

MEETING: 9 MARCH 2017

MINUTES OF PREVIOUS MEETING

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Minutes of the 433rd meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 9 February 2017, at 10.15am

PRESENT: Ronnie Hinds  
Alan Campbell  
Sheila Gunn  
Sandy Cumming  
Tim McKay  
Sophie Flemig  
Stephen Moore  
Pauline Weetman  
Geraldine Wooley  
Christine May

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Elaine Boyd, Assistant Director, Audit Strategy [Item 13]  
Angela Canning, Assistant Director, PABV [Item 12]  
Russell Frith, Assistant Auditor General [Item 13]  
Morgan Kingston, Auditor, Audit Services Group [Item 9]  
Mark McCabe, Senior Manager, PABV [Item 12]  
Martin McLauchlan, Senior Auditor, PABV [Item 10]  
Natalie Sorbie, Senior Auditor, PABV [Item 12]  
Sally Thompson, Audit Manager, PABV [Item 12]

Item No    Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 8 December 2016
5. Minutes of meeting of Audit Scotland Board 27 October 2016
6. Audit Scotland Board Update
7. Update report by the Secretary to the Accounts Commission
8. Update report by the Controller of Audit
9. Annual Audit and Assurance Report
10. Briefing: Scottish budget
11. Local Government Benchmarking Framework: data outputs
12. Overview of Local Government in Scotland: draft report
13. Review of Quality
14. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Douglas Sinclair and Graham Sharp.

2. Declarations of interest

The following declarations of interest were made:

- Sheila Gunn, in item 9, as a non-executive Director of the Wheatley Group, concerning its relationship with Glasgow City Council.
- Ronnie Hinds, in item 9, as a former Chief Executive of Fife Council, in relation to references to Dunfermline Flood Prevention Scheme, and in item 11, as a former Chair of the Local Government Benchmarking Framework Board.
- Christine May, in items 9 and 12, as Vice-Chair of Fife Cultural Trust, in relation to references to arm's length external organisations; and in item 9, as a former leader of Fife Council, in relation to references to Dunfermline Flood Prevention Scheme.
- Stephen Moore, in item 9, as a former chief officer of Fife Council, in relation to references to Dunfermline Flood Prevention Scheme and to exit packages for former officers.

3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Item 11, as it presents an update on data outputs from the Local Government Benchmarking Framework which have yet to be published in the public domain, and the Commission may wish to discuss confidential policy matters with representatives of the Framework.
- Item 12, as it proposes a draft audit report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.
- Item 13, as it proposes a report from the Assistant Auditor General on the quality of audit, in relation to which the Commission may wish to discuss confidential audit matters with the author.
- The Chair advised that there was no business for item 14 and thus this would not require discussion in private.

4. Minutes of meeting of 8 December 2016

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

5. Minutes of meeting of Audit Scotland Board 27 October 2016

The minutes of the meeting of the Audit Scotland Board of 27 October 2016 were noted.

6. Audit Scotland Board Update

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

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.

Following discussion, the Commission agreed:

- In relation to paragraph 12, arising from a query from Stephen Moore, to note advice from the Director of PABV that he would discuss with his policy cluster teams the implications of the consultation *Empowering teachers, parents and communities to achieve excellence and equity in education: a governance review* on pupils with additional support needs.
- In relation to paragraph 48, third bullet point, to note advice from the Secretary that “gained” should read “held”.
- In relation to paragraph 59, arising from a query from Ronnie Hinds, that a watching brief be kept on the UK Parliament Communities and Local Government Committee’s inquiry into the overview and scrutiny of local government in England.

*Action: Secretary*

Following discussion, 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.

Following discussion, the Commission:

- Noted advice from the Controller of Audit that the Independent report into school closures in City of Edinburgh was published on 9 February, which he will consider and update the Commission in due course
- Noted the update.

9. Review of the local government annual audit reports 2015/16

The Commission considered a report by the Controller of Audit summarising the outcome of his review of the 2015/16 annual audit reports for councils and related local authority bodies.

During discussion, the Commission agreed:

- To note advice from the Controller of Audit, arising from a query from Sophie Flemig, that he would consider the implications of the Supreme Court ruling on 8 February in favour of a woman who had been denied Local Government Pension Scheme benefits after her long-term partner had died suddenly.
- To note advice from the Controller of Audit, arising from a query from Ronnie Hinds, that his review of local government pension accounts, which is considered by the Financial Audit and Assurance Committee, includes issues around fund management fees.
- To note the outcome of the review of annual audit reports for local government bodies.

- To note the planned change in the Controller of Audit's report next year to an Annual Assurance and Risks Report (AARR), to reflect the Commission's strategy and the new approach to auditing Best Value.
- To note advice from the Controller of Audit that the Commission would have input into developing the style and content of the AARR.

10. Briefing: Scottish budget

The Commission considered a report by the Director of PABV providing a briefing on the Scottish Government's Draft Budget 2017/18, highlighting some of the key implications for local government finances.

During discussion, the Commission agreed:

- To note advice from the Director that he would be convening a meeting with relevant stakeholders, including the Scottish Parliament Information Centre and CIPFA, to discuss how local government budget statistics are presented in published material.
- To note the report.

11. Local Government Benchmarking Framework: data outputs [in private]

The Commission considered a report by the Secretary to the Commission introducing a discussion on the 2015/16 data outputs from the Local Government Benchmarking Framework (LGBF).

The Chair welcomed David Martin, Chair of the LGBF Board (and Chief Executive of Dundee City Council); Colin Mair, Chief Executive of the Improvement Service; and Emily Lynch, Programme Manager - Performance Management & Benchmarking, Improvement Service; to the meeting. David led a presentation to the Commission covering themes and messages arising from the LGBF data.

During discussion, the Commission:

- Noted advice from Colin Mair that he would share the Improvement Service's Community Planning Outcomes Profile with Commission members
- Noted advice from David Martin that the next meeting of the LGBF Board would be considering the strategic plan for the project.
- Further in this regard noted advice from the Secretary of the Commission that he would advise the Commission of the progress with the strategic plan.
- Noted advice from the Secretary that he would report to its next meeting on the LGBF annual report, which was due to be published on 17 February.

*Actions: Secretary*

12. Overview of Local Government in Scotland: draft report [in private]

The Commission considered a report by the Director of Performance Audit and Best Value inviting the Commission to consider the attached draft local government overview report and to agree the process for finalising the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the report team, in conjunction with the sponsors Douglas Sinclair and Ronnie Hinds and the Secretary to the Commission, addressing points raised in discussion.
- That the report includes a separate supplement for elected members.

*Actions: Director of PABV*

13. Review of Quality [in private]

The Commission considered a report by the Assistant Auditor General providing a progress update on the review of audit quality arrangements across all audit work which commenced in October 2016.

Following discussion, the Commission agreed:

- To endorse the principles of the review.
- Further in this regard, to underline its view about the importance of impact of audit featuring prominently in these principles.
- To note advice from the Assistant Auditor General that he would clarify the content and timing of the Commission's input into the review.

*Actions: Assistant Auditor General*

14. Commission business matters

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

Thereafter, the meeting was closed.