

**ACCOUNTS COMMISSION**

**MEETING 17 JANUARY 2013**

**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, 13 December 2012, at 10am

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

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVSI)  
                      Paul Reilly, Secretary and Business Manager  
                      Russell Frith, Assistant Auditor General [Item 8]  
                      Anne Cairns, Manager - Benefits, Audit Strategy [Item 8]  
                      Martin Walker, Assistant Director, (BVSI) [Items 9, 10, 12 and 13]  
                      Carol Hislop, Senior Audit Manager, BVSI [Items 9 and 12]  
                      David McConnell, Assistant Director, Audit Services [Items 10 and 13]  
                      Gordon Smail, Portfolio Manager, (BVSI) [Items 10 and 13]  
                      Jim Lakie, Project Manager (BVSI) [Item 14]

<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 15 November 2012
5.	Minutes of meeting of the Financial Audit and Assurance Committee of 29 November 2012
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Welfare reform
9.	Shetland Islands Council
10.	The 2011/12 audit of the City of Edinburgh Council
11.	Any other business
12.	Shetland Islands Council [in private]
13.	The 2011/12 audit of the City of Edinburgh Council [in private]
14.	Statutory performance information: 2012 Direction [in private]
15.	Local Government and Regeneration Committee: Inquiry on Public Services Reform and Local Government: Strand 3 – proposed response [in private]

1. Apologies for absence

Apologies were received from Sandy Cumming.

2. Declarations of interest

The following declarations of interest were made:

- Michael Ash, in items 10 and 13, as a resident of the City of Edinburgh.
- Christine May, as a consultant in waste management and as an owner of a property in the City of Edinburgh.
- Bill McQueen, in items 10 and 13, as a resident of the City of Edinburgh.
- Colin Peebles, in items 10 and 13, as a resident of the City of Edinburgh.
- Linda Pollock, in items 10 and 13, as a former employee of NHS Lothian.

3. Decisions on taking business in private

It was proposed that items 12 to 15 should be taken in private as they include draft reports and confidential issues.

4. Minutes of meeting of 15 November 2012

The minutes of the meeting of 15 November 2012 were submitted and approved, subject to noting that, in relation to item 15, Douglas Sinclair left the table and took no part in the meeting.

5. Minutes of the meeting of the Financial Audit and Assurance Committee of 29 November 2012

The minutes of the meeting of the Financial Audit and Assurance Committee of 29 November 2012 were submitted and approved.

Arising therefrom, the Commission:

- Noted advice from the Chair of the Committee, Bill McQueen, that a presentation to the Committee by Gary Devlin, Director, Grant Thornton, had been very informative.
- Further in this regard, agreed that consideration be given as to how to engage with those private firms undertaking audit work in a formal meeting of the Commission.

*Action: Secretary and Business Manager*

6. Chair's introduction

The Chair reported that:

- On 21 November he spoke at a Conference on Older People, held at the Radisson Blu Hotel, Edinburgh.
- On 28 November he attended meetings of the Audit Scotland Board and its Remuneration Committee.
- Also on 28 November he – along with Caroline Gardner, the Auditor General - met Denise Coia, Chair, and Frances Elliot, Chief Executive, Health Improvement Scotland, to discuss matters of mutual concern.
- Also on 28 November he held a regular update meeting with Caroline Gardner.
- On 29 November he chaired a meeting of the Community Planning Partnership Audit Steering Group, also attended by Douglas Sinclair and Bill McQueen.
- On 5 December he attended a meeting of the National Community Planning Group, as an observer.
- On 6 December he chaired a meeting of the Strategic Scrutiny Group, also attended by Douglas Sinclair and Bill McQueen.

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 he would circulate more details of the Improvement Service's elected member master classes.
- Agreed that the Improvement Service be approached to gauge if there is any scope for input from the Commission into the issues covered by its survey of elected members.

