

National Archives of Scotland Audit Committee Meeting
Thursday 20 April 2006, 10:00am
Lord Clerk Register's Room, General Register House

Present: Alison Chisholm (Chair, ROS)
George MacKenzie (NAS), Dave Brownlee(NAS),
Solveig Daloya (*PricewaterhouseCoopers*),
Stephen Bruce (LPS: CPS),
Sandra Stewart (FCS: FEP),
Derek Glover (FCS: ASU), Michael Healy (FCS: ASU),
and Morag Fyfe (Secretary, NAS).

Apologies: Jim Grady (NAS), Alistair May (FCS: ASU), Nicola Fisher (FCS: FEP), Cameron Revie (*PricewaterhouseCoopers*).

1. Minutes of last meeting and matters arising

The minutes were approved and there were no matters arising.

2. Internal Audit Oral Update

Alistair May provided an oral update to the meeting. Internal audit have issued a draft report to Management on Resources and Budgeting and also on Corporate Governance, following completed field work last year. The field work on the review of Private Records is now being finalised. The recommendations from the 2003-04 period have now all been fully actioned by NAS. There will be recommendations to be followed up for the 2004-05 period. There were three reviews in this period (ICT, Performance Indicators, Governance), and from this 3 recommendations have been implemented, 1 partially implemented and there are 2 still to be implemented. The Audit plan for 2006-07 will be presented to the next meeting, after a draft has been circulated to NAS management. Alistair also clarified that Internal and External Audit try as far as possible to avoid duplication of field work and that Internal Audit are planning to meet with the new external auditors when they begin work.

3. External Audit

3.1 Follow Up Report (*paper circulated*)

Solveig Daloya presented the paper, which follows up on progress against the External Audit recommendations for 2004/05. The report shows that 26 of the 45 recommendations have been fully implemented, with 9 not yet implemented and 4 with a deadline for implementation that has not yet passed. The following specific points were discussed:

- 2.02 and 2.05(budgeting) have been outstanding for some time. Dave Brownlee responded that the budget is closely monitored centrally within Finance and Admin Branch, however he accepts that Branch Heads should sign off their own budget each month, to show that they have checked it and to explain any variances.
- 2.04 – there has been a submission to Ministers regarding the ScotlandsPeople fee structure and Statutory Instruments will be produced in good time for the centre opening in 2007-08.
- 3.02 – it was noted that the SLA with Internal Audit was signed off at the July 2005 Audit Committee meeting.
- 3.03 – revaluation [of land and buildings], Derek Glover noted that any formal re-valuation cannot be done while work is still being undertaken on

the building as it would need to be redone once the work is complete. There is currently around a 6 month delay to the completion of the building work at GRH.

- 3.08 – Sandra Stewart expressed concern that this would duplicate work being undertaken by SE Finance group to reconcile all of the SE payroll. She was assured that this is just a ‘reasonableness’ test to ensure that staff appearing on the payroll are NAS staff being paid at the correct grade
- 3.09 – the NAS does not yet know who their new HR business partner is. Once this information is available the SLA may be considered for review.

3.2 Interim Management Report (*paper circulated*)

Solveig Daloya presented the paper. There were three key findings, two of which revolved around the budget setting process (2.06 & 2.08). NAS agreed that their budget setting process should start earlier so that the budget is finalised before the start of the new financial year, in line with the core Scottish Executive, although this may be difficult to achieve as March is a traditionally busy month for Finance and Admin Branch. NAS also agreed that there is a need for greater awareness of financial processes among staff, but that formal training on finance and budgets was excessive given what most Branch Heads in NAS are required to do on this subject. Derek Glover pointed out that GROS had run an in-house seminar for branch and section heads on finance and budgeting issues. It was agreed that NAS would obtain a copy of this with a view to tailoring it to provide a similar presentation to staff. The third key finding concerns the capital spend reports for the Scottish Family History Project (2.09), and NAS have accepted the need to improve the quality of financial projections and will be working to do this in the future.

4. Audit Committee Competency Framework (*paper circulated*)

The points covered in the paper were discussed and it was agreed that the NAS Audit Committee broadly covers the points in Annex 4, but does not find Annex 5 to be as helpful. The committee does work effectively and is both robust and challenging. The paper forms a useful reminder of points that need to be looked at and it was agreed to revisit the framework on a bi-annual basis.

5. Risk Register

NAS are currently in a new cycle of updating the risk registers. They have been circulated to Branch Heads for comment and an updated version will be presented to the next Audit Committee.

6. Any Other Business

None.

7. Date of next meeting

Morag Fyfe will canvas members for a date in late August 2006.