

# **AUDIT COMMITTEE**

Tuesday 18 September 2001  
(*Afternoon*)

Session 1

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## AUDIT COMMITTEE

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

#### CONVENER

Mr Andrew Welsh (Angus) (SNP)

#### DEPUTY CONVENER

Mr David Davidson (North-East Scotland) (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)

#### CLERK TO THE COMMITTEE

David McGill

#### SENIOR ASSISTANT CLERK

Anne Peat

#### ASSISTANT CLERK

Seán Wixted

#### LOCATION

The Hub



## Scottish Parliament

### Audit Committee

*Tuesday 18 September 2001*

*(Afternoon)*

[THE CONVENER *opened the meeting at 14:00*]

**The Convener (Mr Andrew Welsh):** I have received no apologies. I make the usual announcement about mobile phones and pagers: the committee frowns deeply if they go off, so I ask everybody to check theirs.

I welcome a new member to the Audit Committee. I hope that David Davidson enjoys his time with us. We also have a new clerk. I welcome David McGill, who replaces our previous clerk, Callum Thomson.

### Interests

**The Convener:** Item 1 is to invite David Davidson to declare any relevant interests.

**Mr David Davidson (North-East Scotland) (Con):** I declare the interests that are recorded in the register of interests, plus two recent ones that have not yet been recorded. One is effective as of now, as I am a postgraduate course adviser to the school of public administration and law at the Robert Gordon University. Also, as of 28 September, I will be a member of the Scottish centre of tourism's advisory board at the Robert Gordon University.

**The Convener:** We appreciate and are impressed by that information.

## Deputy Convener

**The Convener:** Item 2 is to choose a deputy convener. Following the resignation from the Parliament of the deputy convener, Nick Johnston, on 10 August, we must now select a new deputy convener. As members know, standing orders state that a deputy convener shall chair meetings of a committee in the absence of the convener and shall also carry out the functions of the convener at other times if the convener is unable to act. Parliament decided on 16 December 1999 that the deputy convener of the Audit Committee should be from the Conservative party. David Davidson is the only eligible member.

*Mr Davidson was chosen as deputy convener.*

**The Convener:** Congratulations, Mr Davidson.

### Items in Private

**The Convener:** Item 3 concerns committee business. I seek agreement from the committee to take agenda items 7 and 8 in private. For those in the public gallery, those items relate to an internal briefing and consideration of our annual report, both of which will fully enter the public domain in due course. Is it agreed that those items be taken in private?

**Members** *indicated agreement.*

## National Health Service (Tayside)

**The Convener:** Item 4 deals with national health service bodies in Tayside. The responses from the Scottish Executive and NHS Tayside—the NHS Tayside response includes a report from Tayside Health Board—seem to address positively all the issues raised by the Audit Committee. The Executive and Tayside Health Board have accepted all the committee's recommendations and conclusions and have indicated what action has been or will be taken to address each point. They have also indicated who has primary responsibility for implementing each of the recommendations and the time scale for implementation. I am happy to note that the Scottish Executive describes our report as thorough and that our 15 recommendations and conclusions either have been implemented or are on-going, with firm timetables set for implementation.

I note that the Scottish Executive firmly intends to learn from the past. Similarly, Tayside Health Board says that it will

"learn from the experiences of the past."

It details actions that have been taken or that are planned, with the objective of adopting a best-practice approach to governance. The board unanimously accepted the broad findings of our report and has taken action.

**Mr Davidson:** In the table that is appended to the Scottish Executive's response, recommendations 11 and 12 highlight the health department's monitoring role. At recommendation 13, the Executive says:

"the Department's attitude was reactive and too dependent on information compiled by local health bodies."

Does the committee intend to pursue further inquiries on those three points?

**The Convener:** Yes. We have always said that our reports are not one-offs. The officials who are involved will return to explain their actions and the improvements that they have made. We will have opportunities to deal with the issues. The rolling programme of investigation of the NHS by Audit Scotland will provide another opportunity.

