

MEETING: 10 MARCH 2016

MINUTES OF PREVIOUS MEETING

Minutes of the 425th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 10 March 2016, at 10.15am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Sandy Cumming
Sheila Gunn
Christine May
Stephen Moore
Graham Sharp
Pauline Weetman
Geraldine Wooley
Sophie Flemig
Tim McKay

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Russell Frith, Assistant Auditor General, [Items 10, 11 and 14]
John Gilchrist, Manager, Audit Strategy [Item 14]
Mark Roberts, Senior Manager, PABV [Item 12]
Owen Smith, Senior Manager, Audit Strategy [Items 10, 11 and 14]
Claire Sweeney, Assistant Director, PABV [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 February 2016
5.	Minutes of meeting of Financial Audit and Assurance Committee 25 February 2016
6.	Minutes of meeting of Performance Audit Committee 25 February 2016
7.	Update report by the Secretary to the Commission
8.	Update report by the Controller of Audit
9.	Review of annual audit reports 2014/15
10.	Annual Audit Impact Report
11.	Code of Audit Practice
12.	Briefing: Community Justice (Scotland) Act 2016
13.	Work programme: outputs from consultation
14.	Procurement of audits: appointments
15.	Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Alan Campbell.

2. Declarations of interest

The following declarations of interest were made:

- Ronnie Hinds, in item 9, as a former Chief Executive of Fife Council
- Sheila Gunn, in item 7, as a non-executive Director of the Wheatley Group
- Christine May, in item 9, as a former leader of Fife Council, and in item 13, as Vice-Chair of Fife Cultural Trust
- Stephen Moore, in item 9, as a former chief officer of Fife Council.
- Douglas Sinclair, in item 9, as a former Chief Executive of Fife Council.

3. Decisions on taking business in private

It was agreed that items 13 and 14 should be taken in private for the following reasons:

- Item 13, which requires discussion on the draft work programme before it is published, including consideration of comments thereon from councils and other stakeholders
- Item 14, which will require discussion of issues involving commercial confidentiality.

4. Minutes of meeting of 11 February 2016

The minutes of the meeting of 11 February 2016 were submitted and approved, subject to noting advice from the Director of PABV in relation to item 4, first bullet point, that information on the rationale behind the local government finance settlement and longer-term trends of allocations would be provided in a publication to be published alongside the Local Government Overview report.

5. Minutes of meeting of Financial Audit and Assurance Committee 25 February 2016

The minutes of the meeting of the Financial Audit and Assurance Committee of 25 February 2016 were submitted and approved.

6. Minutes of meeting of Performance Audit Committee 25 February 2016

The minutes of the meeting of the Performance Audit Committee of 25 February were submitted and approved.

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 agreed, in relation to paragraph 10, that audit sponsors be informed of such events and invited as appropriate.

Action: Director of PABV

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. Review of annual audit reports 2014/15

The Commission considered a report by the Controller of Audit and Director of PABV advising of the outcome of the review of the 2014/15 annual audit reports for councils and related local authority bodies.

During discussion, the Commission:

- Agreed that the Controller of Audit provide more information on police and fire pension liabilities.
- Agreed that information on longer-term funding and spending trends would be a useful feature in future versions of this report.

Actions: Controller of Audit and Director of PABV

Thereafter, the Commission noted the report.

10. Annual Audit Impact Report

The Commission considered a report by the Assistant Auditor General on the biennial review of the annual audit.

During discussion, the Commission:

- Noted that the report had previously been noted by the Financial Audit and Assurance Committee, which also noted advice from the Assistant Auditor General that he was currently reviewing, in conjunction with the Secretary, the reporting of audit risks and impact to the Commission.
- Agreed that this review include issues around the definition of impact, significance of risk, and the consistency of definition of risk between auditors.
- Agreed, in relation to paragraph 20, that reporting on value for money needs to be a core and clearly understood part of the new approach to auditing Best Value.

Action: Assistant Auditor General

Thereafter, the Commission noted the report.

11. Code of Audit Practice

The Commission considered a report by the Assistant Auditor General updating the Accounts Commission on the results of the formal consultation process on the draft Code of Audit Practice and presenting the updated Code for agreement.

Following discussion, the Commission agreed:

- To note the outcome of the consultation process.
- To approve the text of the revised Code of Audit Practice, subject to points raised in discussion.
- That it be remitted to the Chair to finalise the foreword and any final amendments in conjunction with the Auditor General.

Actions: Assistant Auditor General

12. Briefing: Community Justice (Scotland) Act 2016

The Commission considered a report by the Director of PABV providing a brief summary of the changes to the community justice system that have been introduced by the recently passed Community Justice (Scotland) Act 2016.

During discussion, the Commission agreed:

- To note that the work programme contains a commitment to assess community justice through a performance audit in 2018/19.
- In relation to this, that such work be done on a phased basis, similar to that used in the ongoing work in relation to health and social care integration.

Action: Director of PABV

Thereafter, the Commission noted the briefing.

13. Work Programme: outputs from consultation [in private]

The Commission considered a report by the Secretary to the Commission covering responses to the recent consultation on the Commission's five year work programme (2016/17 – 2020/21).

During discussion, the Commission agreed:

- That given that some councils did not take the opportunity to respond to the consultation, that the profile of the work programme be promoted in dialogue between local auditors and councils, and between local area networks and councils.
- That internal audit be considered as an issue to be covered in the lunchtime speaker programme.
- To approve the five-year work programme and associated publication arrangements.

Actions: Secretary

14. Procurement of audits: appointments [in private]

The Commission considered a report by the Assistant Auditor General on the outcome of the audit procurement exercise and makes recommendations for provisional appointments of auditors to local government bodies for the 2016/17 to 2020/21 appointment period.

Following discussion, the Commission:

- Note the outcome of the procurement exercise.
- Approved provisional appointments of auditors to local government bodies in Scotland, as detailed in the report, subject to consultation with successful firms and audited bodies during March and April.
- Noted that final recommendations for appointments would be made to the Auditor General and the Commission at its meeting on 12 May 2016.

Actions: Assistant Auditor General

15. Commission business matters

There being no further business, the meeting was closed.