

**ACCOUNTS COMMISSION**

**MEETING 17 OCTOBER 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, 12 September 2013, at 10am

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

IN ATTENDANCE: Fraser McKinlay, Controller of Audit  
Russell Frith, Assistant Auditor General [Items 10, 11 &13]  
Paul Reilly, Secretary and Business Manager  
Martin Walker, Assistant Director, Performance Audit and Best Value (PABV) [Items 7, 8, 14 and 15]  
Carol Calder, Portfolio Manager, PABV [Items 7, 8, 11, 14 and 15]  
Angela Cullen, Assistant Director, PABV [Item 16]  
Mark MacPherson, Portfolio Manager, PABV, [Item 16]  
Andra Laird, Project Manager, PABV [Item 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 22 August 2013
5.	Chair's introduction
6.	Update report by the Controller of Audit
7.	Best Value Audit – Targeted work: Aberdeenshire Council
8.	Best Value Audit – Targeted work: The Moray Council
9.	Audit of community planning and outcomes: next steps
10.	Replacement of the Local Authority Accounts (Scotland) Regulations 1985 – Specific issues
11.	Expectations of audit – consultation with Accounts Commission
12.	Any other business
13.	Audit Scotland fee strategy
14.	Best Value Audit – Targeted work: Aberdeenshire Council
15.	Best Value Audit – Targeted work: Moray Council
16.	Performance audit – draft report: Reshaping Scotland's public sector workforce

1. Apologies for absence

It was noted that apologies for absence had been received from Bill McQueen.

2. Declarations of interest

The following declarations of interest were made:

- Mike Ash, in item 9, as Chair of East Lothian Community Health Partnership and a member of East Lothian Community Planning Partnership.
- Alan Campbell, in items 7 and 14, as a former Chief Executive of Aberdeenshire Council.
- Sandy Cumming, in item 16, as a former Chief Executive of Highlands and Islands Enterprise, one of the bodies surveyed in the audit.
- Christine May, in item 16, as Vice-Chairman of Fife Cultural Trust.
- Linda Pollock, in item 16, as a member of the Royal College of Nursing, who were surveyed as part of the audit.

3. Decisions on taking business in private

It was agreed that items 13 to 16 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 22 August 2013

The minutes of the meeting of 22 August 2013 were submitted and approved, subject to:

- Noting advice from the Controller of Audit that:
  - In relation to the second bullet point of item 6 (report back on the desirability of guidance in relation to senior council officers assuming roles with bodies outwith the council), he would report back in this regard at the Commission's November meeting.
  - In relation to the third bullet point of item 6 (information on the proportion of older people being cared for at home rather than in hospital or care homes), he was collecting the said information and would share with the Commission in early course.
- Noting advice from the Secretary and Business Manager that:
  - In relation to the final bullet point of item 7 (housing and council tax benefits administration audit activity: letter to councils commending the report), the letter had been sent, copies of which had been circulated to Commission members.
  - In relation to item 9 (Accounts Commission secure portal), he was still investigating how to progress matters, and would liaise with members to this end in due course.

5. Chair's introduction

The Chair reported that:

- On 28 August, he chaired a meeting of the Community Planning Partnerships (CPP) Audit Steering Group, also attended by the Deputy Chair.

- On 28 August, he and the Deputy Chair met with representatives of COSLA, including David O'Neill, President, Michael Cook, Vice-President and Rory Mair, Chief Executive. He advised that it been a very good meeting, discussing welfare reform, the audit of community planning and the progress of the National Community Planning Group, progress with the strategic scrutiny agenda, the council performance information benchmarking project, and the Commission's current interest in arm's length organisations (ALEOs).
- On 29 August, he attended a meeting of the Audit Scotland Board.
- On 4 September, the Deputy Chair and I met with John Swinney, Cabinet Secretary and Derek Mackay, Minister for Local Government. He advised that this had been a very good meeting, with the subjects discussed including the audit of community planning, strategic scrutiny, and ALEOs.
- On 5 September, he spoke at a conference entitled 'Single Outcome Agreements: the foundation of community planning'.
- Also on 5 September, he and the Deputy Chair met with representatives of SOLACE Scotland (Elma Murray, Chair; George Black, Vice-Chair; and David Martin, Immediate Past Chair). He advised that this had also been a good meeting, covering progress with the council performance information benchmarking project, welfare reform issues being faced by councils, progress with the strategic scrutiny agenda, the Commission's current review of the approach to auditing Best Value, and ALEOs.

#### 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 there would be a briefing at the next meeting of the Commission on the Scottish Budget 2013/14, which was announced on 11 September 2013.
- Noted a paper tabled by the Controller of Audit detailing an agreement between the Scottish Government and COSLA setting out requirements of community planning partners in relation to joint resourcing. This was part of the Scottish Budget announcement.
- In relation to paragraph 5, noted advice from the Controller of Audit that a paper on the audit and scrutiny of ALEOs would be submitted to the Commission at its next meeting.
- Further in this regard, noted advice from the Secretary and Business Manager that a letter from the Chair to the Cabinet Secretary advising of the Commission's continuing interest in ALEOs had been circulated to members.
- In relation to paragraph 8, agreed that a list be circulated of councils who have signed up to the Improvement Service's Continuous Professional Development Framework, including a breakdown of member and officer take-up.