Our main concern is that improvements are made. We must allow the Tayside health authorities time to implement the measures. After a suitable interval, officials will be called back to the committee to report on what I hope will be further progress.

**Mr Davidson:** The points that I raised concerned the health department's activities rather than those of Tayside. I appreciate that the health authorities need time to do their bit. I am more

concerned about the comments on the department's activities.

**The Convener:** What I said also applies to the health department, but it would be convenient to take evidence from all involved at the same time, rather than at separate meetings.

**Margaret Jamieson (Kilmarnock and Loudoun) (Lab):** Those matters were raised extensively when we questioned the then chief executive of the NHS in Scotland, Geoff Scaife. The committee homed in on the way in which he operated. What has happened has continued for many years in the health service. If we look for changes that we can recommend, we are considering matters that are not for this committee but for someone else.

**The Convener:** Our investigations relate to the Audit Scotland report.

**Paul Martin (Glasgow Springburn) (Lab):** As has been said, a comprehensive investigation has been conducted. We should pick up the points that Peter Bates made when he gave evidence. In his closing statement, he said that NHS Tayside should be given the opportunity to make recommendations and act on them. We should monitor that process through Audit Scotland and perhaps revisit the matter to ensure that the recommendations have been acted on, because the health board has presented its position well and must be commended on that. However, it goes without saying that its delivering on its intentions is the important part of the process.

The health board has taken steps to ensure that staff, local elected representatives and community representatives are part of the recovery process. The organisations should be given every opportunity to complete that process, to ensure that health provision is improved in Tayside.

**Scott Barrie (Dunfermline West) (Lab):** I will respond to Mr Davidson. We have a pretty robust and comprehensive statement about how the health department and the health board are proceeding following the publication of our report. On recommendation 13, I highlighted the fact that the health department has said that it will share the protocol with the committee when it is finalised. At our previous meeting, several bodies—including one of which we had been critical—provided clear updates on how they had implemented all the recommendations that we made. I have no doubt that that will happen with Tayside.

**Mr Keith Raffan (Mid Scotland and Fife) (LD):** The responses from Tayside Health Board and the health department—but particularly the one from Tayside—are comprehensive and impressive. We should take on board what Peter Bates said. The organisations have been subjected to an intensive

investigation that has lasted several months. It is only fair to let the new regime have a chance to settle in. We could reconsider the matter towards next summer.

**The Convener:** Our report has been recognised as one of the most direct and significant that the Parliament has produced. I note the willingness to learn from the past. We will allow time for the bodies involved to settle down. They can report to us after a suitable interval.

Do the representatives of Audit Scotland wish to comment?

**Mr Robert Black (Auditor General for Scotland):** I say for the record that we examined carefully both sets of responses and we think they are good.

On Mr Davidson's point, I remind members that on 12 June 2001, Trevor Jones outlined briefly for the committee the new performance management systems that are being introduced in the health service under its latest restructuring. On paper, those new systems offer the promise of providing more effective accountability between the department and the unified health boards.

The committee's intention to await developments under the new arrangements and to evaluate them at a suitable stage is appropriate. In the meantime, the programme of action that has been laid out by Tayside Health Board is appropriate.

**The Convener:** The committee has raised issues such as failures in formal reporting and investigation by health officials, the breakdown in management control and in effective systems of internal financial control and the need to restore public confidence and robust and effective monitoring systems. Our comments have produced positive responses—some measures are in place, some will be effective from a set date and some work is on-going with set dates for completion. The committee should note that there is work in progress and that we will return to the matter.

There is little to be pursued at present so I propose that, in line with the report, we continue to monitor with Audit Scotland the financial position in Tayside and that Audit Scotland updates the committee in due course. Is that proposal agreed to?

