

The Accounts Commission for Scotland

Agenda

Meeting on Thursday 18 October 2012,
in the offices of Audit Scotland, 18 George Street, Edinburgh

The meeting will begin at 10:00 am

1. **Apologies for absence**
2. **Declarations of interest**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 11 and 12 in private.
4. **Minute of meeting of 13 September 2012**
5. **Minutes of meeting of the Performance Audit Committee of 6 September 2012**
6. **Minutes of meeting of the Financial Audit and Assurance Committee of 20 September 2012**
7. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
8. **Update report by the Controller of Audit:** The Commission will consider a report from the Controller of Audit on significant recent activity in relation to the audit of local government.
9. **Improving how the Commission manages its business:** The Commission will consider a report by the Secretary and Business Manager.
10. **Any other business**

The following items are proposed to be considered in private:

11. **Performance audit: Health inequalities in Scotland:** The Commission will consider a draft report.
12. **An overview of Best Value in Scottish police authorities and police forces:** The Commission will consider a draft report.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of the meeting of the Commission of 13 September 2012	AC.2012.8.1
Agenda Item 5: Minutes of the meeting of the Performance Audit Committee of 6 September 2012	AC.2012.8.2
Agenda Item 6: Minutes of the meeting of the Financial Audit and Assurance Committee of 20 September 2012	AC.2012.8.3
Agenda Item 8: Update report by the Controller of Audit	AC.2012.8.4
Agenda Item 9: Report by report by the Secretary and Business Manager	AC.2012.8.5
Agenda Item 11: Report by the Director of Performance Audit	AC.2012.8.6
Agenda Item 12: Report by the Director of Best Value and Scrutiny Improvement	AC.2012.8.7

ACCOUNTS COMMISSION

MEETING 18 OCTOBER 2012

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 13 September 2012, at 10am

PRESENT: John Baillie (Chair)
Michael Ash
Alan Campbell
Sandy Cumming
Colin Duncan
Jim King
Christine May
Bill McQueen
Colin Peebles
Graham Sharp
Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Barbara Hurst, Director of Performance Audit
Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVSI)
Paul Reilly, Secretary and Business Manager
Ronnie Nicol, Assistant Director, Performance Audit Group (PAG)
Martin Walker, Assistant Director, BVSI, [Items 7 and 8]
Kathrine Sibbald, Project Manager, BVSI [Items 7 and 8]
Angela Canning, Assistant Director, PAG [Item 9]
Russell Frith, Assistant Auditor General [Item 10]
Antony Clark, Assistant Director, BVSI [Item 11]
Lesley McGiffen, Portfolio Manager, BVSI [Item 12]
Miranda Alcock, Portfolio Manager, PAG [Item 13]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 23 August 2012
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Statutory report: Strathclyde Fire and Rescue Joint Board – retirement and re-employment of the Chief Fire Officer
8.	Statutory report: Strathclyde Fire and Rescue Joint Board – retirement and re-employment of the Chief Fire Officer
9.	Accounts Commission Single Equality Scheme – draft progress report for the year to 31 March 2012
10.	Audit Scotland Budget 2013/14 and audit charges 2012/13
11.	Community Planning Partnership audit - update
12.	How Councils Work 4: Performance management and improvement
13.	Performance audit: Reducing reoffending
14.	Accounts Commission annual report
15.	Accounts Commission strategy and annual plan
16.	Any other business

1. Apologies for absence

Apologies for absence were received from Linda Pollock.

2. Declarations of interest

Colin Duncan declared an interest in item 13: Performance audit: Reducing reoffending, as a family member is employed in criminal justice services.

3. Decisions on taking business in private

It was proposed that items 8-15 should be taken in private as they include draft reports and confidential issues.

4. Minutes of meeting of 23 August 2012

The minutes of the meeting of 23 August 2012 were submitted and approved.

5. Chair's introduction

The Chair reported that—

- On 30 August, he chaired the Commission's regular meeting with strategic scrutiny bodies, at which Bill McQueen was also present.
- On 6 September, he undertook a podcast in relation to the Commission's report on Fife Constabulary, which was published on 13 September.