*Actions: Controller of Audit*

Thereafter the Commission agreed to note the report.

7. Best Value Audit – Targeted work: Aberdeenshire Council

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

Following consideration, the Commission:

- Noted advice from the Controller of Audit that he was considering how to ensure a more routine focus through audit work on service review and option appraisal activities.
- Agreed to note the report and to consider in private how to proceed.

8. Best Value Audit – Targeted work: Moray Council

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

Following consideration, the Commission:

- Noted advice from the Controller of Audit that he was considering how to ensure a more routine focus through audit work on service review and option appraisal activities.
- Agreed to note the report and to consider in private how to proceed.

9. Audit of community planning and outcomes: next steps

The Commission considered a report by the Controller of Audit providing an update on the proposal to undertake a further five Community Planning Partnership (CPP) audits over the next 12 months and to prepare a further national overview report on progress being made in improving community planning in Scotland.

During discussion, the Commission:

- Noted advice from the Controller of Audit that he was discussing with strategic scrutiny partners the implications of a reference in the financial memorandum to the Public Bodies (Joint Working) (Scotland) Bill to additional resources of £670,000 per annum for scrutiny of strategic commissioning.
- Endorsed the proposed CPP audit programme for 2013/14.
- Noted how CPP audits fit within the broader work programme of the Accounts Commission and Auditor General for Scotland, alongside Best Value audits, performance audits and annual audit work.
- Endorsed the proposal of the Controller of Audit to undertake a review of the approach to auditing Best Value in the local government during 2013/14 to reflect the impact of the CPP audit and ensure it is fit for purpose.
- Further in this regard, to note advice from the Controller of Audit that he wanted to ensure full involvement of Commission members in the review.

*Actions: Controller of Audit*

10. Replacement of the Local Authority Accounts (Scotland) Regulations 1985 – Specific issues

The Commission considered a report by the Assistant Auditor General seeking its views to inform a response to the Scottish Government's consultation on draft regulations to replace the Local Authority Accounts (Scotland) Regulations 1985.

During discussion, the Commission agreed the following for inclusion in a response to the consultation:

- In relation to the desirability of requiring the proper officer for finance to be appropriately qualified, to recommend that the Scottish Government should make a professional qualification mandatory.
- In relation to the desirability of prescribing the position of the statutory finance officer in a local authority's management structure, to stress the importance of councils and senior management teams having access to high quality financial information to inform decision-making and thus the need for councils to carefully consider the positioning of the proper officer in their management structures.
- In relation to the desirability of prescribing the establishment of a council audit committee, suggest that the Scottish Government consider, through the circular/guidance to accompany the new Regulations, strongly advising councils to:
  - have an audit or audit and risk committee
  - consider that the committee be chaired by a member of the opposition and include lay members.

*Action: Assistant Auditor General*

11. Expectations of audit – consultation with Accounts Commission

The Commission considered a report by the Assistant Auditor General seeking its views on how to be involved in the Expectations of Audit project.

Following consideration, the Commission endorsed the proposal for engagement as set out in the paper.

*Action: Assistant Auditor General*

12. Any other business

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

13. Audit Scotland fee strategy [in private]

The Commission agreed that this item be held in private to allow it to consider proposals for audit charges.

The Commission considered a report by the Assistant Auditor General setting out Audit Scotland's budget for the financial year 2014/15; seeking the Commission's agreement to the proposed audit charges for the 2013/14 audits; and to advise the Commission aware of a new VAT issue.

During discussion, the Commission:

- Noted advice from the Controller of Audit that data was available on the impact of reducing budgets on the amount of audit work delivered.
- Approved the charging proposals for 2013/14 audits.
- Noted the provisional proposals for the following audit year.
- Note that if agreement is not reached with HMRC in relation to the VAT status of the Commission, further increases may be necessary in which case a further paper would be brought to the Commission.

*Actions: Assistant Auditor General*

14. Best Value audit – targeted work: Aberdeenshire 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.

15. Best Value audit – targeted work: Moray 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.

16. Performance audit – draft report: Reshaping Scotland’s public sector [in private]

The Commission agreed that this item be held in private to allow it to consider the draft performance audit report prepared jointly for the Accounts Commission and the Auditor General for Scotland.

The Commission considered a report by the Controller of Audit proposing a draft performance audit report, *Reshaping Scotland’s public sector workforce*, prepared on behalf of the Accounts Commission and the Auditor General for Scotland.

Following discussion, the Commission agreed to approve the draft performance audit report *Reshaping Scotland’s public sector workforce*, subject to the audit team considering a number of points raised in discussion and consulting further with the sponsors of the performance audit, Alan Campbell and Colin Duncan.

*Action: Controller of Audit*