**Members** *indicated agreement.*

## “Public audit in Scotland”

**The Convener:** Item 5 is a glimpse of the future. The committee is asked to consider “Public audit in Scotland: A strategic statement by the Auditor General”. It sets out the Auditor General's suggested direction and priorities for public audit in Scotland during the next three years. It details the framework within which Audit Scotland will formulate its corporate plan. I ask the Auditor General to give his comments.

**Mr Black:** I will take 10 minutes or so to give my thoughts on the document—which sets out my strategy for the next two or three years—for the consideration of the committee, the Parliament and other stakeholders. In its first year, Audit Scotland's existence was to some extent hand to mouth because we were in the throes of reorganising and creating the body. There was a heavy programme of work, which was reflected in the annual report of the Audit Committee, about which I need say no more.

This is the right time to think about the next three years. The document has two purposes. The first is to suggest some priorities and directions in which public audit should be moving and some major issues that need to be addressed. The second important objective is that the document is designed to be a framework within which Audit Scotland, as a separate legal entity, can develop its business plan to undertake its day-to-day activities.

There is no doubt but that the creation of the Parliament has changed public audit significantly. The first and foremost reason for that is the new duty and opportunity to support effective democratic scrutiny. I make no apologies for highlighting that theme in the document. The changes in public audit echo the United Kingdom Parliament's intentions in the devolution settlement, which were to provide improved arrangements for holding to account through democratic representatives those who are responsible for running Scottish public services for the people of Scotland.

Audit has been strengthened by the fact that the loop is now closed. During my years as the Controller of Audit for Scotland, when I made reports on local government or the health service to the Accounts Commission, there might have been coverage in the media and senior civil servants and ministers expressed an interest, but that tended to be the end of the process. Now, that is by no means the end of the process, as members are aware. The context has changed enormously and it is right that our strategy puts supporting democratic accountability and scrutiny at the top of the agenda.

In the introduction to the statement I repeat a brief analysis that I have shared with this committee before. Of every £100 that comes to the Scottish Parliament, about £80 is spent not by the Parliament or the Executive, but by arm's-length bodies and bodies with a high degree of independence. About one third of devolved expenditure goes to local government. Not much under one third goes to the health service. About 10 per cent goes to the six largest non-departmental public bodies. Another 5 per cent goes to executive agencies. If we tot that up, we discover that scarcely one pound in five is spent and managed from the centre. Even then, it tends to be spent and managed by different units in the Executive.

14:15

Why is that important? I believe that it is important because if the Parliament, through this committee, is to be satisfied that money is being properly and wisely spent, audit has a significant role to play. Because we are talking about expenditure at arm's length, robust and effective audit reporting can assist the Parliament greatly in holding to account about 200 public bodies that spend most of the Parliament's budget.

There are some exceptions to this range of activity, which I mention in the statement. It is notable that universities and local enterprise companies are not covered by the audit regime that is administered through the Auditor General and Audit Scotland. In my view, it would be a step forward if rights of access to universities and local enterprise companies were given to the Auditor General, so that value-for-money issues could be examined. From informal conversation I understand that the Executive is aware of that proposal and is thinking about it constructively.

In the statement I outline briefly how much change is taking place in public services in Scotland and identify 10 themes that need to be developed. I will run through those briefly. For the reasons that I outlined earlier, I have listed first "supporting democratic scrutiny", primarily through the Audit Committee. The Audit Committee has been a success story in my terms and in the view of my colleagues in Audit Scotland. I am sure that that will be reflected in the committee's annual report.

The committee has agreed that it is appropriate to take a modern approach to holding accountable officers to account before it. That is reflected in the three types of reports that I am now preparing for the committee. The first category of reports is reports on issues of particular concern, management problems in the national health service in Tayside being the most recent example. The second is overview reports, which deal with

sectors as a whole. The third is reports on the performance of public bodies or sectors, focusing on particular topic areas.

Rightly, the Audit Committee is seen as the committee that is mainly responsible for considering my reports. However, I suggest that from time to time it would be appropriate for reports to be referred also to subject committees that have a particular interest in my areas of work. I have made that submission to the Procedures Committee in its current review of the application of the consultative steering group principles two years on from the establishment of the Parliament.

