

**ACCOUNTS COMMISSION**

**MEETING 13 SEPTEMBER 2012**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the meeting of the Accounts Commission  
held in the offices of Audit Scotland at  
18 George Street, Edinburgh, on  
Thursday, 23 August 2012, at 10am

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

**IN ATTENDANCE:** Caroline Gardner, Auditor General for Scotland  
Barbara Hurst, Director of Performance Audit  
Fraser McKinlay, Controller of Audit and Director of Best Value and  
Scrutiny Improvement (BVSU)  
Russell Frith, Assistant Auditor General [Items 9, 10, 11 and 14]  
Paul Reilly, Secretary and Business Manager  
Martin Walker, Assistant Director, BVSU [Items 12, 13, 15 and 16]  
Lesley McGiffen, Portfolio Manager, BVSU [Items 12 and 15]  
Tom Reid, Project Manager, BVSU [Items 12 and 15]  
Tommy Yule, Project Manager, BVSU [Items 13 and 16]  
Antony Clark, Assistant Director, BVSU [Item 17]  
Claire Sweeney, Portfolio Manager, PAG [Item 18]  
Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland  
[Items 12, 13, 15 and 16]  
Superintendent Phil Carson, Her Majesty's Inspector, Her Majesty's  
Inspectorate of Constabulary Scotland (HMICS) [Items 12, 13, 15 and  
16]

<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 14 June 2012
5.	Minutes of the meeting of the Performance Audit Committee of 5 July 2012
6.	Chair's introduction
7.	Update report by the Controller of Audit

8. Developing the rolling performance audit programme
  9. Annual Audit Strategy audit quality report
  10. Housing and council tax benefits administration audit activity: annual report
  11. Performance audit (progress report): Aberdeenshire Council housing and council tax benefit service
  12. Best Value audit and inspection (follow-up report): Strathclyde Police Authority
  13. Best Value audit and inspection: Fife Constabulary and Police Authority
  14. Performance audit (Progress report): Aberdeenshire Council housing and council tax benefit service
  15. Best Value audit and inspection (follow-up report): Strathclyde Police Authority
  16. Best Value audit and inspection: Fife Constabulary and Police Authority
  17. Draft response to Scottish Government consultation: Community empowerment and renewal
  18. Draft response to Scottish Government consultation: Integration of health and social care
  19. New Auditor General: Caroline Gardner
  20. Any other business
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1. Apologies for absence

Apologies for absence from Colin Peebles were noted.

2. Declarations of interest

There were the following declarations of interest:

- Mike Ash, in item 18, as a member of the Board of NHS Lothian.
- Alan Campbell, in items 11 and 14, as a former Chief Executive of Aberdeenshire Council.
- Jim King, in items 13 and 16, as a Director of Forth Valley Health Board, and item 18, as a Director of NHS National Services Scotland Board.
- Christine May, in items 13 and 16, as a former Leader of Fife Council.
- Douglas Sinclair, in items 13 and 16, as a former Chief Executive of Fife Council.

3. Decisions on taking business in private

It was proposed that items 14-19 should be taken in private as they include draft reports and confidential issues.

4. Minutes of meetings of 14 June 2012

The minutes of the meeting of 14 June 2012 were submitted and approved as a correct record.

5. Minutes of the meeting of the Performance Audit Committee of 5 July 2012

The minutes of the meeting of the Performance Audit Committee of 5 July 2012 were submitted and approved.

6. Chair's introduction

The Chair reported that:

