

ACCOUNTS COMMISSION

MEETING 11 APRIL 2013

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, 14 March 2013, at 10am

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

IN ATTENDANCE: Fraser McKinlay, Controller of Audit
Russell Frith, Assistant Auditor General [Item 11]
Paul Reilly, Secretary and Business Manager
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement (BVSI) [Item 9]
Alasdair Craik, Senior Audit Manager, Audit Services Group (ASG) [Item 10]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minute of meeting of 14 February 2013
5.	Minute of meeting of Performance Audit Committee of 28 February 2013
6.	Minute of meeting of Financial Audit and Assurance Committee of 28 February 2013
7.	Chair's introduction
8.	Update report by the Controller of Audit
9.	How councils work series – update report
10.	Measuring the impact of Audit Services Group work: local government, 2011/12
11.	Competition Commission: Statutory audit services for large companies market inquiry - provisional findings report
12.	Any other business

1. Apologies for absence

Apologies for absence from Bill McQueen were noted.

2. Declarations of interest

John Baillie declared an interest in Item 8, having accepted an invitation from the Chief Executive of the Improvement Service to attend as his guest the annual conference of COSLA.

3. Decisions on taking business in private

It was noted that there were no items of business that required to be considered in private.

4. Minutes of meeting of 14 February 2013

The minutes of the meeting of February 2013 were submitted and approved.

5. Minutes of the Performance Audit Committee meeting of 28 February 2013

The minutes of the meeting of the Performance Audit Committee of 28 February 2013 were submitted and approved.

Arising therefrom, in relation to paragraph 6, it was agreed that the Controller of Audit liaise with the audit team to establish if the proposed report updating the performance audit *Maintaining Scotland's roads: a follow-up report* would refer to the National Audit Office report *Planning for economic infrastructure* which was published on 16 January 2013.

Action: Controller of Audit

6. Minutes of the Financial Audit and Assurance Committee of 28 February 2013

The minutes of the meeting of Financial Audit and Assurance Committee of 28 February 2013 were submitted and approved.

7. Chair's introduction

The Chair reported that:

- On 21 February, he attended a meeting of the Board of Audit Scotland.
- Also on 21 February, on an invitation from the Leader of Inverclyde Council, he spoke at a meeting of the Council on the Commission's role and its strategy.
- On 28 February, he chaired a meeting of the community planning partnerships audit steering group, also attended by Douglas Sinclair and Bill McQueen.
- On 7 and 8 of March he attended the annual conference of COSLA, along with Jim King and Graham Sharp.
- On 12 February, the Scottish Government published its response to its consultation on its proposals for health and social care integration. A report in this regard would be considered at the Commission's next meeting.

- On 7 March, the Society of Local Authority Chief Executives (Scotland) launched its benchmarking project. The Chair had written to the Chair of SOLACE welcoming the publication of the benchmarking information, and encouraging them to ensure that the information is made available to citizens and is developed further into the future. The Commission was to review the project again later in the year, in the lead-up to considering its annual performance information Direction for 2013.

8. 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:

- In relation to paragraph 11 of the report, that he would monitor issues associated with the succession to the current Chief Executive of South Ayrshire Council.
- In relation to paragraph 12, that Frances Elliott had left her post as Chief Executive of Health Improvement Scotland.
- In relation to paragraph 14, that the appointment of George Graham was as interim Inspector, for a period up to mid-December 2013.
- In relation to paragraph 20, that Audit Scotland would be meeting Julie Bailey, of the 'Cure the NHS' group, to discuss issues around whistleblowing.

Thereafter the Commission agreed to note the report.

9. How councils work series – update report

The Commission considered a report by the Controller of Audit providing an update on the *How Councils Work* (HCW) series of reports, inviting the Commission to note the progress made to date, and inviting the Commission to consider the recommendations of the Performance Audit Committee on the potential topics for future reports in the series.

During discussion the Commission agreed:

- That the Controller of Audit explore with the Improvement Service the scope for future collaboration on material for elected members, particularly around training, induction and reference materials.

Action: Controller of Audit

- That the Chief Executive of the Improvement Service be invited to attend a future meeting at which issues of mutual interest be discussed.

Action: Secretary and Business Manager

- That given the importance of leadership in the current local government environment – as reflected in the local government overview report - the Controller of Audit consider the potential for some follow-up work around the first title in the HCW series, namely roles and working relationships.

- That the Controller of Audit consider the potential of developing online resources, as an extension of the HCW series, for elected members and officers.
- To approve the recommendation of the Performance Audit Committee that the following subject areas be prioritised for the next reports in the HCW series:
 - Option appraisal
 - Charging for services
- That case studies be used in the report on option appraisal to illustrate, amongst other things as appropriate, unsuccessful practice.

Actions: Controller of Audit

- That the reporting process for HCW reports involve presenting first drafts of reports to all members of the Commission through its two committees before full consideration by the Commission.

Action: Secretary and Business Manager

10. Measuring the impact of Audit Services Group work: local government, 2011/12

The Committee considered a report by the Director of Audit Services advising of the impact Audit Scotland's Audit Services Group has had as a consequence of audit work conducted on the 2011/12 financial statements of local government in Scotland.

During discussion the Commission:

- Noted and endorsed the decision of the Financial Audit and Assurance Committee that the Director and Controller of Audit consider how to compile and report such information for all auditors of local government.

Action: Director of Audit Services and Controller of Audit

- Noted that issues relating to impact would feature at the Commission's Annual Strategy Seminar.

Thereafter the Committee noted the report.

11. Competition Commission: Statutory audit services for large companies market inquiry - provisional findings report

The Committee considered a report by the Assistant Auditor General advising of the provisional findings and possible remedies following the Competition Commission's investigation into the statutory audit services market.

During discussion the Commission:

- Noted advice from the Assistant Auditor General that he was considering how to reflect skills mix in the commissioning of audit work.
- Agreed that the Assistant Auditor General consider how to improve the reporting of audit quality issues to the Commission.

Actions: Assistant Auditor General

12. Any other business

The Commission noted that there was no other business to be considered.