My second theme is the core business of audit: financial stewardship and governance. I am encouraged that there is now a much greater emphasis throughout the public sector on risk management and corporate governance standards in our public bodies. That is to the good, and audit can support it. Everyone, from ministers through MSPs to members of the public, as taxpayers, and last, but by no means least, managers of public services, has an interest in ensuring that public bodies are well managed. Well-managed public bodies will use resources efficiently and effectively and carry fewer risks of things going wrong. One of the main roles of audit is to promote good standards of governance and financial management. It is not the role of audit simply to sit back and report when things go wrong.

It is the role of audit to engage actively in promoting good standards of management. The new code of audit practice that we produced in the summer helps to do that. The code lays out the expectations of all external auditors who are appointed by me and by the Accounts Commission. It summarises a wide scope of public audit that includes reporting on governance standards, financial management, value for money and performance issues. It is wide ranging and demanding and for the first time in Scotland that unified set of standards will apply to all public bodies including local authorities, health bodies, education authorities—every body that is covered by the work of audit.

I like to think that by expecting auditors to assess how well management and public bodies are doing against the code, we might indirectly raise the standards of management. If Audit Scotland is to report against a set of expectations, it will be for managers and non-executives, to put it into common parlance, to raise their game. I might suggest that a further benefit of public audit in Scotland under this regime would be to strengthen existing standards of management.

My third point is promoting improvement, which I know from our previous meetings is an issue that interests the committee. It is important that we achieve improvement as well as hold people to



account when there are failures. We must move forward positively.

Under performance audit, three types of report are being issued and all three have their place. There are value-for-money studies that consider particular services or functions, there are reports on performance information and there are assessments of the processes that bodies use for their internal management and planning. One of the big challenges is to integrate all those elements in a way that provides a rounded picture of how well individual bodies and sectors are managed. That will be an agenda over the next few years.

One of the improvements that I have requested and encouraged strongly is that, where possible, audit reports should be accompanied by action plans. Action plans are included in the last item on today's agenda. Such plans are useful in providing us with an opportunity to take assessment of the extent to which accountable officers and managers address issues of concern. In all the activity that goes on out there, particularly in the annual audit reporting on individual bodies, there is now an expectation that if shortcomings are identified by the auditor, a suitable action plan will be prepared by management so that the auditor can assess it to provide an independent commentary on whether management is engaged in continuous improvement.

Another area in which continuous improvement is possible is closer to the work of the Audit Committee. It is recognised that performance audit is a continuous process that will start with what in our new jargon we call a baseline report. It is a snapshot of performance on a particular day to show how a service or an organisation is doing, with guidance from audit evidence on what seems to work best—because different bodies have different procedures. Then we give accountable officers and managers a suitable period—a maximum of two years, often shorter than that—positively to address that challenge. At the end of that period there will be a performance audit report that is more detailed and which will name bodies and provide the opportunity for the committee to hold managers to account over whether there have been improvements in performance. It seems to me, and I am sure that the feeling is shared by the Audit Committee, that that provides incentives for managers to improve—and the opportunities to improve—without compromising the independence of audits. It is a positive way of using audits to encourage people to improve their performance.

If I may say so, that approach is already yielding some benefits. Members might recall that there was an earlier report, which was not formally considered by the committee, on hospital cleaning.

There is a great deal of activity in that area, first and foremost because ministers expect to see improvements in standards, but I venture to suggest that the fact that I will report back to the Audit Committee before long probably concentrates people's attention.

The world of public service is becoming much more complex. Therefore, my fourth theme is the new forms of accountability. Co-operative approaches to cross-cutting issues, such as partnerships and joint working, are developing everywhere. We must ensure that management is clear about who is accountable and that auditors understand the framework of accountability so that they can satisfy me and, in turn, this committee that the accountability frameworks of joint-working arrangements and partnership-working arrangements are appropriate. To put it bluntly, it has to be clear that someone somewhere can be held to account for how those projects run. That is a challenge, but that is why it is important to have it reflected in this strategic statement.

