

**MEETING: 8 DECEMBER 2016**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the 431st meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 10 November 2016, at 10.15am

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

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Laura Calder, Audit Manager, PABV [Items 15 & 16]  
Morag Campsie, Audit Manager, PABV [Item 11]  
Angela Canning, Assistant Director, PABV [Item 17]  
Antony Clark, Assistant Director, PABV [Items 12 & 14]  
Lisa Duthie, Senior Auditor, Audit Services [Items 15 & 16]  
Mark McCabe, Senior Manager, PABV [Item 17]  
Martin McLauchlan, Senior Auditor, PABV [Item 17]  
Tricia Meldrum, Senior Manager, PABV [Items 15 & 16]  
Fiona Mitchell-Knight, Assistant Director, Audit Services [Items 13, 15 & 16]  
Kathrine Sibbald, Audit Manager, PABV [Item 13]  
Rebecca Seidel, Audit Manager, PABV [Item 11]

<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 8 September 2016
5.	Minutes of meeting of Financial Audit and Assurance Committee 22 September August 2016
6.	Minutes of meeting of Performance Audit Committee of 22 September 2016
7.	Minutes of meeting of Audit Scotland Board of 18 August and 15 September 2016
8.	Audit Scotland Board Update
9.	Update report by the Secretary to the Accounts Commission
10.	Update report by the Controller of Audit
11.	New Financial Powers update
12.	Health and Social Care Update
13.	The New Approach to auditing Best Value: update
14.	Briefing: approach to shared risk assessment
15.	Audit of Best Value: Falkirk Council
16.	Audit of Best Value: Falkirk Council
17.	Local Government Financial Overview: Draft Report
18.	Mid Year Strategy Seminar; Outputs
19.	Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Christine May.

2. Declarations of interest

The following declarations of interest were made:

- Ronnie Hinds, in item 11, as a non-executive director of the Scottish Government.

3. Decisions on taking business in private

It was agreed that items 16 to 18 should be taken in private for the following reasons:

- Item 16 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, which the Commission does before making the decision public.
- Item 17 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 18 presents outputs from the Commission's private Mid-Year Strategy Seminar which may include confidential policy matters that the Commission would wish to discuss in private before proceeding.

The Chair advised that there was no business for item 19 and thus this would not require discussion in private.

4. Minutes of meeting of 8 September 2016

The minutes of the meeting of 8 September 2016 were approved as a correct record.

Arising therefrom, the Commission:

- Noted, in relation to paragraph 7, advice from Geraldine Wooley that the information requested from the Controller of Audit on social housing costs should particularly focus on capital costs.

*Action: Controller of Audit*

- Noted, in relation to paragraph 7, in response to a query from Christine May, advice from the Controller of Audit that he retains a watching brief on the situation with the schools estate in City of Edinburgh schools.
- Noted, in relation to paragraph 14, advice from the Secretary that the report How councils work: Roles and working relationships was published on 9 November.

5. Minutes of meeting of Financial Audit and Assurance Committee 22 September 2016

The minutes of the meeting of the Financial Audit and Assurance Committee of 22 September 2016 were approved as a correct record, subject to the inclusion of Sheila Gunn as being present at the meeting.

With reference to item 7, the Commission noted advice from the Secretary that (i) Audit Scotland officials would be attending a meeting of the National Pensions Scheme Advisory Board on 22 November to discuss the approach to the

Commission's financial overview report, which includes information on the Local Government Pension Scheme; and (ii) following this meeting the Commission would share its work on the matter with local government.

6. Minutes of meeting of Performance Audit Committee of 22 September 2016

The minutes of the meeting of 22 September 2016 were approved as a correct record.

7. Minutes of meeting of Audit Scotland Board 18 August and 15 September 2016

The minutes of the meeting of the Audit Scotland Board of 18 August and 15 September 2016 were submitted and noted.

8. Audit Scotland Board Update

The Chair provided a verbal update on recent Audit Scotland Board activity.

During discussion, the Commission noted that Audit Scotland was be presenting its budget to the Scottish Commission for Public Audit on 21 December.

9. 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.

