

AUDIT COMMITTEE

Tuesday 10 June 2003
(*Morning*)

Session 2

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AUDIT COMMITTEE

1st Meeting 2003, Session 2

OLDEST COMMITTEE MEMBER PRESENT

*Rhona Brankin (Midlothian) (Lab)

COMMITTEE MEMBERS

*Susan Deacon (Edinburgh East and Musselburgh) (Lab)

Robin Harper (Lothians) (Green)

*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

*George Lyon (Argyll and Bute) (LD)

*Mr Kenny MacAskill (Lothians) (SNP)

*Mr Brian Monteith (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)

CLERK TO THE COMMITTEE

Shelagh McKinlay

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Seán Wixted

LOCATION

Committee Room 3

Scottish Parliament

Audit Committee

Tuesday 10 June 2003

(Morning)

[THE OLDEST COMMITTEE MEMBER PRESENT *opened the meeting at 11:04*]

Interests

Rhona Brankin (Oldest Committee Member Present): We will get started. That is interesting—my script begins, “Good afternoon”.

Shelagh McKinlay (Clerk): Sorry.

Rhona Brankin: That is a good sign. It shows you that I am thinking.

Good morning and welcome to the first meeting of the Audit Committee in the second session of the Parliament. I ask everyone to switch off any mobile phones or pagers that are likely to bleep. We have received apologies from Robin Harper and we know that Susan Deacon is running a bit late. I do not know about George Lyon.

In accordance with article 5 of the Scotland Act 1998 (Transitory and Transitional Provisions) (Members’ Interests) Order 1999, I invite members to declare any interests that are relevant to the remit of the committee.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): I declare two interests that appear in the “Miscellaneous” section of the register of members’ interests. I am a member of Unison and a director of East Ayrshire Employment Initiative.

Mr Brian Monteith (Mid Scotland and Fife) (Con): I am a non-executive director of a drama company called 2000 & 3 Estaites Ltd. I do not know whether that might come up at any point, but it is best that it is down on paper.

Mr Kenny MacAskill (Lothians) (SNP): I have no relevant interests to declare.

Rhona Brankin: Many of us find it difficult to know what interests to declare and what interests are relevant. I am chair of the Scottish Library and Information Council and a trustee of the Scottish Mining Museum. I am also an honorary fellow of the Royal Institute of British Architects and a board member of Volunteering First (Midlothian).

Convener

Rhona Brankin: The Parliament has agreed that only members of the Scottish Conservative and Unionist Party are eligible for nomination as convener of the committee. That being the case, I seek nominations for the position of convener.

Margaret Jamieson: I nominate Brian Monteith.

Mr Brian Monteith was chosen as convener.

Rhona Brankin: Congratulations on your appointment, Brian. As the granny of the committee, I hand over to you. May you have long and happy times.

Deputy Convener

The Convener (Mr Brian Monteith): The next item of business is the appointment of a deputy convener. The Parliament has decided that the post of deputy convener should be held by a member of the Scottish National Party. I seek a nomination for the post of deputy convener.

Margaret Jamieson: I nominate Kenny MacAskill.

Mr Kenny MacAskill was chosen as deputy convener.

The Convener: Are you happy to remain sitting where you are?

Mr MacAskill: I am more than happy to stay here.

The Convener: Two other members of the committee have just arrived. We will let them take their seats and catch their breath. They have the opportunity to declare any relevant interests to the committee before we move on to the next item. Susan Deacon’s apologies have been noted.

George Lyon (Argyll and Bute) (LD): I declare an interest as a member of the National Farmers Union of Scotland and the Scottish Crofting Foundation.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I have no relevant interests to declare.

Legacy Paper

The Convener: The next item of business is a legacy paper. Members are invited to make some initial observations about the legacy paper before we discuss it in more detail at a future date. The paper was prepared by the members of the previous Audit Committee and gives advice based on their experience. As Margaret Jamieson was a member of that committee, perhaps she would like to make the first comments.

Margaret Jamieson: The one thing that is not mentioned in the legacy paper is the cross-party way in which the previous Audit Committee worked. I was heartened by the fact that there were no political divisions and the fact that we were all concerned to ensure that public funds were spent appropriately.

We were guided by the Auditor General for Scotland and his staff throughout the session. Many areas in which the previous committee undertook inquiries are part and parcel of the on-going work of Audit Scotland, and I welcome its back-up again. We were consulted on the work that the Auditor General was to undertake this year, and a paper on that is before members. In particular, I pursued the audit of Historic Scotland, which is an area that I think that the committee should look at. It is an area that we all have difficulties with, in varying degrees, throughout our time as MSPs, and we might want to come back to it.