- On 11 September, he and Graham Sharp met with representatives of Dumfries and Galloway Police Authority and Force to discuss the joint Best Value Audit and Inspection, which was published on 28 June.
- On 12 September, he, Douglas Sinclair and Colin Peebles met with representatives of Strathclyde Police Authority and Force, to discuss the progress report which the Commission considered at its last meeting. The draft findings would be published on 20 September.

6. Update report by the Controller of Audit

The Commission considered a report by the Controller of Audit providing an update on significant recent activity in relation to the audit of local government.

During discussion the Commission:

- Noted that the new Chief Executive of Shetland Islands Council had previously been employed by Kennett District Council.
- Noted advice from the Assistant Auditor General that he would undertake a briefing on welfare reform at the October meeting of the Commission.

Action: Assistant Auditor General

- Agreed that Kenneth Hogg, soon to be Director of Local Government and Communities in the Scottish Government, be invited to a future meeting of the Commission.

Action: Secretary and Business Manager

Thereafter the Commission agreed to note the report.

7. Statutory report: Strathclyde Fire and Rescue joint board retirement and re-employment of the Chief Fire Officer

The Commission considered a paper by the Secretary and Business Manager introducing the Controller of Audit's statutory report on Strathclyde Fire and Rescue Joint Board in relation to the retirement and re-employment of the Chief Fire Officer.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit on a number of points in the report.

Following discussion, the Commission agreed to note the report and to consider in private its findings.

8. Statutory report: Strathclyde Fire and Rescue joint board retirement and re-employment of the Chief Fire Officer [in private]

The Commission agreed that this item be held in private to allow it to consider actions in relation to its findings.

Following discussion, the Commission agreed to make findings as contained in the report to be published in due course.

9. Accounts Commission Single Equality Scheme – draft progress report for the year to 31 March 2012 [in private]

The Commission agreed that this item be held in private to allow it to consider revisions to a draft report.

The Commission considered a report by the Chair of Audit Scotland Diversity and Equality Steering Group seeking consideration and approval of its draft annual report on progress with its Single Equality Scheme.

Following discussion the Commission:

- Approved the draft annual report on its Single Equality Scheme.
- Agreed to have a future briefing on the general and specific duties in the Single Equality Act.

Action: Chair of Audit Scotland Diversity and Equality Steering Group

- Agreed that members notify the Secretary and Business Manager of their interest in working with the Equality and Diversity Steering Group in the development of equality outcomes.
- Commended the Audit Scotland Diversity and Equality Steering Group on its work on its behalf.

10. Audit Scotland Budget 2013/14 and audit charges 2012/13 [in private]

The Commission agreed that this item be held in private to allow it to consider confidential budget issues.

The Commission considered a report by the Assistant Auditor General providing a briefing on Audit Scotland's budget for the financial year 2013/14 and seeking agreement to the proposed audit charges for the 2012/13 audits.

During discussion the Commission:

- Approved the charging proposals for 2012/13 audits.
- Noted the provisional proposals for the following audit years.
- Agreed that the Assistant Auditor General consider how to engage with CIPFA Directors of Finance section in relation to this year's and future year's charging proposals.

Action: Assistant Auditor General

11. Community Planning Partnership audit – update [in private]

The Commission agreed that this item be held in private to allow it to consider issues arising from ongoing discussions with stakeholders.

The Commission considered a report by the Director of Best Value and Scrutiny Improvement providing an update on progress with designing and testing the Accounts Commission's Community Planning Partnership audit framework.

During discussion the Commission noted that:

- All audits would include consideration of the role of the CPPs in the health and social care agenda.
- Make-up of quality and consistency review panels would be considered as part of the review of the audits at the end of the process.

Thereafter the Commission noted the report.

12. How Councils Work 4: Performance audit – update [in private]

The Commission agreed that this item be held in private to allow it to consider revisions to a draft report.

The Commission considered a report by the Director of BVSJ seeking approval of the draft of the fourth report in the 'How Councils Work' series.

