

**ACCOUNTS COMMISSION**

**MEETING 20 JUNE 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, 9 May 2013, at 10am

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

IN ATTENDANCE: Fraser McKinlay, Controller of Audit  
Russell Frith, Assistant Auditor General [Item 7]  
Paul Reilly, Secretary and Business Manager  
Anne Cairns, Manager – Benefits, Audit Strategy [Item 7]  
David McConnell, Assistant Director, Audit Services [Items 8 and 10]  
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement (BVS) [Items 8 and 10]  
Gordon Smail, Portfolio Manager, BVS [Items 8 and 10]  
Kathrine Sibbald, Project Manager, BVS [Items 8 and 10]  
Ronnie Nicol, Assistant Director, Performance Audit Group (PAG) [Item 13]  
Claire Sweeney, Portfolio Manager, PAG [Item 13]  
Sally Thompson, Project 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 11 April 2013
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Welfare reform update
8.	Audit of Best Value – City of Edinburgh Council
9.	Any other business
10.	Audit of Best Value – City of Edinburgh Council
11.	Accounts Commission annual plan progress report and draft annual report
12.	Accounts Commission Strategy – update and annual action plan 2013/14
13.	Performance audit: Housing in Scotland

1. Apologies for absence

There were no apologies for absence.

2. Declarations of interest

The following declarations of interest were made:

- Michael Ash, in items 8 and 10, as a member of the board of NHS Lothian.
- Alan Campbell, in items 8 and 10, as an adviser in 2008 to the City of Edinburgh Council.
- Christine May, in items 8 and 10, as a consultant in waste management who had undertaken business with the City of Edinburgh Council.
- Bill McQueen, in items 8 and 10, as a resident of the City of Edinburgh.
- Colin Peebles, in items 8 and 10, as a property owner and registered private landlord in the City of Edinburgh, and in item 13, as a registered private landlord.
- Linda Pollock, in items 8 and 10, as a former employee of NHS Lothian.

3. Decisions on taking business in private

It was agreed that items 10 to 13 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 11 April 2013

The minutes of the meeting of 11 April 2013 were submitted and approved.

5. Chair's introduction

The Chair reported that:

- On 11 April, he chaired a meeting of the Community Planning Partnerships audit steering group.
- On 18 April, he chaired a meeting of the Local Government Strategic Scrutiny Coordination Group.
- On 22 and 23 April, he joined the rest of the members of the Commission at its annual strategy seminar.
- On 24 April, he – along with the Auditor General - gave evidence to the Parliament's Local Government and Regeneration Committee in relation to its ongoing inquiry on public services reform.
- On 25 April, he attended a meeting of the Audit Scotland Board.
- Also on 25 April, he met with a member of the team leading the ongoing review of Audit Scotland's correspondence process

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 advice from the Controller of Audit that Eileen Howat had been appointed as the Chief Executive of South Ayrshire Council.
- Noted advice from the Controller of Audit that Stuart Carruth had been appointed as the Deputy Chief Executive of Stirling Council.
- Agreed that it receive future reports analysing the cost of audit in England and Wales.

*Action: Assistant Auditor General*

- Noted that the Public Audit Committee has published its report Tax avoidance: the role of large accountancy firms on 26 April 2013.
- Noted that the Queen's Speech of 8 May included the Local Audit and Accountability Bill which will abolish the Audit Commission.
- Noted advice from the Controller of Audit that he would keep a watching brief on the Children and Young People Bill, which was introduced to Parliament on 18 April.

Thereafter the Commission agreed to note the report.

#### 7. Welfare reform update

The Commission considered a report by the Deputy Auditor General updating the Commission further on the welfare reform agenda and on Scottish councils' readiness for the upcoming changes.

During discussion the Commission:

- Noted advice from the Assistant Auditor General on the current and projected financial impact on councils of welfare reform.
- Agreed that the report be shared with councils, COSLA and the Scottish Government.
- Agreed that those in receipt be encouraged to share the report – including, in the case of councils, the terms of their own individual response to the survey - with their own stakeholders, including, for example, citizen advisory services.
- Agreed that a progress report – including covering impact on councils of welfare reform – be considered at a future meeting.

*Action: Assistant Auditor General*

Thereafter the Commission agreed to note the report.

#### 8. Audit of Best Value – City of Edinburgh Council

The Commission considered a report by the Secretary and Business Manager introducing the Controller of Audit's report of the audit of Best Value in City of Edinburgh Council and seeking direction on how to proceed.

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

Following consideration, the Commission:

- Noted that the Controller of Audit provide further information on the role of procurement in the achievement of savings across the public sector.

*Action: Controller of Audit*

- Agreed to note the report and to consider in private how to proceed.

9. Any other business

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

10. Audit of Best Value – City of Edinburgh Council [in private]

The Commission agreed that this item be held in private to allow it to consider how to proceed in relation to a report by the Controller of Audit.

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

11. Accounts Commission annual plan progress report and draft annual report [in private]

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

The Commission considered a report by the Secretary and Business Manager detailing progress against its annual action plan for the year to 31 March 2013 and accompanied by a draft annual report

Following discussion, the Commission agreed:

- The report of progress against its annual action plan for the year to 31 March 2013, subject to members individually providing revision points to the Secretary and Business Manager.
- The style and general content of the draft annual report, subject to members individually providing revision points to the Secretary and Business Manager.
- The publication arrangements as proposed in the report.

12. Accounts Commission Strategy – update and annual action plan 2013/14 [in private]

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

The Commission considered a report by the Secretary and Business Manager proposing revisions to its three year strategy following the annual strategy seminar and proposing a new annual action plan for the year to 31 March 2014.

Following discussion, the Commission agreed:

- The revisions to its strategy as proposed in the report.
- An annual action plan for the year to 31 March 2014.

- The publication arrangements as proposed in the report.

13. Performance audit: Housing in Scotland [in private]

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

The Commission considered a report by the Director of Performance Audit proposing a draft performance audit report, *Housing in Scotland*, and accompanying key messages, prepared on behalf of the Accounts Commission and the Auditor General for Scotland.

Following discussion, the Commission agreed:

- That the issue of rent levels for social housing be considered as a possible subject for future performance audits.
- To approve the draft performance audit report *Housing in Scotland* and accompanying key messages, subject to the audit team considering a number of points raised in discussion and consulting further with the sponsors of the performance audit.

*Action: Director of Performance Audit*

The Chair thanked the audit team for its work.