The legacy paper is helpful in allowing new committee members to find out where the previous committee identified any difficulties and the links that that committee was, latterly, building up with other devolved Assemblies and with Westminster.

The Convener: While you have the floor, Margaret, perhaps you can expand on the thinking behind the name of the committee.

Margaret Jamieson: The previous committee was divided on that issue and we thought that the name of the committee should be reconsidered this time round. It might be that the remit is a little narrow, as it did not give the previous committee much scope. As a new committee, we may want to reconsider the matter. We will obviously need to consult the Scottish Parliamentary Corporate Body and the Conveners Group.

It is right and proper that we should not get involved with policy. The previous committee was helped to focus in its work by the fact that the Auditor General does not consider policy. The name of the committee was helpful in that respect, but we perhaps need to reconsider our remit.

The Convener: After members have commented, the Auditor General will have the opportunity to make his observations.

Mr MacAskill: Could I clarify what the parameters are? I note the matters that are clearly within the domain of the Scottish Parliament. However, what is the position regarding institutions that are reserved or that have, although they are fundamentally reserved, undertaken to lodge reports? Two examples spring to mind. First, what is the situation regarding the Royal Mail and the Postal Services Commission? Secondly, what is the situation regarding the British Tourist Authority, given the fact that it has intimated a willingness to make a report to the Scottish Parliament? Is that organisation now within the domain of the committee, given its lodging of a report and its intention—albeit not yet clarified—to attend the committee on an annual basis?

11:15

The Convener: My understanding is that the remit taken up by the previous committee was clearly defined and quite narrow. I do not say that as a criticism, because that was probably the best practice for the initial stages and it might be the best practice in future too. The remit was to consider reports laid before Parliament and to work with the various institutions that existed, rather than to initiate matters. The committee may continue to do that. With regard to the specific report referred to, I think that we will have to consider every report that is laid before Parliament case by case and then take advice and decide what to do.

I will put the question to members following this discussion that we should have a more in-depth discussion of the legacy paper and the remit. Perhaps we could have a half-day away to thrash out the issues and to take advice from advisers who could take us through the difficulties of changing the remit, even if all we do is tweak the remit. The Auditor General might wish to comment on the report on the Post Office that Kenny MacAskill mentioned.

Mr Robert Black (Auditor General for Scotland): As this is the first time that I have opened my mouth, I begin by congratulating you, the deputy convener and other members of the Audit Committee on your election. My colleagues and I look forward to working with you.

On the specific question of examining reserved matters, the Scotland Act 1998 is clear about my role, which empowers and requires me to consider only expenditure that is devolved to the Scottish Parliament. Expenditure by bodies such as the British Tourist Authority and the Royal Mail, for

example, would not easily sit in that category. The Public Finance and Accountability (Scotland) Act 2000, reinforced by the standing orders of the Parliament, provides for the Audit Committee to consider reports laid before Parliament relating to the accounts or reports laid by the Auditor General. Therefore, the act circumscribes what can be considered.

However, part of the way through the previous session of Parliament, orders were made that extended my powers to undertake what one might call value-for-money examinations in bodies that we do not audit. Again, that power operates within the devolved field so, for example, under section 23 of the 2000 act I have powers to undertake value-for-money studies in the university sector—that sector is given purely as an example, as I have no intention at the moment of undertaking such a study. I hope that that gives members an indication of the field within which we can easily operate.

We have an excellent working relationship with the National Audit Office in particular. It is not beyond the realms of possibility that we could do joint work at some stage if that were considered appropriate.

Susan Deacon: I pick up the point about competence. What is the role of the committee in relation to the impact of legislation on bodies for which the Parliament has some responsibility? Although this might not be the best example, the Disability Discrimination Act 1995 has considerable implications for a range of organisations for which the Scottish Executive has wider funding responsibilities. What would your role and the role of the committee be in that respect?

Mr Black: I hesitate to give a definitive answer because I do not wish to mislead the committee. However, the simple answer is clear—if something is not a devolved matter, it is the responsibility of the National Audit Office. As I remarked a moment ago, if concerns arose during the work of the Scottish Parliament about the impact of reserved matters in Scotland that merited an audit investigation, I am sure that Sir John Bourn would consider such matters carefully. I am sure that he would work with us to deliver whatever outcome would help the committee in its concerns.

Susan Deacon: I thank Mr Black for that clarification.

I would be interested to hear a view from previous committee members, clerks or the Auditor General about the volume of work. There is a list of previous, continuing and potential inquiries in the legacy paper. I am conscious that, in the first four years of the Parliament, everybody in every committee was getting to grips with what

was manageable. Should we be looking to achieve roughly the same programme of work this time round as in the first session?