During discussion the Commission:

- Agreed that the marketing of the report –such as in the press release – emphasise the importance of the report to councillors and to those involved in the strategic delivery of services.
- Agreed further to this end that a letter be issued to chief executives and directors of finance.
- Agreed that the report be promoted internally to local audit teams to feature in their dialogue with councils.

Action: Director of BVSJ

Thereafter the Commission agreed to approve the draft report and proposed publication arrangements set out in the Director's report.

13. Performance audit report – Reducing reoffending in Scotland [in private]

The Commission agreed that this item be held in private to allow it to consider revisions to a draft report.

The Commission considered a report by the Director of Performance Audit seeking approval of the draft joint report and proposed revised approach for the key messages on *Reducing reoffending in Scotland*, prepared on behalf of the Accounts Commission and the Auditor General for Scotland.

During discussion the Commission:

- Agreed that the report be launched on 7 November, to coincide with a conference on promoting integration to be held on that day.
- Noted that the Chair and Deputy Chair had a meeting to be scheduled in October with the new leadership group of COSLA and at this they would raise the report.

Thereafter the Commission approved the draft report and the associated publication arrangements, subject to consideration being given to a number of points raised in discussion and to further consultation with performance audit sponsors, Bill McQueen and Colin Peebles.

Action: Director of Performance Audit

14. Accounts Commission annual report [in private]

The Commission agreed that this item be held in private to allow it to consider revisions to a draft report.

The Commission considered a report by the Secretary and Business Manager proposing the Commission's draft annual report for 2012.

During discussion, the Commission noted advice from the Chair that the Auditor General and the management team of Audit Scotland had been consulted on the draft annual report. He further advised that the annual report would also be shared with the Board of Audit Scotland for its information.

Following discussion the Commission agreed to approve the draft annual report and the associated publication arrangements, subject to consideration being given to a number of points raised in discussion.

Action: Secretary and Business Manager

15. Accounts Commission strategy and action plan [in private]

The Commission agreed that this item be held in private to allow it to consider revisions to a draft report.

The Commission considered a report by the Secretary and Business Manager proposing the Commission's draft three-year strategy and annual plan.

During discussion, the Commission noted advice from the Chair that the Auditor General and the management team of Audit Scotland had been consulted on the draft strategy and action plan. He further advised that the draft strategy and action plan would also be shared with the Board of Audit Scotland for comment.

Following discussion the Commission agreed:

- To approve the draft strategy and annual plan, subject to consideration being given to a number of points raised in discussion.
- To approve the proposed arrangements for future monitoring and reporting of the strategy and its action plan.
- That publication of the draft strategy and annual plan take place during October or early November 2012.

Action: Secretary and Business Manager

16. Any other business

There was no other business.

ACCOUNTS COMMISSION

MEETING 18 OCTOBER 2012

DRAFT MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 6 SEPTEMBER 2012

Draft minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 6 September 2012, at 10.30am.

PRESENT: Douglas Sinclair (Chair)
Mike Ash
John Baillie
Alan Campbell
Christine May
Colin Peebles

IN ATTENDANCE: Paul Reilly, Secretary and Business Manager
Barbara Hurst, Director, Performance Audit
Ronnie Nicol, Assistant Director, Performance Audit Group (PAG) [Item 4]
Mark Roberts, Portfolio Manager, PAG [Item 6]
Cathy MacGregor, Project Manager, PAG [Item 6]
Dick Gill, Portfolio Manager, PAG [Item 7]
Angela Canning, Assistant Director, PAG [Item 8]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 5 July 2012
4.	Update report on performance audit programme and Best Value and Scrutiny Improvement work
5.	Targeted follow-up of national performance audits
6.	Performance audit – emerging messages: protecting consumers
7.	Performance audit – impact report: cost of public sector pensions
8.	Performance audit – impact report: community health partnerships
9.	Any other business

1. Apologies for absence

Apologies for absence were received from Jim King.

2. Declarations of interest

The following declarations of interest were made:

- Douglas Sinclair, in item 6 (Performance audit – emerging messages: protecting consumers) as Chair of Consumer Focus Scotland.
- Mike Ash, in item 8 (Performance audit – impact report: community health partnerships) as a member of NHS Lothian Board.