- He had been working with the Secretary and Business Manager in developing an annual report, three-year strategy and annual action plan, all based upon the Commission's 2012 strategy seminar. These would be discussed by the Commission at its next meeting in September.
- The Commission's proposals in relation to the audit of community planning partnerships and outcomes, which it approved at its last meeting, were subsequently sent to the Scottish Government, namely the Cabinet Secretary for Finance, Employment and Sustainable Growth and the Minister for Local Government and Planning. Both Ministers had subsequently confirmed they were content that the Commission continues taking forward its proposals, including work on early audits. Both had also expressed a desire to meet the Commission soon to discuss progress on the work. The Chair anticipated that this meeting would take place at the beginning of October.
- He had taken up an invitation from COSLA and the Scottish Government to act as an observer to the National Group on Community Planning and Single Outcome Agreements. The Group had been established by both bodies to drive the step change in community planning that had been set out in their Statement of Ambition for Community Planning. It is made up of representation from across the public sector and is chaired by Pat Watters, immediate past President of COSLA.
- He had circulated in advance of this meeting a letter from David Dalziel, Chair of the Chief Fire Officers Association Scotland, in which he commended the Commission for the overview report on fire services, which the Commission approved at its last meeting. Mr Dalziel had asked that the Commission convey his appreciation to those involved in producing the report. The Chair stated that he echoed those sentiments on behalf of the Commission.
- The Board of Audit Scotland, of which he is a member, had recently discussed the budget of Audit Scotland and, in particular, proposals in relation to audit fees. A report in this regard would be considered at the next meeting of the Commission.
- At the Commission's previous meeting in June, he had advised that Derek Mackay, Minister for Local Government and Planning, had accepted his invitation to attend the August meeting as an observer of the meeting. Regrettably, he was now unable to attend the meeting, but hoped to attend a future meeting. He would advise members of further arrangements as they were confirmed.

He then gave a summary of the Commission's appointments since the last meeting of the Commission:

- On 15 June, he chaired an Accounts Commission meeting with strategic scrutiny bodies. He had asked the Secretary to share the minute of that meeting, once it has been approved at its next meeting on 30 August.
- He and other Commission members attended a leaving reception for the outgoing Auditor General for Scotland, Bob Black, on 29 June.
- He undertook a podcast on the overview of fire services on 11 July.
- He chaired a meeting of the Community Planning Partnership Audit steering group on 18 July.
- On 8 August, he met Pat Watters to discuss the aforementioned invitation to be an observer to the National Group on Community Planning and Single Outcome Agreements. He attended the first meeting of the Group on 14 August.
- On 9 August, he – along with Douglas Sinclair and Jim King - met representatives of SOLACE (Scotland) (David Martin, Chief Executive of Renfrewshire Council, Ronnie Hinds, Chief Executive of Fife Council, and Elma Murray, Chief Executive of North Ayrshire Council) to discuss progress with their performance information benchmarking project. We noted continuing progress, and he anticipated that the Commission would consider a report in this regard at its meeting in October.
- On 18 August, he attended meetings of Audit Scotland's Remuneration Committee and its Board.

#### 7. 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 advice from the Controller of Audit that:

- in relation to paragraph 4 of his report, in addition to the objection to accounts that he had received in relation to Scottish Borders Council, there was the possibility of another objection to the accounts from North Lanarkshire, the update on which he would provide the Commission in due course.

*Action: Controller of Audit*

- Shetland Island's Council's statutory finance officer had grouped the Shetland Charitable Trust within the council's accounts by using published financial information. The council's accounts were currently being audited by the local audit team.
- in relation to paragraph 14 of his report, the National Audit Office study into financial sustainability in local government does not include Scottish local authorities.

Thereafter the Commission agreed to note the report.

8. Developing the rolling performance audit programme

The Commission considered a report by the Director of Performance Audit providing an update on how Audit Scotland's Performance Audit Group (PAG) was developing the rolling performance audit (PA) programme on behalf of the Accounts Commission and Auditor General. The report also set out proposals on how the Commission could engage with PAG about the rolling PA programme and how it could formally consult with stakeholders in future.

The Commission agreed:

- To note the revised approach to developing the PA programme, subject to the following:
  - That the Director consider how to more prominently reflect Best Value and continuous improvement into project remits and briefs.
  - That the proposed subjects in the 2014/15 programme on (i) rural overview and (ii) ferry services, if eventually approved for audit work, be considered as joint audits between the Commission and the Auditor General for Scotland.
- To approve the proposed arrangements for future engagement with PAG on the rolling PA programme, subject to the following:
  - That policy portfolio updates, as considered by the Performance Audit Committee, be circulated as they become available to all Commission members.
- To approve the proposed revised approach to the arrangements for the Commission consulting on the PA programme, subject to the following:
  - That as well as staff interests being represented in consultation activity by the Scottish Trades Union Congress, the Commission undertake direct dialogue with appropriate trade unions representing local authority staff interests.

*Action: Director of Performance Audit*

9. Annual Audit Strategy audit quality report

The Commission considered a report by the Assistant Auditor General on the quality arrangements in Audit Scotland for the year-ending 31 March 2012.