The Convener: That is an interesting point. Before Margaret Jamieson speaks, members will be aware that the committee generally, although not exclusively, met fortnightly. It might be that that is how the new committee wishes to continue. That was the intention of all previous committees, but an appetite for work in the committees of which I was a member meant that fortnightly meetings became weekly. Not only the routine of the work, but the association with the Auditor General must be borne in mind. Perhaps Margaret Jamieson would explore those observations.

Margaret Jamieson: The work load of the previous Audit Committee was manageable. It did not put me under stress and I do not think that Rhona Brankin felt under stress when she joined the committee. That was totally different from my position on the Health and Community Care Committee, where I felt under pressure because that committee met every week. The manageability of the Audit Committee work load was partly down to the briefing that we received. If a report was to be considered by the committee, there was a very good private briefing by the Auditor General and his staff. The questions were concise and there was no scattergun approach to questioning. The questions were well focused on whichever area we covered and there was no need for members to repeat the questions that others had asked. Members were well disciplined. The longest we ever spent in session was until about half-past 5 and that happened only twice in four years. Self-discipline from the members on the committee worked well. We spent perhaps four sessions on questions for any report, followed by a further two meetings to pull the draft paper together. The work load was very manageable.

Mr Black: It is my perception that the way in which the committee ran its business was extremely effective. I agree with what Margaret Jamieson said about the manageability of the work load, not only from the point of view of the MSPs with whom we had a relationship and who understood what we expected of them, but from the point of view of the Audit Scotland staff.

Usually, after a report is published and laid before Parliament, there is an opportunity at the next meeting for the committee to receive a briefing on what is in that report. In private session, committee members can then take a view on which major issues require to be explored. If we meet on a Tuesday, the committee gives an indication of where it would like to go. We then take a few days to get the material together and pass it to the clerks so that it can be issued for the next meeting a fortnight later. That meeting starts

with a briefing and then the evidence is taken. The momentum of the work in the previous session was kept up, but the pace was manageable. That is reflected in Margaret Jamieson's comments about the manageability of the work.

Ultimately, as the legacy report reflects, the vast majority of the findings and recommendations of the Audit Committee were accepted by the Executive, which adds to the credibility and authority of the committee.

Rhona Brankin (Midlothian) (Lab): How do we intend to discuss future items for the committee? I am particularly interested in additional support needs. Given that legislation is coming up in the autumn, what is the intention for prioritisation?

The Convener: I was going to come to that matter later, but I do not mind touching on it now. Holding a half-day away would be the most useful way for us to gather our thoughts and to have a briefing about the parameters of how we might work. That would allow us to consider which topics we might proceed with.

In the meantime, we could start things off by continuing in the same vein as before. By that, I mean that we could consider reports that have been published but which the committee has not yet addressed. Two reports are obvious in that regard. One is the report by the Auditor General on individual learning accounts and the second is the joint report by the Auditor General, the Accounts Commission for Scotland and Her Majesty's Inspectorate of Education on special educational needs and the Standards in Scotland's Schools etc. Act 2000. If we have another meeting before the recess, we can decide whether to proceed with examination of those reports. We do not need to take that decision now, but we could discuss it at a future meeting. I will leave that with members for the moment.

The points that members have raised are worthy of further discussion. On the issue of reserved matters, we must consider the Public Accounts Committee at Westminster, which has its own view on its remit and parameters. We must always take into account that any broadening of our remit might invite that committee to think of broadening its remit. I am not particularly keen for that to happen so we must tread carefully in our relationship with that committee. That is not to say that we should not explore that issue. There might be times when we might usefully consider issues with the various institutions north and south of the border.

With regard to our work load, it is worth bearing in mind the fact that we do not have to deal with legislation or petitions. From my experience on other committees, I know that dealing with petitions tended to side-track members off the

committee's chosen agenda, although that is not to say that the petitions were not worth while. The fact that we do not deal with legislation or petitions means that we can plan what we want to do and that we are more in control of what we want to do, which is useful.

Margaret Jamieson: It was worth while for committee members in the latter stages of the session to meet their counterparts at Westminster and in other devolved Assemblies. It might be worth while to do that sooner this time, given that only two members from the previous committee remain. Such meetings might give members a better feel for the committee. Also, if the Public Accounts Committee at Westminster were examining the issues that Kenny MacAskill and Susan Deacon mentioned, such meetings might allow us to raise those issues with that committee. We do not yet have that level of information and we did not have it previously. We do not necessarily know what the Public Accounts Committee is considering. Our colleagues in Wales and—when they are elected in Northern Ireland—may have similar views. We should consider the matter.