*Action: Secretary and Business Manager and Controller of Audit*

- If so, then Douglas Sinclair, Michael Ash, Alan Campbell and Christine May be consulted.

Thereafter the Commission agreed to note the report.

#### 8. Welfare Reform Update

The Commission considered a report by the Assistant Auditor General providing an update on the UK Government's welfare reform agenda and the associated implications and risks for Scottish councils.

During discussion the Commission agreed:

- To note advice from the Controller of Audit that the issue of welfare reform featured prominently in the ongoing shared risk assessment process.
- That further in this regard a report on the updated position with regard to Scottish councils be provided at a future meeting.
- That the Assistant Auditor General and Controller of Audit liaise to decide the most appropriate timing of such a report, and advise the Commission in this regard at its next meeting.

*Action: Assistant Auditor General and Controller of Audit*

- To consider further in the light of such a report if the Commission would like to make any statement on the matter.
- To note that the Local Government Overview Report would also feature the matter.

Thereafter the Commission agreed to note the report.

#### 9. Shetland Islands Council

The Commission considered a report by the Controller of Audit on the progress made by Shetland Islands Council against improvements set out previously by the Commission.

During discussion, the Commission:

- Sought clarification and further explanation from the Controller of Audit on a number of points in the report.
- Noted advice from the Controller of Audit that he would consider how any lessons from the impact of elected member training in Shetland Islands Council may be suitable for sharing more widely.

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

10. The 2011/12 audit of the City of Edinburgh Council

The Commission considered a report by the Controller of Audit on the 2011/12 audit of the City of Edinburgh Council.

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 how it wished to proceed.

11. Any other business

The Chair advised members of the dates of the COSLA Annual Conference, on 7 and 8 March 2013 and the CIPFA (Scotland) Annual Conference on 14 and 15 March 2013. He invited them to express an interest in attending to represent the Commission at both events.

12. Shetland Islands Council [in private]

The Commission agreed that this item be held in private to allow it to consider actions in relation to the Controller of Audit's report.

Following discussion, the Commission agreed to make findings to be published in early course.

The Chair thanked the audit team for its work.

13. The 2011/12 audit of the City of Edinburgh Council [in private]

The Commission agreed that this item be held in private to allow it to consider actions in relation to the Controller of Audit's report.

Following discussion, the Commission:

- Agreed that it wishes to continue to closely monitor the performance of City of Edinburgh Council.
- Noted that the Controller of Audit is currently undertaking a Best Value audit of the Council.
- Having considered the options open to it when receiving a report from the Controller of Audit, agreed to take none of these options but to note that further information on the Council's performance against its Best Value duty will be forthcoming in the Controller of Audit's Best Value audit report.
- Noted meantime the matters highlighted by the Controller of Audit in his report.
- Agreed that these matters be considered further at a future meeting, in the context of the Best Value audit report.

The Chair thanked the Controller of Audit and the audit team for their work.

14. Statutory performance information: 2012 Direction [in private]

The Commission agreed that this item be held in private because it would involve discussion of options open to the Commission in relation to performance information.

The Commission considered a report by the Controller of Audit providing an update on the Society of Local Authority Chief Executives (SOLACE) led benchmarking project and set out proposals for the 2012 Direction on performance information.

Following discussion, the Commission:

- Endorsed the SOLACE-led benchmarking project in the light of assurances provided by SOLACE on the resource provision that will be put in place to maintain, report and develop the benchmarking indicators.
- Approved the draft 2012 Direction and noted that this reflected the Commission's continued direction of travel of placing increased emphasis on self-evaluation and reporting of performance information by councils.

*Action: Controller of Audit*

The Chair congratulated Jim Lakie on his impending retirement, and thanked him for his work in supporting the development and maintenance of the Commission's statutory performance indicators.

15. Local Government and Regeneration Committee: inquiry on public services reform and local government: Strand 3 – proposed response [in private]

It was agreed that this item be deferred until the next meeting.