3. Minutes of meeting of 5 July 2012

The minutes of the meeting of 5 July were submitted and approved, subject to, in relation to item 6 (Developing the rolling performance audit programme), advice from Douglas Sinclair being noted that the Accounts Commission had considered the paper at its meeting on 23 August 2012.

4. Update report on performance audit programme and Best Value and Scrutiny Improvement work

The Committee considered a joint report by the Directors of Performance Audit and Best Value and Scrutiny Improvement providing an update on progress of performance audits; the *How Councils Work* series and impact reports, together with information on development work to support the performance audit rolling programme.

During discussion, the Committee agreed:

- To note advice from John Baillie that the criteria used by the Commission in selecting performance audit work – and in the timing of reports - would be worthy of discussion in the context of the Commission's strategy, which it was to consider at its meeting on 13 September 2012.
- That such discussion take place at a future meeting as well as informally amongst Committee members.

*Action: Secretary and Business Manager
and Director of Performance Audit*

- To note that initial discussions with regard to planned and desired impact of reports is part of the role of sponsors, and to be in conjunction with the Auditor General as appropriate (in the case of joint reports).
- That more consistency in use of language (such as 'Best Value' and 'value for money') and more prevalent use of plain language be considered by the Director.

Action: Director of Performance Audit

- That the Director report back on how to improve the marketing of joint reports with the Auditor General.

Action: Director of Performance Audit

- Further in this regard, that thought be given to how we engage with COSLA in relation to the impact of reports.

Action: Director of Performance Audit

Thereafter the Committee noted the report..

5. Targeted follow-up of national performance audits

The Committee considered a report by the Director of Performance Audit providing an update on targeted follow-up of national performance audits; and asking the Committee whether it wishes to publish reports on the findings from future targeted follow-up reports on Audit Scotland's website.

During discussion, the Committee agreed:

- To note the update on targeted follow-up of performance audits.
- That local auditors carry out a targeted follow-up of *Scotland's public finances: addressing the challenges* as part of the 2012/13 audit.

Action: Director of Performance Audit

- That reports on the findings of targeted follow-up be published, and that this approach be piloted on *Maintaining Scotland's roads*.

Action: Director of Performance Audit

- That a strategic approach to follow-up work be reflected in the Commission's strategy, including how to liaise directly with councils in relation to follow-up work.

Action: Director of Performance Audit and Secretary and Business Manager

- That the Director of BVSI consider how the shared risk assessment process reflects the following:
 - All service areas and issues affecting councils (and thus which can be potentially covered by the performance audit programme).
 - Public satisfaction with services.

Action: Director of BVSI

- That the Director report to the full Commission in relation to issues raised in this discussion.

Action: Director of Performance Audit

6. Emerging messages: protecting consumers performance audit

John Baillie assumed the chair from Douglas Sinclair for consideration of this item. Douglas Sinclair took no part in the proceedings.

The Committee considered a report by the Director of Performance Audit on emerging messages from the audit of councils' consumer protection services. The Committee also considered a short presentation by the project team.

The Committee approved the emerging messages as the basis for a draft report, subject to consideration being given to points raised in discussion.

The Committee noted that the draft audit report would be submitted to the Commission in November and that publication is planned for end January 2013.

Action – Director of Performance Audit

7. The cost of public sector pensions in Scotland – impact report

The Committee considered a report by the Director of Performance Audit setting out the impact report for the performance audit on the cost of public sector pensions in Scotland.

During discussion, the Committee:

- Agreed that it be kept informed of developments in relation to the issues raised in the performance audit.

Action: Director of Performance Audit

- To note that remit of the ongoing enquiry by the Parliament's Finance Committee on fiscal sustainability and demographic change and ageing population included pensions.
- To note that John Baillie and Douglas Sinclair had a meeting to be scheduled in October with the new leadership group of COSLA, at which they would raise progress with the pensions pathfinder project.
- To note that the UK government would be publishing a public pensions bill in the Autumn, and that the Director keep the Committee informed in this regard.

Action: Director of Performance Audit

Thereafter the Committee noted the report.