The next item might strike some people as a bit off the pitch, but I think that it is important. Audit should take a citizen perspective. The outcome of the innovative approaches to cross-cutting issues and partnership working has to be better services to the public—what is the point of it all if we do not get better services to the public? There is a danger that people will concentrate on the processes, the integrative mechanisms and the reporting up and down and might push to the edge of their vision the question whether any of that is benefiting the citizens of Scotland as users of services and as taxpayers. I am challenging my colleagues in Audit Scotland to view services from the user's perspective, particularly when undertaking cross-cutting studies. That is evident in our studies of community care and the study of youth justice, which we agreed to launch earlier this year.

Linked to that is the importance of equal opportunities. There is a new legal duty on managers, which I welcome, to ensure that public organisations comply with the law in respect of racial equality and equal opportunities. I am asking Audit Scotland to be vigilant in this area and always to have in mind the equal-opportunities dimension when it is conducting scoping studies. Questions of equal opportunities occur far more often than one might realise, even with studies that relate to what one might assume would be purely technical matters. In relation to council tax collection, for example, I wish that we had asked the Commission for Racial Equality what problems ethnic minorities had when interacting with the council's finance department and council tax offices.

The topic of using information effectively is

rather mundane but important. As members of the committee will have picked up time and again in the reports that are issued by Audit Scotland, we highlight the need for better information throughout the public sector. Public audit has a role not only in analysing data, but in commenting on where there is an absence of good data and in helping managers develop good information that we can draw on for our purposes and which the Scottish Executive can use to monitor performance. We do a lot of work in that area, which does not necessarily have to be reported to this committee but of which the committee should be aware as it is an important part of our work.

A great strength of Audit Scotland, and one that is new, is the fact that each of the 200 public bodies has its own appointed auditor, operating to standards that have been laid down in the code of audit practice. As you will gather, I am a great enthusiast for this new approach. One of the benefits that is particularly relevant to this committee is that when national reports come before the Audit Committee, whether they are what-went-wrong reports or performance reports, it is possible to draw upon real-life, objective evidence from the front line. That has helped us to produce the report on the situation in Tayside and the NHS overview. Increasingly, you will see it coming through in our value-for-money studies and performance audits.

I am expressing a commitment that we will continue to rely first and foremost on Audit Scotland's employees, but with the Audit Commission I value the contribution made by the private accountancy firms, which have different approaches to the work. It is enormously useful to be able to draw on them from time to time and to make comparisons between the in-house providers and the private providers. In best-value terms, it is a mixed economy of provision. I think it works extremely well.

My next heading is "strengthening partnerships with regulators, inspectors and funding bodies". People talk about the regulation and inspection industry. I understand and share the concern about that. It is therefore important that everyone involved in audit, regulation and inspection understands what other bodies do and works together. We have been working hard to ensure that we complement and do not duplicate inspection regimes.

We work closely with established inspectorates such as Her Majesty's Inspectorate of Education, HM inspectorate of fire services and HM inspectorate of constabulary. In future, we envisage working closely with communities Scotland—formerly Scottish Homes—the Clinical Standards Board for Scotland and the new Scottish commission for the regulation of care. We

are working hard on that agenda. We also work closely with funding organisations such as the Scottish Further Education Funding Council—that is yielding benefits, because we complement each other.

14:30

Audit Scotland does not exist in isolation from the rest of the United Kingdom. I assure the committee that we meet the heads of the agencies throughout the UK—Sir John Bourn, the Comptroller and Auditor General of the UK Parliament; Sir Andrew Foster, the Controller of Audit at the Audit Commission; and John Dowdall, the Comptroller and Auditor General in Northern Ireland—fairly regularly to ensure that we are co-operating effectively.

