

# **AUDIT COMMITTEE**

Tuesday 1 May 2001  
(*Afternoon*)

Session 1

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## AUDIT COMMITTEE

### 7<sup>th</sup> Meeting 2001, Session 1

#### CONVENER

\*Mr Andrew Welsh (Angus) (SNP)

#### DEPUTY CONVENER

Nick Johnston (Mid Scotland and Fife) (Con)

#### COMMITTEE MEMBERS

\*Scott Barrie (Dunfermline West) (Lab)  
\*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)  
\*Paul Martin (Glasgow Springburn) (Lab)  
\*Mr Lloyd Quinan (West of Scotland) (SNP)  
\*Mr Keith Raffan (Mid Scotland and Fife) (LD)

\*attended

#### THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)  
Mr Arwel Roberts (Audit Scotland)

#### CLERK TO THE COMMITTEE

Callum Thomson

#### SENIOR ASSISTANT CLERK

Anne Peat

#### ASSISTANT CLERK

Seán Wixted

#### LOCATION

Committee Room 3



## Scottish Parliament

### Audit Committee

*Tuesday 1 May 2001*

*(Afternoon)*

[THE CONVENER *opened the meeting at 14:03*]

**The Convener (Mr Andrew Welsh):** Good afternoon. I have received apologies from Nick Johnston. Do members agree to discuss item 5—consideration of the evidence on the national health service bodies in Tayside—in private?

**Members** *indicated agreement.*

## Europe Familiarisation Scheme

**The Convener:** I would like to report back briefly on the historic first visit of conveners of the Scottish Parliament to the European Parliament in Brussels between 19 and 21 March. There was a full programme of meetings and seminars on topics such as the Treaty of Nice and the European Parliament, democracy and legitimacy in the European Union, and interparliamentary linkages. There was also a panel discussion on Scottish interests in the EU. We visited Scotland House where we saw the communications facilities and other services that are on offer. It was a very useful first contact.

My interest was audit. I met the chairperson of the Budgetary Control Committee, Madame Diemut Theato, and attended one of that committee's meetings. It was very different from our meetings—there were many more members and the meeting was conducted in many languages.

The European Parliament has two major audit committees: the Budget Committee and the Budgetary Control Committee. Those two committees operate differently from our committees, but share some similarity with the Scottish Parliament Finance Committee and Audit Committee. In addition, Europe has a 15-person independent Court of Auditors, which is based in Luxembourg. The Court of Auditors is one of the five institutions of the EU. It audits accounts and the EU budget, with the aim of better financial management and reporting on the use of public funds by EU organisations. In part, its role is analogous to that of the Auditor General and Audit Scotland. The Court of Auditors has responsibility for more than €90,000 million—in other words, the entire European budget.

The Budget Committee defines the terms of financial accountability, the rules and definition of the Parliament's budgeting powers, and it sets the framework for scrutiny. It is a very powerful committee. As Jacques Santer found, the committee can bring down major figures if they have not done their jobs properly.

The Budgetary Control Committee has a massive range of responsibilities for controlling budget decisions of the European Parliament and other European institutions. I attended a meeting and met Madame Theato. I was supposed to meet her for only 20 minutes, but I spent an hour and a half with her. She was very generous with her time and we covered a wide range of European topics and budgeting issues. Madame Theato could not have been more helpful and I greatly appreciated the time that she gave me. I also met the president of the European Court of Audit, Jan Karlsson, as

well as the director of budget, Herr Walter Hubl, who is an old colleague and friend of the Audit Committee's adviser, Dave Ferguson.

I found the first contact with the European Parliament most useful. I would like to build on the invitations that I received to visit the European Court of Auditors and to create lines of communication between the Scottish Parliament audit institutions and our European counterparts. Through Audit Scotland and the Audit Committee, I hope that we can build greater communication.

In the past, the committee has expressed its wish to ensure that Scotland remains informed of and at the forefront of best European and international auditing practice. Therefore, along with Audit Scotland and our officials, I would like to consider ways in which the Audit Committee can follow up on the first set of contacts and strengthen our ties and communications with the institutions of the European Parliament.

I appreciated the opportunity to see at first hand the committees and officials of Europe. I hope to consult with the committee and our officials on how further progress can be made. I have briefings and other information that I am happy to make available to members. The visit was a useful first step.

## Scottish Environment Protection Agency

**The Convener:** Members have been sent the Scottish Environment Protection Agency's response to the recommendations that are contained in the Auditor General's report. The response is reasonably positive. SEPA has taken steps to implement the Auditor General's recommended reforms. We have been given an assurance that SEPA will provide a progress report by December 2001. Further to that, Audit Scotland will conduct another investigation, with a report to Parliament. The situation seems to be well covered and I recommend that the committee take no further action at this point. Is that agreed?

**Members** *indicated agreement.*

## Financial Reporting Advisory Board

**The Convener:** Members have been sent a letter from the Minister for Finance and Local Government, concerning the determination of accounting policies. We have also received a revised set of terms of reference for the Financial Reporting Advisory Board as well as a note of FRAB's working arrangements.

**Mr Keith Raffan (Mid Scotland and Fife) (LD):** Something was brought to my attention as I glanced through the terms of reference. I noted that the FRAB report would be sent to the Public Accounts Committee and the Treasury Committee at Westminster, but not to the Scottish Parliament Audit Committee or Finance Committee. I am not sure whether that was previously expected or whether we should get a copy of the report.

**The Convener:** That is a fair point. Does the committee wish to point that out and seek to be sent a copy of the report?

**Members** *indicated agreement.*

**Mr Lloyd Quinan (West of Scotland) (SNP):** Is that the equivalent situation in relation to the National Assembly for Wales and the Northern Ireland Assembly?

**The Convener:** I am not sure.

**Mr Robert Black (Auditor General for Scotland):** Yes. The FRAB covers the whole United Kingdom in terms of reporting standards. Devolution created an Auditor General for Scotland and the Parliament created Audit Scotland, so we are uniquely privileged because we have an independent existence. In Wales and Northern Ireland, the audit arrangements still

come under the National Audit Office. In England and Wales it is the Comptroller and Auditor General to the UK Parliament who has a seat on the FRAB—he covers the Welsh interest. I think that, in the past, he covered Northern Ireland as well.

**Mr Arwel Roberts (Audit Scotland):** Yes.

**Mr Black:** I am not quite sure about the situation following the creation of the Northern Ireland Assembly.

**The Convener:** The FRAB tends to deal with technical matters.

**Mr Quinan:** My question was whether the FRAB annual report is sent to the finance committees of the National Assembly for Wales and the Northern Ireland Assembly.

**Mr Black:** No, it would not be.

**The Convener:** Thank you for enlightening us, Auditor General.

I suggest that Mike Watson—as the convener of the Finance Committee—and I respond to the minister and raise the point on which the committee has stated its concern. Is that agreed?

**Members** *indicated agreement.*

14:11

*Meeting continued in private until 14:53.*





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