8. Review of community health partnerships – impact report

The Committee considered a report by the Director of Performance Audit seeking considering of the impact report on the review of community health partnerships.

During discussion, the Committee noted the current relevance of the report and its impact report in the context of the developing CPP audit and the proposed integration of health and social care.

Thereafter the Committee noted the report.

9. Date of next meeting

The Committee noted that the next meeting is scheduled for 1 November 2012 at 10.30am.

10. Any other business

There was no other business.

ACCOUNTS COMMISSION

MEETING 18 OCTOBER 2012

**DRAFT MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE
OF 20 SEPTEMBER 2012**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 20 September 2012, at 10.30am.

PRESENT: Bill McQueen (Chair)
John Baillie
Sandy Cumming
Colin Duncan
Graham Sharp
Douglas Sinclair

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
Fiona Kordiak, Director, Audit Services
Paul Reilly, Secretary and Business Manager
Gillian Woolman, Assistant Director, Audit Services [Item 4]
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement (BVS) [Item 5]
Gordon Smail, Portfolio Manager, BVS [Item 5]
Kathrine Sibbald, Project Manager, BVS [Item 5]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 10 May 2012
4. Current audit issues in councils
5. Project brief – local government overview report 2012
6. Any other business

1. Apologies

Apologies for absence were submitted from Linda Pollock.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 10 May 2012

The minutes of the meeting of 10 May 2012 were approved.

Arising therefrom, it was agreed:

In relation to paragraph 4 (current audit issues in councils – Orkney Islands Council), to note advice from the Controller of Audit that there were no outstanding issues of concern in relation to the convenership and make-up of the Audit Committee of Orkney Islands Council.

In relation to paragraph 5 (Audit Services Group – impact report), to note advice from the Secretary and Business Manager that impact issues feature in the Commission's new strategy.

In relation to paragraph 6 (Audit service quality survey – 2010/11 local government audits), to note advice from the Assistant Auditor General that the review of the survey was ongoing, and actions and further information will be communicated to the Committee in due course.

In relation to paragraph 7 (separate pension fund financial statements – arising issues), to note advice from the Director of Audit Services that:

- information in relation to the statements had been provided to local auditors for dialogue with councils.
- information in relation to (i) investment management fees and (ii) a weighted average of the proportion of pension funds that are funded would be included in her report on pension fund financial statements for the current financial year, thus considered by the Committee in 2013.

In relation to paragraph 9 (significant issues at City of Edinburgh Council), to note advice from the Controller of Audit that:

- he was keeping the Chair of the Commission updated with developments in relation to the Council.
- information relating to the Alternative Business Model (i.e. correspondence between the auditor and the Council) were available to members of the Committee.
- he would be considering the annual audit report for the Council and therefore if there is a need to report to the Accounts Commission thereafter on issues arising therefrom.

4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils.

During discussion it was agreed:

- That the Controller of Audit provide an update to the next meeting on the number of convener and vice-convenership of council audit committees

Action: Controller of Audit

- Further in this regard, to note advice from the Chair that, in implementing its new strategy, the Commission will consider the desirability of communicating its view on such issues directly to councils.
- Further in this regard, to note advice from the Controller of Audit that this issue will feature in annual audit reports.
- That the local government overview report include consideration of issues in relation to bonus payments, particularly in relation to the involvement therein of elected members.

Action: Controller of Audit

- That, in relation to the issue of severance payments, to endorse the proposal of the Controller of Audit that he consider, in conjunction with the Auditor General, an update of the Accounts Commission report from December 1997 'Buy Now, Pay Later', and a widening of its scope beyond councils'.
- Further in this regard, to note advice from the Director of Audit Services that this issue would feature in annual audit reports and thus fall into the scope of the local government overview report.
- In relation to Shetland Islands Council, to note advice from the Controller of Audit that:
 - The Council's draft annual accounts included grouping of the financial statements of the Shetland Charitable Trust as a subsidiary.
 - That Shetland Charitable Trust recently agreed to changes to its constitution to satisfy requirements of the Office of the Scottish Charity Regulator.
- In relation to Highland Council, to note advice from the Controller of Audit that he had been made aware of ongoing technical issues in relation to the draft annual accounts which remained under discussion between the local auditor and the Council. He would provide an update at the next meeting.

