

# **PUBLIC AUDIT COMMITTEE**

Wednesday 29 April 2009

Session 3

£5.00

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## **PUBLIC AUDIT COMMITTEE** **8<sup>th</sup> Meeting 2009, Session 3**

### **CONVENER**

\*Hugh Henry (Paisley South) (Lab)

### **DEPUTY CONVENER**

\*Murdo Fraser (Mid Scotland and Fife) (Con)

### **COMMITTEE MEMBERS**

\*Willie Coffey (Kilmarnock and Loudoun) (SNP)  
\*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)  
\*George Foulkes (Lothians) (Lab)  
\*Anne McLaughlin (Glasgow) (SNP)  
\*Nicol Stephen (Aberdeen South) (LD)  
\*Andrew Welsh (Angus) (SNP)

### **COMMITTEE SUBSTITUTES**

Derek Brownlee (South of Scotland) (Con)  
Linda Fabiani (Central Scotland) (SNP)  
James Kelly (Glasgow Rutherglen) (Lab)  
John Farquhar Munro (Ross, Skye and Inverness West) (LD)

\*attended

### **THE FOLLOWING ALSO ATTENDED:**

Mr Robert Black (Auditor General for Scotland)  
Barbara Hurst (Audit Scotland)

### **CLERK TO THE COMMITTEE**

David McGill

### **SENIOR ASSISTANT CLERK**

Joanna Hardy

### **ASSISTANT CLERK**

Jason Nairn

### **LOCATION**

Committee Room 6



## Scottish Parliament

### Public Audit Committee

*Wednesday 29 April 2009*

[THE CONVENER *opened the meeting at 10:01*]

### Decision on Taking Business in Private

**The Convener (Hugh Henry):** Good morning and welcome to the eighth meeting in 2009 of the Public Audit Committee. I ask everyone to ensure that all electronic devices are switched off. I welcome staff from Audit Scotland to the meeting.

The first item on the agenda is to ask members to agree to take item 5 in private. Is that agreed?

**Members** *indicated agreement.*

## Section 23 Reports

### “Central government’s use of consultancy services—How government works”

10:01

**The Convener:** We come to item 2. Correspondence from the accountable officer on the Auditor General for Scotland’s report “Central government’s use of consultancy services—How government works” has now been circulated. What intrigued me about the response was the fact that there does not seem to be any register kept of those who are employed as consultants and who have previously been in the employment of the civil service. Having taken advice, I accept that looking back to find out that information could be quite a tortuous and complicated exercise. However, I would have thought that we could recommend that a register be kept of where ex-civil servants are employed as consultants, so that the Government knows that the rules are not being breached. At the moment, it has no idea about that.

**Willie Coffey (Kilmarnock and Loudoun) (SNP):** That is a fair comment. It occurred to me that in this area we do not have the principle of approved suppliers of services to the Government, which is quite a common feature in a number of other areas. We usually procure services from a list of approved suppliers—“approved” means that there has been some formal assessment of their performance, which is a useful exercise. It is a bit more difficult to see how we would apply that to the consultancy model, but it is worth thinking about.

**The Convener:** Do members agree to note the response and reflect back to the accountable officer the suggestions that we have made?

**Members** *indicated agreement.*

### “Asset management in the NHS in Scotland”

**The Convener:** Item 3 is consideration of the response to the report “Asset management in the NHS in Scotland”. The response seems reasonable. I would have thought that it is simply a case of noting it. Is that agreed?

**Members** *indicated agreement.*

### “Improving energy efficiency”

**The Convener:** Item 4 is consideration of correspondence on the report “Improving energy efficiency”. Are there any comments?

**Murdo Fraser (Mid Scotland and Fife) (Con):**

It is helpful to get a reply from Sir John Elvidge on the point about the lack of response from Government agencies to Audit Scotland, on which we were pressing him. At least he has responded to us to say that he is encouraging Government agencies and so on to respond to Audit Scotland in future. I hope that that will help.