The Commission agreed:

- To note advice from the Assistant Auditor General that oversight of quality arrangements was to become an increasing part of his remit.
- That the Assistant Auditor General consider how to keep the Commission more regularly updated on such issues.
- That the Assistant Auditor General consider how to reflect in future reports more detail about the remit of external independent assessment activities.

- Further in this regard, that the Assistant Auditor General provide more detail of the list of improvement actions arising from the external independent assessment exercises discussed in the report.
- To note advice from the Controller of Audit that he was always mindful of the need to balance the right amount of prescription and flexibility in the style of annual external audit reports.
- To note advice from the Assistant Auditor General, Director of Performance Audit and Controller of Audit that information and intelligence management had been identified as a priority area for development by Audit Scotland.
- That the Assistant Auditor General consider how to develop arrangements for feedback with clients, and how that feedback is considered and reported.
- To note the report.

10. Housing and council tax benefits administration audit activity: annual report

The Commission considered a report by the Assistant Auditor General advising of the outcome of Audit Scotland's benefits performance audit work during 2011/12. It also provided an update on the UK Government's Welfare Reform Act and its implications and risks for Scotland.

The Commission agreed:

- To note advice from the Assistant Auditor General that he would be considering how to amplify the messages in the report in relation to welfare reform, and links between this and the wider work of the Commission
- To note advice from the Controller of Audit that issues around increased caseloads in relation to benefits claims would be fed into the shared risk assessment process for further consideration
- That a briefing for the Commission be organised on welfare reform, including how individual councils are preparing for changes
- That the Assistant Auditor General continue to monitor, and report to the Commission as necessary, on councils' approach to, and performance in relation to, debt and recovery thereof.
- To note the report.

11. Performance audit: progress report - Aberdeenshire Council housing and council tax benefit service

The Commission considered a report by the Controller of Audit on progress made by Aberdeenshire Council in its action plan in relation to its housing and council tax benefits service.

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

12. Best Value audit and inspection: follow-up report: Strathclyde Policy Authority

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit of Strathclyde Police Authority and seeking direction on how to proceed.

The Chair welcomed Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland and Superintendent Paul Bullen, HM Inspector, HMICS (a member of the audit team). Andrew Laing and the audit team then presented the report.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit, Her Majesty's Inspector of Constabulary and the audit team on a number of points in the report.

The Commission:

- Noted that the Authority would be considering a report on the audit and inspection at its meeting on 23 August.
- Agreed to note the report and to consider in private its findings.

13. Best Value audit and inspection: Fife Constabulary and Police Authority

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit of Fife Constabulary and Police Authority and seeking direction on how to proceed.

The Chair welcomed Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland and Superintendent Paul Bullen, HM Inspector, HMICS (a member of the audit team). Andrew Laing and the audit team then presented the report.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit, Her Majesty's Inspector of Constabulary and the audit team on a number of points in the report.

The Commission agreed to note the report and to consider in private its findings.

14. Performance audit: progress report - Aberdeenshire Council housing and council tax benefit service [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 early course.

The Chair thanked the audit team for its work.

15. Best Value audit and inspection: follow-up report - Strathclyde Police Authority [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 early course.

The Chair thanked the audit team for its work.

16. Best Value audit and inspection: Fife Constabulary and Police Authority [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 early course.

The Chair thanked the audit team for its work.

17. Draft response to Scottish Government consultation: community empowerment and renewal [in private]

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

The Commission considered a cover report by the Secretary and Business Manager setting out a proposed response, prepared by Audit Scotland on behalf of the Accounts Commission and the Auditor General for Scotland, to the Scottish Government's consultation paper on the proposed Community Empowerment and Renewal Bill.

During discussion the Commission agreed a number of revisions to the draft response, and thereafter agreed its terms.

18. Draft response to Scottish Government consultation: integration of adult health and social care in Scotland [in private]

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

The Commission considered a cover report by the Secretary and Business Manager setting out a proposed response, prepared by Audit Scotland on behalf of the Accounts Commission and the Auditor General for Scotland, to the Scottish Government's consultation paper on the integration of adult health and social care in Scotland.

During discussion the Commission agreed a number of revisions to the draft response, and thereafter agreed its terms.

19. New Auditor General for Scotland: Caroline Gardner

The Chair noted that Caroline Gardner had now begun her role as the New Auditor General for Scotland. He advised that she would be available to discuss with Commission members at the end of the meeting her views on matters of mutual interest to her and the Commission.

20. Any other business

There was no other business to be considered.