Action: Controller of Audit

- That consideration be given to including in the local government overview report issues related to information security and data loss in councils.

Action: Controller of Audit

Thereafter the Committee agreed to note the report.

5. Project brief – local government overview report 2012

The Committee considered a report by the Controller of Audit inviting comments on the draft project brief, *An overview of local government in Scotland 2012*.

During discussion, the Committee agreed:

- To endorse the proposed three-year approach of reporting, as set out in the draft brief.
- To note advice from the Controller of Audit that the timing of publication of the report, in early 2013, would allow the report to reflect issues arising from the ongoing early community planning partnership audits.
- That the issue of welfare reform needs to be given suitable prominence in the report.

Action: Controller of Audit

Thereafter the Committee agreed to endorse the draft project brief.

6. Any other business

The Chair asked the Committee to note that a paper would be considered by the Commission at its next meeting on how to make more effective the meeting arrangements of the Commission.

ACCOUNTS COMMISSION

MEETING 18 OCTOBER 2012

REPORT BY THE CONTROLLER OF AUDIT

UPDATE REPORT

Introduction

1. The purpose of this regular report is to provide an update to the Commission on significant recent activity in relation to the audit of local government.
2. It is intended to complement the intelligence reports to the Financial Audit and Assurance Committee, which provide a more detailed update on issues arising in local government.
3. The most recent such report was at the Committee meeting of 20 September 2012.

Local government issues

Audit of Accounts

4. Local authority accounts should be signed off by the auditors by 30th September. This target was achieved for all but two of the 2011/12 accounts. The sign off of the accounts of Highland Council and of the Northern Police Board were delayed because of difficulties the auditor encountered in obtaining assurance on asset registers maintained by the council that support capital accounting entries in the financial statements. I am actively monitoring this situation.
5. I am also maintaining- contact with appointed auditors as they develop their annual audit reports. Issues emerging for early review of accounts include severance payments made to senior officers; bonus payments to ALEO staff and budget underspends and increasing levels of reserves recorded by councils.

Discussions with stakeholders to inform the 2012 Local Government Overview report

6. On the 27th September Audit Scotland and Colin Peebles as Commission sponsor held a stakeholder round table discussion with representatives from SOLACE, COSLA, IS, CIPFA, and the SG. The meeting considered the major strategic challenges facing local government to help inform the Commission's 2012 Local Government overview report. The event was a useful step in highlighting a number of important issues, such as: the impact of political changes arising from the 2012 election; the challenge that public services face in delivering a shift towards preventative spending; the complexities of dealing with wide-ranging public service reform ; and the significant impact of welfare reform may have on Scottish councils

Community Planning Partnerships audit

7. Audit teams are now concluding fieldwork on the early audits of Community Planning Partnerships. They have begun to develop some emerging findings and are discussing these with the boards of the CPPs involved.

Scottish Government inquiry into Highlands and Islands Fire and Rescue Service

8. The Scottish Government has commissioned HM Chief Inspector of Fire and Rescue Authorities to conduct an Inquiry into progress made by in addressing recommendations made in the Commission's Best Value audit report on Highlands and Islands Fire and Rescue Service.
9. The inquiry will establish the action taken to address the Commission's findings on serious concerns about leadership and governance of the service and an urgent need to establish an effective and sustainable service model reflecting the needs of the area. It will also identify what remains for the Scottish Fire and Rescue Service to address when it commences on 1 April, 2013. Audit Scotland will provide support to HMIFRS to the inquiry team.
10. I will report the inquiry's findings to the Commission on in due course.

Issues arising on individual councils

11. Alistair Buchan who has been acting as interim Chief Executive of Shetland Islands Council for the past two years has returned to his post as Chief Executive of Orkney Islands Council.