**The Convener:** I think that Barbara Hurst has received more information.

**Barbara Hurst (Audit Scotland):** Yes. As of yesterday, we have received the surveys.

**The Convener:** Some progress is being made. There is not much more for us to do, so do we agree to note the correspondence?

**Members** *indicated agreement.*

**George Foulkes (Lothians) (Lab):** I have a general question about all three section 23 reports that are on the agenda. We have—rightly—accepted what each accountable officer has said. What process exists for the Auditor General to follow up matters? We receive his very good reports, take up issues, ask questions and receive letters in response that we accept at face value. Does the Auditor General revisit matters? I know that that is done regularly on some subjects. Is there a way to check—not ad hoc, but suddenly—that what people say that they are doing is being done? Do you know what I mean? What is the term for which I am searching?

**Willie Coffey:** Follow-up.

**Barbara Hurst:** Follow-up.

**George Foulkes:** I do not mean a follow-up.

**The Convener:** A spot check.

**George Foulkes:** Yes—a spot check to take people by surprise and ensure that what has been described is being done. It is easy to write that something is happening. Does the Auditor General have a procedure for checking from time to time that what people say is being done is in fact being done? Perhaps that is surprise monitoring—I am trying to think of the right phrase.

**Barbara Hurst:** We have never done the spot checks that you suggest, but I will describe what we are now doing more systematically. All our reports contain key indicators that make follow-up easier for us. We ask local auditors to follow up some findings for us. For instance, on asset management in the health service, I thought that it was worth our putting a couple of points in the local audit programme, to check what is happening in individual boards. We have made a commitment to do a formal follow-up on energy efficiency, and we could roll up work on the use of consultants in other work on the Scottish Government. If I am honest, we have never

thought about doing spot checks, because we have a formal follow-up process.

**George Foulkes:** Might spot checks be a useful part of your toolkit—to use a term that I have picked up from one of the Sir Humphreys' replies? Would they be an additional helpful tool in your armoury? Is that mixing my metaphors?

**Mr Robert Black (Auditor General for Scotland):** Spot checks would be difficult to do. When premises are inspected for food standards compliance, a spot check allows an inspector physically to see the issue, for example. The use of consultancy services is at the other end of the spectrum. We could not pull a file on that off the shelf and immediately analyse it, and we would have to spend time on interpreting the information in context.

The spot-check idea does not really fit how we must do our work. It is more efficient to prepare reports and to try to identify key performance indicators that we can monitor through the audit process. Doing anything else would be too hard for us and would not be a terribly high-impact activity.

**The Convener:** You will revisit some of the issues to see what improvement is being made.

**Mr Black:** Yes. As Barbara Hurst said, we identify key indicators on which audit engagement further down the line would be appropriate. It is clear that energy efficiency is one of those issues. We will not simply let go of that—we will return to it. In a couple of years, we will return to the big report on drug and alcohol services that we considered the other day.

**George Foulkes:** That is encouraging. I was thinking particularly about energy efficiency because I suspect that, although some of the replies say what the organisations perhaps genuinely think will be done, in reality—once the heat is off and your searchlight is off them—people will say, “Okay, we’ll just get on, do what we normally do and put in the old bulbs that are lying around,” instead of practising energy efficiency.

**The Convener:** Dear oh dear—what a cynical mind.

**George Foulkes:** I am absolutely cynical.

**Mr Black:** I am not sure whether my people are trained to spot old bulbs. Perhaps we could put them on a course.

**George Foulkes:** That was an illustrative example—it was not necessarily the best.

**Willie Coffey:** On the same theme, the committee has highlighted several times the need to do follow-up work and verification through the internal audit process. I hope that the message is

getting across to the public sector that we expect in a range of bodies genuine follow-up, evaluation and verification of any internal audit recommendations. That will be caught in future visits by our Audit Scotland colleagues and will be brought to our attention. I sincerely hope that that message is getting through much more clearly than before.

**The Convener:** As members have no more comments, I will move to agenda item 5, which will be taken in private.

10:11

*Meeting continued in private until 12:48.*





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