

National Archives of Scotland Audit Committee Meeting
Thursday 12 October 2006, 10:00am
Robertson Wing Meeting Room, General Register House

Present: Alison Chisholm (Chair, ROS)
George MacKenzie (NAS), Dave Brownlee (NAS), Jim Grady (NAS)
Solveig Daloya (*PricewaterhouseCoopers*), Lindsey Paterson
(*PricewaterhouseCoopers*)
Michael Healy (FCS: ASU),
and Jenny Cutts (Secretary, NAS).

Apologies: Stephen Bruce (LPS: CPS), Sandra Stewart (FCS: FEP), Derek Glover
(FCS: ASU), 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

2.1 Report on Activities 2005/06 (paper circulated)

Michael Healy presented the Report on Activities 2005/06. Overall substantial assurance was given for NAS for 2005/06 consisting of substantial assurance for the audits of Resource Accounting and Budgeting and Review of Governance Arrangements. Limited assurance was given for the Review of Private Records Branch. It was noted that work is in hand regarding the two areas of concern in this respect: collections policy and confirmation of ownership of major private collections. The two recommendations which had not been implemented at the time of the audit have now been dealt with.

2.2 Internal Audit Plan 2006/07 (paper circulated)

The Internal Audit Plan 2006/07 was presented by Michael Healy for comment. It was noted that the Review of the Scottish Family History Project must be done in conjunction with GROS and Court of the Lord Lyon and also that the project is gateway reviewed. It was agreed that this could include looking at lessons learned from the Peter Walker Group Ltd relationship. The proposed audit was agreed with the addition of the Registers Archive Conversion project.

2.3 Michael Healy also reported that Audit Services became a stand alone unit on 1 October 2006 with Alistair May as interim head. The same personnel will continue to deal with NAS.

3. External Audit

3.1 NAS Annual Report 2005/06 (paper circulated)

Lindsey Paterson presented the paper. NAS has achieved the objective of ensuring that operating expenditure in 05/06 does not exceed the budget approved by the Scottish Ministers, disclosing an underspend of £80,000. It was noted that overspends in the utilities and salaries subheads have been commonly found across comparable organisations. The following specific points were discussed:

[2.4] The spend on paying casual staff to fill sick leave vacancies remains high and NAS management continue to address this issue as a high priority.

[3.5] Work is underway to appoint a new main contractor following Peter Walker Group Ltd going into receivership. It was also noted that the Risk Register had been very useful in dealing with this eventuality and invoking contingency measures as required.

[4.1] PricewaterhouseCoopers confirmed that the one week's delay in commencing their audit of NAS had been agreed and the audit process had proceeded according to plan.

[4.4] It was agreed that the figure of £160,000 revenue expenditure transferred to capital quoted in section 4.4 on Audit Adjustments should be corrected to £130,000.

[5.1] The need to maintain a cheque log as evidence of receipt was agreed.

[6.5] It was noted that Local Risk Registers had been submitted and comments have been prepared. The auditors view the fact that staff are encouraged to participate in identifying risks very positively.

[7.3] The key action points, where further actions remained, as outlined in section 7.3 have now been implemented.

[7.8] Assurance has been taken from the internal audit.

The Action Plan set out in Appendix 1 was agreed.

3.2 It was noted that NAS has commissioned the revaluation of General Register House. PricewaterhouseCoopers stressed that it is not normal to undertake a full revaluation until the major refurbishment is completed.

3.3. It was noted that NAS accounts will be signed off as soon as possible dependent upon the availability of Derek Glover.

3.4. As this would be PricewaterhouseCoopers' last audit of NAS under their current contract, thanks were expressed for their work and assistance to us, especially to Solveig Daloya and Lindsey Paterson.

4. Future structure of Audit Committee (*paper circulated*)

Advice from Scottish Executive Finance Division to include non-executive/independent external members on departmental Audit Committees was considered. This issue will be taken up with the NAS Management Board.

5. Risk Register (*paper circulated*)

The NAS Risk Register was presented with specific reference to those risks with high impact and high likelihood:

[1] NAS has reduced the amount of records taken in and increased the number of records weeded from acquisitions. This has eased the pressure on storage space and we now expect full capacity to be reached around 2014/2015 (see 4. below).

[2.1] The RAC project has been delayed due to technical difficulties in implementing the online search tool. The legal searchers are not yet confident in using the online facility and the manual indexes are required to be physically accessible when the legal searchers move to the Robertson Wing. It was noted that the quality of the scanned abridgements is very high and images of the microfiche will be accessible online soon.

[4] It was noted that NAS now estimates that it will be 7-10 years before Thomas Thomson House and other storage space is full and further records storage will be required. The Business Case for TTH2 will be submitted in 2007 spending review and partnership storage solutions will also be considered.

[9] The risk of budgetary provision insufficient to meet plans and objectives continues to be high.

[17] It was reiterated that it would be useful to consult with other organisations on practices to deal with sickness absence.

6. Any Other Business

None.

7. Date of next meeting

It was provisionally agreed that the next meeting should occur in February/March 2007 dependent consultation with the succeeding external auditors RSM Robson Rhodes.