

MEETING 10 SEPTEMBER 2015**MINUTES OF PREVIOUS MEETING**

Minutes of the 418th meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 13 August 2015, at 10.15am

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

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 10]
Jaz Denness, Graphic Designer [Item 16]
Russell Frith, Assistant Auditor General [Items 9 and 14]
James Gillies, Communications Manager [Item 16]
Shirley James, Web Officer [Item 16]
Keith MacPherson, External Consultant, PABV [Item 10]
Tricia Meldrum, Senior Manager, PABV [Item 12]
Fiona Mitchell-Knight, Assistant Director, ASG [Item 12]
Ronnie Nicol, Assistant Director, PABV [Item 12]
Jim Rundell, Senior Audit Manager, ASG [Item 12]
Fiona Selkirk, Audit Manager, PABV [Item 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 11 June 2015
5.	Minutes of Financial Audit and Assurance Committee of 18 June 2015
6.	Minutes of Performance Audit Committee of 18 June 2015
7.	Update report by the Secretary to the Commission
8.	Update report by the Controller of Audit
9.	Annual Audit Scotland transparency and quality report
10.	Following the public pound
11.	Commission meeting arrangements 2016
12.	Audit of Best Value: Falkirk Council
13.	Audit of Best Value: Falkirk Council

14. Audit procurement strategy
15. Draft Commission strategy 2015-18
16. Website demonstration
17. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Colin Peebles.

2. Declarations of interest

Christine May declared an interest in items 7 and 10. She played no part in the consideration of the latter item.

3. Decisions on taking business in private

It was agreed that items 13 to 17 should be taken in private for the following reasons:

- Item 13 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision. The Commission does this before making this decision public.
- Item 14 proposes a draft audit procurement strategy which contains information of a commercially sensitive nature.
- Item 15 proposes a draft strategy for the Commission, which the Commission is to consider before publishing the report.
- Item 16 involves the Commission reviewing a website design that has yet to be launched or made public.
- Item 17 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required, and what it covers.

4. Minutes of meeting of 11 June 2015

The minutes of the meeting of 11 June 2015 were submitted and approved.

Arising therefrom, the Commission:

- In relation to item 8 (Statutory performance information: strategy), noted advice from the Secretary that the Chair and Deputy Chair would be meeting the Local Government Benchmarking Framework Board on 14 August 2015.
- In relation to item 11 (Audit of Best Value: Aberdeen City Council), noted advice from the Secretary that the Chair, along with Christine May and Stephen Moore, would meet representatives of the Council on 28 August 2015.

Thereafter, the Commission agreed to note the report.

5. Minutes of Financial Audit and Assurance Committee of 18 June 2015

The minutes of the meeting of the Financial Audit and Assurance Committee of 18 June 2015 were submitted and approved, subject to noting the inclusion of Tim McKay in those present.

6. Minutes of Performance Audit Committee of 18 June 2015

The minutes of the meeting of the Performance Audit Committee of 18 June 2015 were submitted and approved, subject to noting the inclusion of Pauline Weetman in those present.

7. 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:

- In relation to paragraph 5, that the Chair, along with Sandy Cumming and Pauline Weetman, met representatives of East Dunbartonshire Council on 12 August.
- In relation to paragraph 11, that the Auditor General had responded to Jackie Baillie MSP, a copy of which was available to members on the extranet.
- In relation to paragraph 13, that the second sentence should refer to a “single public complaints handling process”.
- In relation to paragraph 14, that he had responded to the Local Government and Regeneration Committee providing background material that it had requested in relation to the evidence presented to it by the Commission.
- In relation to paragraph 21, that Audit Scotland had established an internal working group on new financial powers in relation to the Scotland Act, upon which the Commission would retain an interest, given the proposals in the Act in relation to devolution of welfare responsibilities.
- In relation to paragraph 40, that “50 hours” should read “30 hours”.
- In relation to paragraph 41, that this relates to North Lanarkshire Council.
- That the Scottish Government was consulting on its proposal to extend coverage of the Freedom of Information (Scotland) Act 2002 to more organisations, namely contractors who run privately-managed prisons; providers of secure accommodation for children; grant-aided schools; and independent special schools.

The Secretary advised that he would, with the Chair, prepare a response in conjunction with the Auditor General and Auditor Scotland and share with Commission members accordingly.

Action: Secretary

Thereafter, the Commission agreed to note the report.

8. 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.

9. Audit Scotland annual Transparency and Quality Report

The Commission considered a report by the Assistant Auditor General introducing Audit Scotland's annual Transparency and Quality Report.

