

ACCOUNTS COMMISSION

MEETING 12 FEBRUARY 2015

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, 15 January 2015, at 10.15am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Alan Campbell
Sandy Cumming
Colin Duncan
Tim McKay
Christine May
Stephen Moore
Linda Pollock
Colin Peebles
Graham Sharp
Pauline Weetman

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit
and Best Value (PABV)
Antony Clark, Assistant Director, PABV [Item 7]
Angela Cullen, Assistant Director, PABV [Item 10]
Agata Maslowska, Performance Auditor, PABV [Item 8]
Tricia Meldrum, Senior Manager, PABV [Item 10]
Michael Oliphant, Project Manager, PABV [Item 10]
Liz Ribchester, Senior Performance Auditor, PABV [Item 10]
Kathrine Sibbald, Senior Manager, PABV [Item 8]
Peter Worsdale, Project Manager, PABV [Item 8]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 11 December 2014
5. Update report by the Secretary to the Commission
6. Update report by the Controller of Audit
7. Scrutiny improvement - update
8. Briefing: Arm's length external organisations [in private]
9. Performance audit: draft report – Borrowing and treasury management [in private]
10. Performance audit; draft report – Commonwealth Games (third report) [in private]
11. Controller of Audit engagement activities [in private]
12. Commission business matters [in private]

1. Apologies for absence

There were no apologies.

2. Declarations of interest

The following declarations of interest were made:

- Christine May, in item 8, as Vice-Chair of Fife Cultural Trust. She played no part in the consideration of the said item.
- Linda Pollock, in item 7, as a member of the board of the Care Inspectorate

3. Decisions on taking business in private

It was agreed that items 8 to 12 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 11 December 2014

The minutes of the meeting of 11 December 2014 were submitted and approved, subject to.

- In relation to item 4 (minutes of meeting of 13 November 2014), noting advice from the Secretary that Tim McKay played no part in consideration of the report by the Controller of Audit on City of Edinburgh Council.
- In relation to item 13 (statutory performance information), noting advice from the Chair that he would further investigate discussions between the Scottish Government and the Local Government Benchmarking Framework in relation to data management.

5. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion the Commission:

- noted advice from the Secretary that:
 - in relation to paragraph 15 (meeting with Alex Neil MSP and Marco Biagi MSP), the Chair had extended an invitation to Mr Neil to be the Commission's guest at the annual strategy seminar, to Mr Biagi to attend a meeting of the Commission.
 - He would circulate details of the Finance Committee's first report of 2015, published on 12 January, on the Scottish Government draft budget, particularly in relation to its comments on the Reshaping Care for Older People Change Fund.
 - He would provide further information at the next meeting on the progress of the Community Empowerment Bill.
 - He would consider how best to report progress in relation to the report of the Smith Commission.

Thereafter the Commission agreed to note the report.

6. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders, which was noted.

7. Scrutiny improvement - update

The Commission considered a report by the Director of Performance Audit and Best Value, providing an overview of the Strategic Scrutiny Group's recent work and outlining the Group's revised Terms of Reference and Work Programme for 2014/15.

During consideration, the Commission agreed:

- To note the revised Terms of Reference for the Strategic Scrutiny Group.
- To note the Strategic Scrutiny Group's work programme 2014/15.
- To note the implications for the work of the Accounts Commission.

8. Briefing: Arm's length external organisations *[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 Director of Performance Audit and Best Value.

The Commission considered a report by the Secretary to the Commission introducing a briefing by Director of Performance Audit and Best Value on arm's length external organisations (ALEOs).

Following discussion, the Commission agreed:

- To note advice from the Director that the Office of the Scottish Charity Regulator (OSCR) published on 9 January the report of its review of the ALEOs registered as charities in Scotland, and that this had no significant material effect on his briefing.
- To note the Director's briefing.
- To undertake the following actions:
 - As a priority, send a letter to councils encouraging them to apply good practice more consistently across ALEOs highlighting the importance of strong governance for ALEOs particularly around minimising potential conflicts of interest, ensuring regular and proportionate monitoring, and including clauses for review and termination in funding agreements.
 - Send a guidance note to external auditors of councils to assist in their audit of councils' governance and funding arrangements with ALEOs, drawing particular attention to the practical guidance in the *Following the Public Pound* code.
 - Undertakes, by Autumn 2015, a review of the *Following the Public Pound* code in conjunction with an update of the definition of ALEOs to assist councils to apply the principles of good governance to the funding arrangements for ALEOs and similar bodies.

- Promote a stronger consideration of ALEOs in scrutiny work, particularly through Shared Risk Assessment work and the development of the refreshed arrangements for auditing Best Value.
 - Support training and information events for the local government community, for example seminars and conferences involving Audit Scotland, OSCR, COSLA and the Improvement Service, including reference to, as appropriate, the Commission report in its *How Councils Work* series on ALEOs.
- That the Secretary and Director discuss a detailed timeline for these actions and advise the Commission accordingly.
 - To engage with COSLA and the Scottish Government on its decision.
 - Similarly, to engage with the Society of Local Authority Lawyers and Administrators in Scotland (SOLAR).

9. Performance audit: draft report – Borrowing and treasury management [in private]

The Commission noted advice from the Secretary to the Commission that the draft report of the performance audit on Borrowing and treasury management had been deferred to the next meeting.

10. Performance audit: draft report – Commonwealth Games (third 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 Director of Performance Audit and Best Value seeking approval of the draft joint performance audit report *Commonwealth Games: third report*, in conjunction with the Auditor General, and outlining ways of promoting the messages contained in the report.

Following discussion, the Commission agreed:

- To engage with councils in relation to wider legacy issues associated with the Games.
- To engage with the Auditor General of Queensland on the report, given possible interest in the successor Games in the Gold Coast.
- To approve the draft report, made jointly with the Auditor General for Scotland, entitled *Commonwealth Games: third report*, 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.

11. Controller of Audit engagement activities [in private]

The Commission agreed that this item be held in private to allow it to consider confidential issues raised in a presentation by the Controller of Audit.

The Commission noted a presentation from the Controller of Audit on issues arising from his recent engagement with council chief executives.

12. Commission business matters [*in private*]

The Commission agreed that the Chair's update on Commission business matters be held in private to allow it to discuss issues of a confidential nature relating to the operations of the Commission.

The Chair briefed the Commission on matters of interest.