As members of the committee will know through their other parliamentary interests, there is increasing interest at the European level in what is happening in Scotland. I am speaking at a conference next month, through the European Organisation of Regional External Public Finance Audit Institutions, on the developing approach to audit and scrutiny in Scotland. There is great interest in the somewhat modern and innovative approach that we are developing.

The challenge to Audit Scotland is to operate at the standard that we expect of other public bodies, to adopt best-value principles and to have good corporate planning and good annual reporting so that I, the committee and all the other stakeholders can be satisfied that we are getting value for money out of the audit resource.

That is the context: it is what we will be doing in our forward work programme and it is what Audit Scotland will take to the next level in its corporate and business planning. I welcome any comments from committee members.

**The Convener:** I thank the Auditor General for a comprehensive statement and a clear view of future strategy. It is a trailer of forthcoming attractions and gives us a great deal to think about. You have set out the principles, philosophy and framework under which Audit Scotland will proceed. I throw the discussion open to the committee. Any comments?

**Mr Davidson:** I was interested in your comments about cross-cutting in relationship to audit. The Finance Committee is exercised about tracking spending on cross-cutting initiatives in the budget process. Some work could be done between the two committees, with the Auditor General, to consider that. If we had a more standardised format, audit would be more easily carried out and understood. It would also help influence the budget process more clearly.

**Mr Black:** As Mr Davidson will know, the move towards resource accounting and budgeting and whole-of-Government accounts will help with that. We will be required to—in technical terms—reconcile the different budgets. That will provide a unified framework of accounting standards against which it is possible to audit expenditure more clearly. The force is with us on that, but it will take a year or so before we start seeing the benefits.

**Mr Raffan:** I was going to make a similar point on cross-cutting issues—perhaps I will take it slightly further. The issue is central. I am convener of the cross-party group on drug misuse, which has sent a detailed all-party—I hasten to add—letter to the minister, with a range of questions about expenditure on prevention, treatment, rehabilitation, aftercare, enforcement and so on. We have been confused about the amounts that are being spent. There is a tendency—innocent, I am sure—for the Government inadvertently to make the same announcement twice or three times, which gives the misleading impression that more money is being spent than actually is. We must also ensure that the money gets through to the front line.

I shall cite a specific example. Of the 23 drug action teams, three or four are drug and alcohol action teams and one is a substance action team—there is great variation throughout the country. In the paragraph on taking a citizen perspective, your report makes the crucial point about geographical boundaries but there is also great variation between services even if similar amounts are spent on them. It is important to remember, for example, that hepatitis C patients may receive different treatments in different health board areas. We must track such issues. You kindly describe the Audit Committee as having been successful, but if we have any aspiration to be as influential, effective and powerful as the House of Commons Public Accounts Committee, we will have to address those kinds of cross-cutting issues effectively.

**The Convener:** Do you wish to respond?

**Mr Black:** No.

**Mr Lloyd Quinan (West of Scotland) (SNP):** I thank the Auditor General for his presentation and for this report. Three aspects of it are especially important. The first of those is the new forms of accountability, particularly in view of the development of the use of public-private partnerships. Will your greater involvement and development of new methods in that area allow us to clear the air of commercial confidentiality, which is frequently brought up in those circumstances?

Secondly, there is great benefit in your suggestions about the purposes of joint working, especially in light of the potential of this morning's

announcement that the housing debt in Glasgow will be paid by central Government. A new relationship between the Government and Scottish Homes—which was suggested more than a year ago, during the early investigations into the Housing (Scotland) Bill, in which Keith Raffan and I were involved—will mean that Scottish Homes will become a service delivery organisation and a non-governmental organisation. I am interested to know what plans you have for developing a different joint-working relationship with Scottish Homes, as we are talking about the investment of huge amounts of money through the new housing partnerships.

Thirdly, European interest in the new models that are being developed here may prove useful, especially in the developing debates on governance and governance structures that will take place in Europe over the next couple of years. Can you expand on your intention to develop links with European organisations?