Following discussion, the Commission agreed:

- To propose to Audit Scotland that, in future reports:
 - More information be provided on:
 - Equalities issues.
 - Audit Scotland's response to improvement actions such as those set out in paragraph 65.
 - Ethical standards, procurement and audit appointment rotations.
 - The roles and relationships in paragraph 2 be more clearly articulated, and consistent with the Accounts Commission strategy and 'Public Audit in Scotland'.
- In relation to Exhibit 10 in the report, to note advice from the Director of Performance Audit and Best Value on Audit Scotland's interest in the potential of refining judgements in relation to Best Value and value for money, particularly in work in relation to NHS and further education sectors.
- To note advice from the Assistant Auditor General that Audit Scotland Board was currently considering issues around ethical standards.
- To advise Audit Scotland that the Commission welcomed feedback from Audit Scotland officers on issues around its own transparency and quality.

Actions: Secretary

10. Following the public pound

The Commission considered a joint report from the Secretary to the Commission and Director of Performance Audit and Best Value providing on range of actions in relation to arm's-length external organisations (ALEOs), and in particular, outlining the findings of a review of the Code of Guidance for Funding External Bodies and Following the Public Pound ('the FtPP Code').

Following discussion, the Commission agreed:

- To note a letter from the Chair to council leaders and chief executives, setting out a range of actions taken to highlight the FtPP Code principles.
- To note the actions taken to reinforce to auditors their responsibilities in relation to assessing compliance with the FtPP Code through the refreshed audit guidance issued in May.
- To note the findings of the review of the FtPP Code set out in the report and agree that:
 - the FtPP Code remains valid and therefore the Commission should not undertake a formal refresh of its content

- compliance with the FtPP Code should be embedded into the Commission's performance expectations for councils under any revised Best Value guidance; and
- consequently, proportionate and risk-based auditing of compliance with the FtPP Code be undertaken as part of the new integrated Best Value audit approach.
- Not to undertake any specific work on further definition of ALEOs, but rather to articulate the Commission's view in appropriate policy or guidance documents around the need for accountability of public money however it is spent.
- Further in this regard, to note advice from the Director of Performance Audit and Best Value that wider issues around the implications of FtPP on the commissioning of services needs further thought as part of the development of a revised approach to the auditing of Best Value.
- Further in this regard, to consider as part of its performance audit programme some work on the benefits intended and delivered from using different vehicles to deliver services.
- To note advice from the Director of Performance Audit and Best Value that, similarly, issues around accountability and integrated joint health and social care boards would be considered as part of the development of the audit of such boards and the wider auditing of Best Value.
- To endorse the promotion of a stronger consideration of ALEOs and compliance with the FtPP Code in scrutiny work through revisions to the Shared Risk Assessment (SRA) process.
- That further engagement with stakeholders on its longer term approach to FtPP, as set out in this minute, take place as part of the Commission's general engagement with stakeholders in relation to it revising the auditing of Best Value.
- To notify stakeholders as to its decisions in this regard.

*Actions: Secretary and
Director of Performance Audit and Best Value*

11. Commission meeting arrangements 2016

The Commission considered a report by the Secretary to the Commission proposing meeting arrangements for 2016.

Following discussion, it was agreed:

- To approve the proposed schedule for meetings of the Commission and its committees in 2016.
- That members advise the Secretary of their views on the starting time for meetings of the Commission.
- To note the updated position with accessibility and transparency in relation to our meeting and business arrangements.
- That members advise the Secretary of any suggestions for guest speakers for the speaker session during committee days.

- That the annual strategy seminar take place in early March 2016.

Actions: Secretary

12. Audit of Best Value: Falkirk Council

The Commission considered a report by the Secretary to the Commission seeking its consideration of the Controller of Audit's report of the Best Value audit of Falkirk Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

13. Audit of Best Value: Falkirk Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the audit of Best Value in Falkirk Council.

Following discussion, the Commission agreed:

- To make findings, to be published on 27 August 2015.
- As part of those findings, to require the Controller of Audit to report back on progress by the end of 2016.

Actions: Secretary

14. Audit procurement strategy

The Commission considered a report by the Assistant Auditor General proposing a draft Procurement Strategy for the 2016/17 to 2020/21 audit appointments.

Following discussion, the Commission agreed the draft strategy in conjunction with the Auditor General and Audit Scotland, subject to revisions agreed in the discussion.

15. Draft Commission strategy 2015 – 18

The Commission considered a report by the Secretary to the Commission proposing a Commission strategy and accompanying action plan for the next three years.

Following discussion, the Commission agreed its draft strategy, subject to revisions agreed in the discussion, to be published in the week beginning 7 September 2015 and sent to stakeholders.

16. Website demonstration

The Commission viewed a presentation from the Communications Team in Audit Scotland, setting out the proposed website for the Commission, the Auditor General and Audit Scotland.

During discussion, the Commission made observations on the design and content of the website which were noted by the team

17. Commission business matters

The Chair briefed the Commission on matters of interest.

There being no further business, the meeting was closed.