

## **Note of NAS Audit Committee Meeting 24 August 2010**

**Present:** Frank Manson (chair); Michael Moss; Darryl Mead; Gary Devlin (Grant Thornton); Pearl Marshall, (SG Internal Audit); Alison Douglas (SG Accountancy Services); George MacKenzie, Dave Brownlee, Jim Grady (NAS).

**Apologies:** Jenny Cutts, Secretary

**1. Minutes of the meeting on 12 May** which had already been circulated, were agreed.

### **2. External Audit**

2.1 Gary Devlin introduced the Key Issues Memorandum (KIM), which had been drawn up following the main 2009-10 audit. This indicated that the accounts were unqualified, but that improvements in procedures were required. There had been a significant underspend over the 09-10 financial year. Grant Thornton were happy to arrange a workshop towards the end of the year, at which NAS accounts staff, SG\_ASU and the auditors could meet to discuss mutual requirements for future end of year audits.

2.2 Under governance, the KIM noted the governance structures in place were adequate, and that audit reports had been responded to and learned from.

2.3 Frank Manson asked NAS to comment on the problems highlighted in Section 3.1. of the report. George MacKenzie accepted that posting errors had been made. It was also noted that information had been reported late to the Management Board and the overall financial position was less tight than had been anticipated during the course of the year. In response to a question from Darryl Meade, Jim Grady said that the SEAS system used in NAS did not allow financial modelling. Dave Brownlee pointed out that the key difference over the year resulting in the underspend was the higher than expected income levels. Expenditure on the other hand, had been very close to what was predicted. Dave further accepted that the transfer of £200k from GROS at Autumn Budget Revision had been unnecessary and over-cautious. At the time however, a key priority had been to ensure that NAS did not exceed their spending limit.

2.4 Performance indicators for 2011-12 were also discussed and it was noted that these needed to be more strategic.

Frank Manson summarised the main issues from the KIM as:

- First, the need to improve mechanical performance on the accounts, as the key to good reporting;
- Second, the need to complete the NAS strategic review as soon as possible, showing the shape of the organisation for 2011-12 onwards, and publish it;
- Third, review responsibilities in the organisation from the Management Board downwards, including for risk.

2.5 It was agreed the strategic review document would be completed by the next Management Board. The need for clearer identification of trends, particularly in income levels, was also noted.

### **3. Internal Audit**

3.1 Pearl Marshall noted that the proposed Internal Audit Review of the ScotlandsPeople Service would now be held over until 2010-11. The follow-up reports on the previous year's audits of Accommodation Services and Reader Services concluded that all recommendations had now been implemented. The 2009-10 internal audit report on governance contained 13 recommendations, all of which had been accepted by NAS management. The report was accepted by the committee.

### **4. NAS Risk Register**

4.1 Dave Brownlee noted that this was still a work in progress, and needed to be updated as part of the strategic review. It was agreed to present a draft of the revised register to the next Management Board meeting.

### **5. Credit Card Fraud**

5.1 The report was noted and accepted after discussion.

### **6. Any Other Business**

6.1 The 2009-10 accounts were approved.

### **7. Date of Next Meeting**

7.1 It was agreed to hold the next Management Board in October, with the Audit Committee to follow. (Note: date of Management Board was later altered to December, and Audit Committee to follow the 10-11 interim report).