**The Convener:** Although I understand the temptations that might be involved, I think that we are in danger of straying beyond the committee's remit. However, would the Auditor General care to comment?

**Mr Black:** I go through life trying not to comment on policy matters. Nevertheless, all three issues are important. I shall comment on PPP first.

As I mentioned, life is getting very complex in the public sector, not least because of the introduction of private finance in the funding of public services. The committee may recall that we have a major study under way, which is investigating the application of the private finance initiative in the Scottish education system. We decided to undertake such a study because that is the largest area of activity, in financial terms, in Scotland and because so many education authorities are now actively involved in using PFI in schools or considering it seriously. An early audit of PFI in schools could perhaps produce findings that would be of value to local authorities over the next few years. We are moving forward on that agenda. The study is a big piece of work and is taking a fair commitment of resources. It is highly likely that, following its completion, we will want to undertake other work in the same area. That is a major topic area in which we are active, and I envisage that we will continue to be active in it.

The situation in respect of Scottish Homes is changing quite radically. I suspect that members of the committee will be more familiar with the detail of what is happening than I am at the moment. Recently it was announced that a body called communities Scotland is to be created, with Scottish Homes becoming a service body administering the residual housing stock.

Before that happened, we had just about concluded a memorandum of understanding with Scottish Homes about its roles as a funder and a strategic body and the role that audit could play in providing independent reporting and assurance to the Scottish Parliament about how the funds are being used. This is not the time to go into detail on that, although I would be happy at another time to give the committee a presentation on how we see those complementary roles.

We are actively engaged in that work and the memorandum of understanding about our joint relationships will be inherited by the new organisation. Certainly housing will be an important topic area for Audit Scotland's consideration over the next few years. If members have had an opportunity to read the consultative document they will have seen that various housing themes emerge in it. We are reasonably well placed on that front.

I am not sure that I fully follow Mr Quinan's third point. All I would say is that the standards of governance, the structures of governance and the checks and balances in Scotland and the UK are benchmarked for the rest of Europe. It is right and proper that Audit Scotland should take a leaf out of the Scottish Parliament's book in developing links with Europe, but it is important that we do not take our eye off our main duty, which is to work in Scotland for the Scottish Parliament. From time to time it is appropriate that the staff of Audit Scotland learn from best practice in Europe and it is equally important that they should take to Europe some of our experiences in Scotland. Provided that that is at a modest level and those contacts can be justified, they are to be encouraged.

I welcome the invitation to speak at the conference next month because it will be a useful opportunity to share for the first time with colleagues in Europe the new and modern approaches to scrutiny and holding to account that are developing in Scotland. That complements the desire of the Scottish Parliament to promote the good things that are happening in the government of Scotland.

**The Convener:** I echo that. I have already made first contact with Europe—I have met the president of the Court of Auditors and the convener of the audit committee in Europe—and I hope that that will be developed at the level of the committee and officials.

With regard to rights of access for Audit Scotland, I am a firm believer that there should be no no-go areas for public scrutiny. The work of Audit Scotland on the public's behalf is very important in improving the quality of what is done, its effectiveness, efficiency and value for money. Audit Scotland does its work for the public and for

the public good. From what I have heard today, we can be assured that the public watchdog is strong, clear-sighted and organised in the public interest. I thank the Auditor General for making his report on his overall strategy.

## **Auditor General for Scotland (Work Programme)**

**The Convener:** We now move to discuss Audit Scotland's long-term work programme.

**Robert Black:** Our future work programme is a work in progress. In early July, members of the committee received a letter from Caroline Gardner, the deputy Auditor General, which contained an outline of the all the goodies in our window, so to speak. There is a long list of topics that might be the subject of study. Over the summer we have had extensive consultation with all our stakeholders. As we speak we are pulling that together into a work programme reaching to the end of 2002. I propose to discuss that with the committee at its next meeting.

**The Convener:** Thank you.

14:44

*Meeting continued in private until 15:35.*

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