

**This is Document “Schedule 5 Part 5” referred to in this Contract**

**SCOTTISH MINISTERS’ REQUIREMENTS**

**SCHEDULE 5 PART 5**

**AUDITS BY THE PERFORMANCE AUDIT GROUP**

**CONTENTS**

|  | <b>Page No</b> |
|--|----------------|
| <b>1</b>                                     | <b>1</b>       |
| <b>AUDITS BY THE PERFORMANCE AUDIT GROUP</b> |                |
| 1.1 Introduction                             | 1              |
| 1.2 Arrangement and Conduct                  | 1              |

***This page is blank***

## **SCOTTISH MINISTERS' REQUIREMENTS**

### **SCHEDULE 5 PART 5**

#### **AUDITS BY THE PERFORMANCE AUDIT GROUP**

## **1 AUDITS BY THE PERFORMANCE AUDIT GROUP**

### **1.1 Introduction**

1.1.1 This Contract provides for the performance of the Operating Company under this Contract to be audited by the Performance Audit Group.

Subject to the other provisions of this Contract the Operating Company shall allow the Performance Audit Group to have unrestricted access at all times to all Operating Company's

- (i) Central Office
- (ii) Offices and the like
- (iii) depots and the like
- (iv) places where
  - (a) work shall be being prepared or executed or
  - (b) documents and records shall be stored

in connection with any part of the Operations including but not limited to unrestricted access to all personnel documentation and records involved in or in connection with the Operations.

The Operating Company shall afford every facility and every assistance in and in obtaining the right to such access for the Performance Audit Group.

1.1.2 This Part 5 of this Schedule 5 addresses both programmed and announced audits.

The Director and the Performance Audit Group shall have the right to and shall undertake unannounced audits generally as referred to in paragraphs 1.2.1 to 1.2.9 inclusive of this Part 5 of this Schedule 5 excluding only the specific references to prior notification to the Operating Company that the audit shall be intended to be carried out.

1.1.3 This Part 5 of this Schedule 5 does not apply to other audits including but not limited to remote audits of the Road Maintenance and Management System.

### **1.2 Arrangement and Conduct**

1.2.1 In so far as it shall require action by the Operating Company the arrangement and conduct for programmed audits by the Performance Audit Group shall be as follows

- (i) during the Mobilisation Period the Operating Company shall notify in writing to the Performance Audit Group
  - (a) the names and
  - (b) the contact details

of the persons whom the Performance Audit Group shall contact for arranging audits

- (ii) the Performance Audit Group shall contact the relevant person to arrange audits at least 10 Working Days before the proposed date for an audit.

The Performance Audit Group shall notify the Operating Company of the

- (a) date
- (b) time and
- (c) location

of the audit and the name of the Performance Audit Group principal contact person for the audit

- (iii) the Operating Company shall ensure that it shall be available to afford every facility and every assistance in and in obtaining the right to unrestricted access for the Performance Audit Group and shall make available all necessary resources to allow the Performance Audit Group to carry out and complete the audits
- (iv) at least 5 Working Days before the date notified for the audit as referred to in paragraph 1.2.1(ii) of this Part 5 of this Schedule 5 the Performance Audit Group shall write to the Operating Company confirming
  - (a) the date time and programme for the audit
  - (b) the location of the audit
  - (c) the activities topics or records to be audited
  - (d) the topics for which documented procedures shall be made available for review by the Performance Audit Group
  - (e) the names of the Performance Audit Group audit staff and the name of a contact person for the audit
- (v) immediately on receipt of the audit details the Operating Company shall contact the Performance Audit Group if it does not understand any matter in relation to the audit.

- 1.2.2 The Operating Company shall arrange for all requested records and other relevant and appropriate records to be available at the location of the audit and shall provide suitable working areas and facilities for the auditors.

If requested by the auditors the Operating Company shall provide photocopies or Electronic Copies of selected records.

This facility shall apply particularly but shall not be limited to records in support of charges that shall or may be included in invoices and statements for payments.

- 1.2.3 A brief entry meeting shall be held immediately before the audit between the Operating Company and the Performance Audit Group.

A senior representative of the Operating Company shall attend this meeting together with those staff who have direct responsibility for the records and activities that shall be audited.

The purpose of the meeting shall be to ensure that the Operating Company's staff shall be aware of the purpose of the audit and that the required records shall be available.

1.2.4 Performance Audit Group staff shall not discuss contractual issues with the Operating Company during the audit but may take notes or request copies of documents to enable them to bring issues to the attention of the Director.

1.2.5 It shall not generally be necessary for a member of the Operating Company's staff to be present throughout the audit.

Operating Company staff shall however be readily available to deal with any questions that the Performance Audit Group may have and shall when requested initial the auditor's checklist or audit notes alongside points of fact recorded by the auditor to confirm the accuracy of the record and shall subsequently assist in any relevant discussions at the exit meeting described in paragraph 1.2.6 of this Part 5 of this Schedule 5.

1.2.6 An exit meeting shall be held at the end of the audit between the Operating Company and the Performance Audit Group.

A senior representative of the Operating Company shall attend the exit meeting with a representative from each of the

- (i) offices
- (ii) departments and
- (iii) sections

of the Operating Company that were the subject of the audit.

The Performance Audit Group shall inform the Operating Company of

- (iv) any matters arising from the audit and
- (v) any records that have not been made available for inspection as part of the audit.

1.2.7 Any findings that the Performance Audit Group has identified shall be explained to the Operating Company and the Operating Company shall be invited to sign the relevant forms in acknowledgement that it understands the issues raised by the Performance Audit Group.

Whenever possible the

- (i) timescales
- (ii) corrections and
- (iii) corrective actions

required to address the audit findings shall be agreed between the Operating Company and the Performance Audit Group.

Subject to the other provisions of this Contract the proposed timescales to close out the corrections shall be no later than 10 Working Days after the finding is identified.

The Operating Company shall have an opportunity to record at the exit meeting any comments that it may have regarding the manner in which the audit has been conducted.

- 1.2.8 Where there shall be no agreement as referred to in paragraph 1.2.7 of this Part 5 of this Schedule 5 within 3 Working Days after the completion of the audit the Operating Company shall return the forms to the Performance Audit Group showing
- (i) the actions taken or to be taken to rectify non-conformances close out the corrections and
  - (ii) subject to the other provisions of this Contract the proposed actions and timescales which shall be no later than 10 Working Days after the finding is identified to close out the corrections.
- 1.2.9 The Performance Audit Group shall within 5 Working Days after the completion of the audit issue a report to the Operating Company with a copy to the Director.