any further thought by the Executive or its consultees. I am sure that the committee looks forward to hearing the outcome of that consultation. I impress it upon the minister that, whatever the outcome, both committees expect to see good value for money in whatever structures are set up; regard should be given to the constitutional position of the Accounts Commission as the reporting body in respect to local authority audit.

Mr Swinney: To follow on from what the convener said, we recognise that there has been a great deal of dialogue among ministers, the Executive, the Accounts Commission and others. We can take it from the terminology and style of this section of the memorandum that there is no entrenched position. We welcome that, because the various options in that section require a great deal more thought and agreement as to what is appropriate. The committees sympathise with the genuine and technical difficulties that arise from the FIAG recommendations.

We are agreed that the three key things that we are looking for from the audit system—whether we are members of the Audit Committee, of the Finance Committee or of the Parliament—are direction on value for money, probity in the use of public finance and performance assessment. It is appropriate to put on record the achievements of the Accounts Commission in making progress in information on comparative performance assessment in recent years. That is to be welcomed. However, how those three aspects flow into the parliamentary system is far from clear in the material that has been produced so far.

I will raise two issues. First, thinking does not seem to have moved far from our established structures for auditing in Scotland under the Westminster system. We are looking at a new system for financial management within a devolved Scotland, and some of the infrastructure, especially some of the exclusivity of the role of the Accounts Commission, has not flowed through into the thinking about the arrangements that should be put in place.

Secondly, in some of the proposals, particularly the arrangement between the Auditor General—who will be appointed—and the proposed body Audit Scotland, some operational factors might constrain the independence of the Auditor General. We all recognise the Auditor General to be a pivotal figure in the process of informing

Parliament and its committees about the work that is to be carried out. The operational tie between the Auditor General and Audit Scotland might be too restrictive and constrain the independence of the Auditor General.

We should like further guidance from the minister on those two points, as well as an assurance that the matter will be the subject of much more detailed discussion with the two committees. I think that it was Keith Raffan who said that we are working to a fairly constrained time scale. We all accept why that is so, but this is a very important issue, on which we want further dialogue and consultation.

The Convener: Those are good, deep questions, and I hate to have to remind the minister that we are pressed for time.

Mr McConnell: I want to have significant discussions during the summer. The independence of the Auditor General is enshrined in the Scotland Act 1998, and there are ways in which any attempt—witting or unwitting—to threaten that can be challenged and stopped.

Mr Swinney: All that I said referred to unwittingly constraining the Auditor General's independence.

Mr McConnell: Audit arrangements for the public sector in Scotland and the managerial arrangements and options that are outlined can be discussed during the summer. I hope that we will have serious discussions with the Audit Committee and others in the autumn about the way in which that process will be taken forward by those who are responsible under the new arrangements.

Some of Mr Swinney's points are well made, and I look forward to discussing them in more detail later in the year. In the meantime, I give both committees an assurance that as discussions progress during the next two months, I will keep the convener fully informed and ensure that he has an input into my thinking before a report is made to Cabinet on the consultation at the end of the summer.

Mr Swinney: What does the minister expect to be able to bring forward in September when we come back from the recess? Will that be the end of the consultation period? Will there be a clear design of the audit arrangements, or will that issue still require further consultation and discussion?

Mr McConnell: To some extent, that depends on the outcome of the consultation. If by the end of the summer we have a firm view on what might be the only way ahead—never mind the way ahead—I would look to include that in the draft bill, which would come to the committee as part of the normal process of parliamentary scrutiny. If we face

difficult choices or if other issues require further discussion before the presentation of a bill to Parliament, I will talk to the convener about how the committee would be involved.

After we have presented the bill to Parliament for scrutiny, I hope that discussion in committee will be constructive and positive. If points are made in response to the bill, I will view them seriously. If they are appropriate, they will be taken on board in any amendments that are lodged.

Miss Goldie: I will be as brief as possible. This is a complex issue and we all recognise that, particularly those of us on the Audit Committee. The establishment of Audit Scotland is a significant task and I am slightly concerned about FIAG's recommendation that we develop it at the earliest opportunity. Is there a facility for interim briefings to the members of the two committees on what the Government's thinking is?

I share Mr Swinney's concern that this is an important issue; it is not one that can be fudged or left to Cabinet deliberation that we are informed about after September. There is a need for more specific information as, if we are all honest, we are all slightly laymen when it comes to such technical complexity. If there were a facility for an interim briefing on the minister's thinking, that might help us in deliberating further before September.

Mr McConnell: I have already agreed with the officials that they will organise briefings for both committees in the immediate future. I hope that those briefings will include information on that matter.

I hope that at some stage—we might have to discuss when it would be appropriate—the Accounts Commission and the National Audit Office will be involved in briefing committee members. The committees require the fullest briefing on that subject to ensure that decisions are properly informed.

The Convener: I am afraid that time has now beaten us. We have considered a wide range of important subjects and received detailed replies from the minister. I thank him and Peter Collings for their comments; the minister agreed that these are on-going issues, which will be subject to further consultation and deliberation.

I thank members of both committees for their attendance and participation.

Meeting closed at 11:30.

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