Parliament

12. Stephen House, currently Chief Constable of Strathclyde Police, has been appointed as the Chief Constable of the Police Service of Scotland

Audit Commission

13. Jeremy Newman has been appointed as Chairman of the Audit Commission. He is the former Chief Executive (2008-2011) of BDO International and was previously managing partner of BDO's UK firm.
14. The Commission has also appointed Marcine Waterman as the new Controller of Audit. She joined the Commission in 1993 and has been involved in most of its key change programmes including data quality, fire modernisation verification, Best Value, and market testing. She also led the Commission's outsourcing procurement.

Conclusion

15. The Commission is invited to consider and note this report.

Fraser McKinlay
Controller of Audit
11 October 2012

ACCOUNTS COMMISSION

MEETING 18 OCTOBER 2012

NOTE BY SECRETARY AND BUSINESS MANAGER

IMPROVING HOW THE COMMISSION MANAGES ITS BUSINESS

Purpose

1. The purpose of this report is to consider a range of proposals on how the Commission may improve how it manages its business, covering:
 - Frequency and organisation of meetings.
 - Development activities, including visiting speakers.
 - Information management, specifically a proposal for an extranet site.

Background

2. Recent years have seen a steady increase in the business handled by the Commission. The introduction of the Best Value audit in 2007 saw an increase in the number of reports from the Controller of Audit. The development of the shared risk assessment process – as part of the Commission’s scrutiny coordination function given to us by Ministers – increased the intelligence available to the Commission. The current development of the audit of community planning partnerships has increased the current workload and, depending on how it is developed further, is likely to add to the weight of business.
3. Against this background of an expanding volume of business, the Commission reviewed at its annual strategy seminar in April 2012 the effectiveness of how it manages its business. Various ideas were discussed, including making better use of days when Commission members need to attend meetings. It was agreed that this be given further thought in time for putting in place meeting arrangements for 2013.
4. Subsequently, the Commission has adopted its three-year strategy. Included in the strategy is a commitment to continuously improve how the Commission does its business and to consider how the Commission can manage better the expanding volume of business that it has been considering. This paper sets out a number of proposals to this end for consideration by the Commission.

Meeting arrangements

Making better use of meeting days

5. A typical meeting of the Commission has lasted for around three hours, although occasionally has extended over lunchtime, and even reconvened after lunchtime. This has meant that it has been somewhat unpredictable for Commission members to be able to estimate when the meeting finishes, to allow them to plan the rest of their day. For example, many Commission members like to take the opportunity, in their audit sponsor roles, to meet audit team members.

6. It is proposed that it would be a more efficient use of Commission members' time if there was a commitment to a longer day, say from 9.30am, to allow full use of the morning and, as necessary, the afternoon, with a definite end point of, say, 3pm at the latest. A longer meeting day would allow Audit Scotland to better manage how it takes business to the Commission.

Meetings of the Committee on the same day

7. The same principle – of making better use of the days when Commission members are attending meetings – could also apply to the meetings of the Commission's two committees. In recent years, the committees have met four or five times a year (in the 2012 year, the Financial Audit and Assurance (FAA) Committee will have met four times, and the Performance Audit (PA) Committee five times). It may be a better use of members' time if both committees were scheduled for the same day. This would also allow the opportunity for Commission members to attend both committees.

Visiting speakers

8. At the annual strategy seminar, the Commission agreed that its capacity – both collectively and for individual members – could be improved if opportunities were taken to keep up to date with developments in our external environment. It was proposed, therefore, that we consider a programme of external speakers. It was felt desirable to schedule such speakers around meetings of the Commission's two committees. The disadvantage of this approach would be that in effect half of the Commission members would not be present to participate. If, however, speakers were scheduled for the same day as both committees meeting, then all members would have the option of participating in a speaker session.

Proposed meeting schedule

9. Practically, therefore, the PA Committee could meet at 9.30am in the morning, with a visiting speaker scheduled over lunch from 12 noon for an hour, with the FAA Committee meeting from 1.30pm to 3.30pm.
10. A recommended schedule of meetings of the Commission and its committees for 2013, reflecting the proposals set out in this paper, is attached in the Appendix. This accommodates:
 - Quarterly meetings of the committees, at a suitable interval between meetings of the Commission.
 - An optional two additional dates for meetings of either committee.
 - The option of continuing the practice introduced this year of a break from meetings during the month of July.

