

ACCOUNTS COMMISSION

MEETING 16 JANUARY 2014

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 December 2013, at 10.00am

PRESENT: Douglas Sinclair (Chair)
Michael Ash
Alan Campbell
Colin Duncan
Christine May
Bill McQueen
Linda Pollock
Colin Peebles
Graham Sharp
Pauline Weetman

IN ATTENDANCE: Fraser McKinlay, Controller of Audit
Paul Reilly, Secretary and Business Manager
Elaine Boyd, Senior Audit Manager, Audit Services [Items 10 and 13]
Russell Frith, Assistant Auditor General [Item 16]
Dave McConnell, Assistant Director, Audit Services [Items 10 and 13]
Kathrine Sibbald, Portfolio Manager, Performance Audit and Best
Value (PABV) [Item 14]
Gordon Smail, Senior Manager, PABV [Items 9, 10, 12 and 13]
Shelagh Stewart, Project Manager, PABV [Item 14]
Martin Walker, Assistant Director, PABV [Items 9 and 12]
Tommy Yule, Project Manager, PABV [Items 9 and 12]

<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 November 2013
5.	Minutes of meeting of Financial Audit and Assurance Committee of 28 November 2013
6.	Minutes of meeting of Performance Audit Committee of 28 November 2013
7.	Chair's introduction
8.	Update report by the Controller of Audit
9.	Statutory report – Caithness Heat and Power
10.	Statutory report: East Dunbartonshire Council
11.	Any other business
12.	Statutory report – follow-up – Caithness Heat and Power
13.	Statutory report: East Dunbartonshire Council
14.	Statutory performance information: 2013 Direction
15.	COSLA Commission on Strengthening Local Democracy: draft submission
16.	Formal authority for Audit Scotland staff to make VAT claims

1. Apologies for absence

Apologies for absence were received from Sandy Cumming.

2. Declarations of interest

The following declarations of interest were made:

- Christine May, in items 10 and 13, as an adviser to opencast mining companies.
- Graham Sharp, in items 10 and 13, as a resident of East Dunbartonshire.

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 14 November 2013

The minutes of the meeting of 14 November 2013 were submitted and approved.

Arising therefrom, advice from the Controller of Audit was noted that a meeting of local area network leads would take place on 13 December 2013.

5. Minutes of the meeting of the Financial Audit and Assurance Committee of 28 November 2013

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

Arising therefrom, it was agreed that the Controller of Audit work with the Chair of the Committee to ensure reporting in early course to the Commission on proposals for the publishing of information on the 2012/13 Local Government Pension Scheme annual audit.

6. Minutes of the meeting of the Performance Audit Committee of 28 November 2013

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

7. Chair's introduction

The Chair:

- Welcomed Pauline Weetman to her first meeting of the Commission.
- Advised that he would correspond with Commission members on proposed make-up of the Commission committees in the light of recent changes to the membership of the Commission.
- Reported that:
 - On 5 December, the regular Accounts Commission meeting with strategic scrutiny bodies was postponed due to the bad weather.

- On 10 December, he attended an event hosted by the First Minister and Cabinet colleagues at which they answered questions on the independence White Paper from representatives of Scottish public life.
- On 11 December, he met Stephen Gallagher, Deputy Director of Local Government and Communities in the Scottish Government.
- Also on 11 December, he met Ronnie Cleland, Chair of the Audit Scotland Board.
- Also on 11 December, he attended a meeting of the National Community Planning Group, at which was discussed: implementation of the Agreement on Joint Working on Community Planning and Resourcing; and co-production and community engagement with the third sector.

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:

- In relation to paragraph 8 of the report, noted advice from the Chair about the possible implications of the Procurement Reform (Scotland) Bill for arms' length external organisations.
- Further in this regard agreed that the Bill be made available to members.
- In relation to paragraph 10, agreed that further thought be given to strategic engagement with the Improvement Service in relation to initiatives such as publications.
- In relation to paragraph 14, agreed that the Audit Commission reports *Protecting the public purse 2013: fighting fraud against local government* and *Tough times 2013: Councils' responses to financial challenges from 2010/11 to 2013/14* be placed on the Commission members' portal.

Actions: Secretary and Business Manager

Thereafter the Commission agreed to note the report.

9. Statutory Report – Caithness Heat and Power

The Commission considered a report by the Secretary and Business Manager introducing the Controller of Audit's statutory report on The Highland Council: Caithness Heat and Power and seeking direction on how to proceed.

Following consideration, the Commission agreed to note the report and to consider in private how to proceed.

10. Statutory report: East Dunbartonshire Council

The Commission considered a report by the Secretary and Business Manager introducing the Controller of Audit's statutory report on East Dunbartonshire Council and seeking direction on how to proceed.

Following consideration, the Commission agreed to note the report and to consider in private how to proceed.

11. Any other business

The Chair asked that his appreciation be recorded on behalf of the Commission of the work of Audit Scotland in supporting the Commission during 2013.

12. Statutory report – follow-up – Caithness Heat and Power [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 to be contained in a report and published in early course.

Action: Secretary and Business Manager

13. Statutory report: East Dunbartonshire Council [in private]

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

Following discussion, the Commission agreed:

- to direct the Controller of Audit to undertake further investigations
- that these be in the form of further Best Value audit work

Action: Controller of Audit

- to invite the Council to a meeting with the Commission to discuss the reasons behind its decision.

Action: Secretary and Business Manager

14. Statutory performance information: 2013 Direction [in private]

The Commission considered a report by the Controller of Audit seeking approval of the draft 2013 Direction in relation to statutory performance information; reporting publication of 2012/13 statutory performance indicator data; and providing an update on the progress of the Scottish Local Government Benchmarking Framework.

Following discussion the Commission:

- approved the draft 2013 Direction
- noted the outline of the 2012/13 statutory performance indicator data
- noted the progress of the Scottish Local Government Benchmarking Framework.

Action: Controller of Audit

15. COSLA Commission on Strengthening Local Democracy: draft submission [in private]

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

The Commission considered a report by the Secretary and Business Manager proposing a draft response of the Accounts Commission to COSLA's Commission on Strengthening Local Democracy.

Following discussion, the Commission agreed to write to COSLA to advise that it does not see a need to respond directly to its initiative.

Action: Secretary and Business Manager

16. Formal authority for Audit Scotland staff to make VAT claims [in private]

The Commission considered a report by the Assistant Auditor General seeking formal authority for Audit Scotland staff to make VAT input tax recovery claims for the Commission.

Following discussion the Commission agreed to grant authority for members of staff of Audit Scotland to make and sign VAT refund claims for the Commission and to otherwise correspond with HMRC on its behalf.