Following discussion, the Commission agreed:

- In relation to paragraph 20, to note advice from the Secretary that the Scottish Government has advised that it wishes to discuss with stakeholders, including the Commission, issues around the future use and development of survey activities such as the Scottish Household Survey, and to this end, Audit Scotland officials would be participating in a working group.
- In relation to paragraph 29, following a query from Douglas Sinclair, that the Commission include in its committee day speaking programme a representative of the Scottish Parliament Information Centre.
- In relation to paragraph 32, to note advice from the Secretary that the Commission has accepted an invitation from the Local Government and Communities Committee to present its financial overview report to a meeting of the Committee, likely to take place in December, as part of the Committee's scrutiny of the Scottish Budget.
- In relation to paragraph 43, following a query from Sandy Cumming, that the Commission include in its committee day speaking programme a representative of the Local Government Digital Office.
- In relation to paragraph 46, following a query from Alan Campbell, that the Controller of Audit provide more information on the shared procurement initiative by Aberdeen City, Aberdeenshire and Highland councils.
- In relation to paragraph 59, to note advice from the Secretary that the Chair has deferred an invitation to the Fraser of Allander Institute to present to the Commission its annual report and analysis of the Scottish budget, until a point later in the budget process.
- To note advice from the Controller of Audit, in response to a query from Sandy Cumming, that he is monitoring progress of the Scottish Government's

Enterprise and Skills Review, particularly in relation to the implications for enterprise agencies and local government.

*Action: Secretary*

Following discussion, the Commission agreed to note the report.

10. 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.

The Commission noted the update.

11. New financial powers update

The Commission considered a report by the Assistant Director of Audit Services providing an update on key developments surrounding further financial devolution.

During discussion, the Commission noted advice from the Controller of Audit, in response to a query from Ronnie Hinds, that part of Audit Scotland's monitoring of the matter would be the issue of skills and capacity in local government, depending on their responsibility for delivering any of the new powers.

Thereafter, the Commission noted the report.

12. Health and Social Care Update

The Commission considered a report by the Director of Performance Audit and Best Value summarising the current arrangements for the audit and inspection of health and social care integration.

During discussion, the Commission agreed:

- To note the continuing challenges facing the successful integration of health and social care
- To note the planned introduction of new Joint Strategic Inspections of health and social care by Healthcare Improvement Scotland and the Care Inspectorate, and
- To note the planned timetable for the Commission's local audit work within Integration Authorities (IAs) and the national joint audit work with the Auditor General for Scotland during 2017/18
- To note that alongside the planned audit work, progress with health and social care integration will continue to be monitored routinely through the work of the health, care and communities cluster.
- That a paper be produced for the Best Value Working Group on the annual audit of IAs and issues around auditing the Best Value duties of those bodies.
- That the Group report back to the Commission on this matter.
- That the Commission retain a close monitor of the progress of IAs.

*Action: Director of PABV*

13. The new approach to auditing Best Value: update

The Commission considered a report by the Director of Performance Audit and Best Value updating them on the work to develop and implement the new approach to auditing Best Value, since the Commission's meeting in June. It invited the Commission to note the progress made and also note that the implementation of the approach which has now begun.

During discussion, the Commission:

- Noted the progress made on the new approach to auditing Best Value since the Commission meeting in June.
- Noted that implementation of the new approach has now begun, with Best Value Assurance Reports being presented to the Commission following the local government elections in 2017.
- Noted advice from the Secretary that the Local Government Minister and the President of COSLA had written to councils advising of the review of Best Value statutory guidance, a copy of which was available on the members' extranet site.
- Agreed that a review of the first year of the new integrated approach to auditing be led by the Best Value Working Group and reported to the Commission.

*Action: Secretary and Director of PABV*

14. Briefing: approach to shared risk assessment

The Commission considered a report by the Director of Performance Audit and Best Value informing them of the proposed approach to, and timetable for, the 2017/18 Shared Risk Assessment (SRA) process.

After discussion, the Commission noted the report.

15. 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.

16. 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 1 December 2016.
- As part of those findings, to note that it will continue to have a close interest in how the Council is progressing and will require the Controller of Audit to update it by the end of 2017 through the annual audit and in the revised approach to auditing Best Value.

*Actions: Controller of Audit and Secretary*

17. Local Government Financial Overview: Draft Report [in private]

The Commission considered a report by the Director of PABV seeking approval of the draft report of the local government financial overview, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Douglas Sinclair and Ronnie Hinds.
- To approve the publication and promotion arrangements for the report.

*Actions: Director of PABV*

18. Mid-Year Strategy Seminar: Outputs [in private]

The Commission considered a report by the Secretary on the Mid-Year Strategy Seminar and summarising the outputs from the event.

During discussion, the Commission:

- Approved a series of actions in relation to managing Commission business and developing the Commission as a team.
- Approved a set of 'strategic audit priorities' to be taken forward in immediately forthcoming audit work, namely:
  - Clear priorities and better long-term planning
  - Evaluate options for significant changes in delivering services
  - Ensure their people – members and officers – have right knowledge, skills and time
  - Involve citizens more in decisions about services
  - Encourage councils to report performance to help citizens gauge improvement.
- Endorsed the outputs from the event.

*Actions: Director of PABV and Secretary*

19. Commission business matters

The Chair advised that there was no business for this item.

Thereafter, the meeting was closed.