Video conferencing

11. Audit Scotland has good video-conferencing facilities. Such facilities are available in Audit Scotland's offices in Edinburgh, Glasgow and Inverness. These have helped the efficiency of the business by allowing more flexible meeting arrangements. This may, therefore, be an option that would be worth considering by individual Commission members on occasion if they find it difficult to physically attend meetings in Edinburgh. Meeting space capacity considerations, however, means that this facility would best be used for committee meetings rather than full meetings of the Commission.

Committee remits

12. In revising the meeting arrangements for the Commission, it is opportune to review how its two committees operate. PA Committee has recently adopted a more pro-active role in the management of the performance audit programme (in conjunction with the Auditor General). It now receives updates on the programme at each meeting, as well as briefings on national strategic policy issues to help it assure itself that the programme reflects the policy environment. FAA Committee has in place a monitoring process – coordinated by the Directors of Audit Services and Best Value and Scrutiny Improvement – to ensure that it remains apprised of audit issues affecting individual local authorities. It also recently asked that the Assistant Auditor General consider how it can be better kept apprised of issues in relation to the quality of audit activity.
13. In essence, therefore, both committees fulfil an ‘outward’ facing role on behalf of the Commission, whilst overseeing audit activity. It is useful to summarise the respective remits of the committees as being, on behalf of the Commission, to keep apprised of the external policy environment particularly at national level and thus national performance audit activity (ie PA Committee) and the issues affecting individual authorities and thus financial and Best Value audit activity (ie Financial Audit and Assurance Committee).
14. It is suggested that the recent development of both of the committees’ activities, along with the proposal to have both committees meeting on the same day alongside a visiting speaker programme, allows both to maximise their value in supporting the Commission in its work, whilst allowing individual members to optimise their input into the committees.
15. In summary, therefore, it is suggested that there is no need currently for any more formal review of the committees’ remits.

Information management: secure Commission extranet site

16. In addition to putting in place a visiting speaker programme to develop the Commission’s capacity collectively and individually, there is potential for improving the information available to Commission members to help them fulfil their roles effectively.
17. To this end, it is proposed that a secure online ‘extranet’ site be established for sole use by Commission members which will provide the following facilities:
 - A library of important documents, including meeting papers, minutes and briefing papers. This will contain both current and ‘historic’ (archived) resources.
 - An announcement section, allowing Commission members to be kept up to date with internal and external developments.
 - Discussion forums, in which Commission members can debate issues, including, for example, draft findings.
18. All of this would be done in a completely secure setting. Commission members would be alerted by a personal email of any additions to the site. Access to the facility will be through a website by way of a personal password.
19. This proposal also helps improve the information security arrangements within which the Commission operates. The proposal does not affect the current arrangement of Commission papers being issued to members in hard copy by post.
20. Audit Scotland is currently dealing with various issues in developing the extranet site. It is therefore anticipated currently that the extranet site will be launched in 2013. There

will be plenty of opportunity before then for Commission members to become familiarised with the initiative.

Conclusion

21. The Commission is invited to consider:

- a) The proposed revised future arrangements for meetings of the Commission and its committees, and thus the proposed 2013 schedule.
- b) The option of making better use of video-conferencing arrangements when necessary for meetings of its committees.
- c) The proposed arrangement for visiting speakers.
- d) The ongoing development of the activities of its committees.
- e) The proposed secure Commission extranet site.
- f) Any other issues worthy of exploring in helping the Commission to improve how it manages its business.

Paul Reilly
Secretary and Business Manager
9 October 2012

APPENDIX:

**ACCOUNTS COMMISSION
PROPOSED MEETING DATES FOR 2013**

17 January	Accounts Commission
14 February	Accounts Commission
28 February	Committees
14 March	Accounts Commission
4 April	Committees (optional date)
18 April	Accounts Commission
16 May	Accounts Commission
30 May	Committees
13 June	Accounts Commission
18 July or 22 August	Accounts Commission
8 August	Committees (optional date)
12 September	Accounts Commission
26 September	Committees
17 October	Accounts Commission
14 November	Accounts Commission
28 November	Committees
12 December	Accounts Commission