11:30

The Convener: Margaret Jamieson has made a worthwhile suggestion and we should do what she suggests. Given the turnover of committee members, we should probably follow her suggestion sooner rather than later. We should take into account recesses elsewhere, which are not necessarily at the same time as our recess. I will ask the clerk to consider possibilities. The suggestion could be acted on.

I want to wrap up the discussion on the legacy paper. We should consider having an away day to discuss fully the matters in the paper and our work programme either in the week before the recess or immediately after the recess ends. If members have any strong views on that matter, they may express them; otherwise the clerk can contact members about it. Do members want to say anything about having an away day to concentrate on issues?

George Lyon: Would it be a half-day or a full day?

The Convener: We would need to see the programme, but I do not envisage an overnight stay. There could be a 10.30 start rather than a 9.30 start.

Margaret Jamieson: Where would it be?

George Lyon: I hope that it will be on the west coast.

The Convener: I foresee New Lanark being suggested.

Rhona Brankin: New Lanark is pleasant at this time of year.

The Convener: Perhaps it could be at the Crinan Hotel.

George Lyon: That is an excellent suggestion.

The Convener: If we had another meeting before the recess—it would most likely be next Tuesday—we could initiate work by asking the Auditor General to give us a briefing on the ILA report. We could then at least decide whether further action is required. Auditor General, could you give us a briefing on special educational needs, too, or is it too soon for such a briefing?

Mr Black: No—I would welcome doing so. The report has now been laid before the Parliament and is therefore available. It would seem entirely appropriate for the Audit Committee to give preliminary consideration to it.

The Convener: I welcome that suggestion. I was a member of the Education, Culture and Sport Committee that discussed the Education (Disability Strategies and Pupils' Records) Bill and noted the comments in respect of the report about the lack of information available to committee members. The matter is of particular interest for the broader Parliament. We will certainly be interested to hear what you say.

Do members agree that we should meet next Tuesday to hear a briefing on the two reports?

Margaret Jamieson: Will that be the pattern from now on?

The Convener: No. We would have a meeting then to fit it in before the recess.

Mr Black: Would it help to consider the forward work programme at that meeting, too, so that the committee can be updated on what is in the pipeline and flowing through the system?

The Convener: Yes. We have received copies of the programme, but it is worth talking through it and giving members the opportunity to ask questions about it.

Mr Black: I am happy with that suggestion.

The Convener: We could talk through the forward work programme and members might want to contribute.

Susan Deacon: On housekeeping issues, Margaret Jamieson asked about the pattern from now on. The meeting next week was mentioned. Has a decision still to be taken about the day and time at which the committee will meet? Will that matter be resolved or progressed at the away day? I ask purely for purposes of planning.

The Convener: A decision about how regularly we will meet to deal with our work load will be

down to us—we could decide at the away day—but when the committee meets is not entirely in our hands, as account must be taken of all the other committees. Do we have any idea about when we will know when we will meet?

Shelagh McKinlay: I think that the plan is that there will be an attempt to have a fully drawn-up schedule in place for after the summer, but so far there has not been enough time to work out a system to minimise or avoid clashes.

George Lyon: So the current slot is temporary.

Shelagh McKinlay: Yes. The committee used to meet on Tuesday afternoons, but I do not know whether it will continue to do so. We will have to wait and see.

George Lyon: I cannot attend on Tuesday afternoons.

The Convener: Will members say what committees they are members of for the *Official Report*?

George Lyon: I am a business manager, so I have Parliamentary Bureau work on Tuesday afternoons, which rules out Tuesday afternoons.

Mr MacAskill: The Audit Committee is the only committee of which I am a member.

Susan Deacon: I am a member of the Enterprise and Culture Committee.

Rhona Brankin: I am on the Education Committee.

Margaret Jamieson: I am a member of the Audit Committee only, but I am a junior whip and sometimes have to deputise at the bureau.

The Convener: Fine. Do members want to make any other points about housekeeping before the meeting closes?

George Lyon: Will we meet at 10 o'clock or 11 o'clock next Tuesday?

The Convener: There is flexibility. The original aim was to have today's meeting at 10 o'clock, but we tried to accommodate Robin Harper and moved it to 11 o'clock. That did not work out in the end but, rather than changing the start time back to 10 o'clock, we kept it to 11 o'clock. Does when the meeting begins make a difference to you?

George Lyon: I would prefer the meeting to start at 10 o'clock next Tuesday, if that is possible.

Margaret Jamieson: You will just have to come on Monday night.

The Convener: We will advise you.

As members have no other points to make, I thank them for their time.

Meeting closed at 11:36.

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