

## ADVISORY AUDIT BOARD REPORT TO THE SCOTTISH PARLIAMENTARY CORPORATE BODY 2011/12

### Executive summary

1. This paper reports the work of the Advisory Audit Board (AAB) in the past year and, following the AAB meeting held on 19 September 2012, invites the SPCB to note the work of the AAB in 2011/12 and the assurances offered from that work.

### Issues

#### A. Advisory Audit Board 19 September 2012

2. The objective of the AAB is to provide advice to the Principal Accountable Officer (Clerk/Chief Executive) and the SPCB on the quality of corporate governance and the audit process for the organisation. This is principally achieved by:
  - reviewing, in detail, the annual accounts and recommending these to the SPCB for sign-off;
  - considering reports by the external auditors (Audit Scotland) on the accounts;
  - commenting on and, where necessary, informing the internal audit approach; and
  - making recommendations, where appropriate, on the quality of internal controls.
3. In particular, the AAB advises the Principal Accountable Officer on whether, and on what basis, he can sign the Annual Accounts and Governance Statement therein.
4. At its meeting on 19 September 2012, the AAB considered the 2011/12 annual accounts prepared and presented by the SPCB's Finance Office. The AAB noted that not all formal assurances had been received from all officeholders who are accountable officers in their own right. It was advised that these assurances were being progressed and would be provided following the completion of the audit of each officeholder's accounts. Following detailed discussions, the AAB approved the accounts and recommended that the Principal Accountable Officer sign the 2011/12 accounts and governance statement.
5. The AAB considered Audit Scotland's 'Report to Those Charged with Governance' on the 2011/12 audit. Audit Scotland confirmed that no material weaknesses in the accounting and internal control systems were identified during the audit and as a result they anticipate, subject to formal assurances by way of a letter of representation, issuing an unqualified auditor's report.

6. The SPCB's Head of Internal Audit reported conclusions from work performed for 2011/12 to the AAB. The AAB approved the internal audit plan at its first meeting in 2011/12 and had considered a number of internal audit reports at each meeting during the year. The Head of Internal Audit reported that, based on work carried out during the year, the SPCB had appropriate controls over the systems examined, these were operating effectively, and a strong level of assurance could be taken from the areas reviewed, subject to the implementation of agreed recommendations.
7. The AAB recommends that the SPCB formally approve the 2011/12 Annual Accounts and that the Principal Accountable Officer sign the accounts and governance statement and send these to the Auditor General for Scotland following conclusion of formal assurances via the letter of representation.
8. **The SPCB is invited to approve the 2011/12 Annual Accounts, noting the considerations of the AAB in respect of the accounts, the positive conclusion of the work of Audit Scotland and the strong level of assurance received from the Head of Internal Audit.**

#### B. Internal Audit Review on the Reimbursement of Members' Expenses

9. On 19 September 2012 the AAB considered routine internal audit reports on the reimbursement of Members' expenses and local offices. Both reports provide strong assurance and concluded that systems are robust and internal controls are operating as expected. Minor recommendations designed to enhance controls were made and the AAB is satisfied that the actions being proposed by SPCB officials sufficiently mitigate the minor risks identified by internal audit.

#### Resource Implications

10. There are no resource implications connected to this paper.

#### Governance issues

11. All governance issues have been considered for this paper. The work of the AAB forms a key part of the overall governance arrangements for the SPCB and this paper reports how it has carried out that duty.

#### Publication Scheme

12. This paper may be published in line with the SPCB's Publication Scheme.

#### Next steps

13. Subject to the SPCB accepting the recommendation of the AAB to approve the annual accounts, they will be signed by the Principal Accountable Officer and sent to the Auditor General for certification

## **Decision**

14. The SPCB is invited to note the work of the AAB, the range of assurances it has received and considered and accept its recommendation to approve the annual accounts for 2011/12

Internal Audit  
October 2012