

**ACCOUNTS COMMISSION**

**MEETING 10 NOVEMBER 2011**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 13 October 2011, at 10am

**PRESENT:** John Baillie (Chair)  
Michael Ash  
Alan Campbell  
Sandy Cumming  
Colin Duncan  
James King  
Bill McQueen  
Christine May  
Linda Pollock  
Graham Sharp  
Douglas Sinclair

**IN ATTENDANCE:** Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement  
Fiona Kordiak, Director of Audit Services  
Paul Reilly, Secretary and Business Manager  
Russell Frith, Assistant Auditor General [Items 14 and 17]  
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement [Items 15 and 16]  
Ronnie Nicol, Assistant Director, Performance Audit Group [Item 4]  
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement [Items 15 and 16]  
Michael Oliphant, Project Manager, Performance Audit Group [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 2011
5.	Minutes of the meeting of the Performance Audit Committee of 1 September 2011
6.	Minutes of the meeting of the Financial Audit and Assurance Committee of 15 September 2011
7.	Chair's introduction
8.	Update report by the Controller of Audit
9.	Scottish Government consultations on the future of police and fire and rescue services in Scotland
10.	Report of the Christie Commission and the response of the Scottish Government
11.	Scottish Spending Review 2011 and Draft Budget 2012-13
12.	Supporting improvement and accountability within Community Planning Partnerships

13. Accounts Commission meeting dates 2012
  14. Appointment as auditors of local authority charities
  15. Best Value audit: Stirling Council
  16. Best Value audit: Stirling Council
  17. Audit Scotland budget for 2012/13 and charges for 2011/12 audits
  18. Any other business
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1. Apologies for absence

Apologies for absence were received from Colin Peebles.

2. Declarations of interest

Jim King declared an interest in Items 15 and 16 as a member of the Board of NHS Forth Valley.

3. Decisions on taking business in private

It was proposed that items 9, 16, 17 and part of 18 should be taken in private to allow deliberations on: how the Commission should respond to the Scottish government consultations on the future of police and fire and rescue services in Scotland (item 9); actions arising from its consideration of the Controller of Audit's report on Stirling Council (Item 16); issues associated with audit fees for 2011/12 (item 17); and the Controller of Audit position (item 18).

4. Minutes of meetings of 8 September 2011

The minutes of the meeting of 8 September 2011 were submitted and approved.

In relation to item 7 of the minutes (Performance audit programme), advice from the Assistant Director, Performance Audit Group was noted that there had been some minor revisions to the programme, which would be reported to the next meeting of the Performance Audit Committee.

5. Minutes of the meeting of the Performance Audit Committee of 1 September 2011

The minutes of the meeting of the Performance Audit Committee of 1 September 2011 were noted.

6. Minutes of the meeting of the Financial Audit and Assurance Committee of 15 September 2011

The minutes of the meeting of the Financial Audit and Assurance Committee of 15 September 2011 were noted.

7. Chair's introduction

The Chair reported that:

- On 8 September he attended a meeting with senior civil servants to introduce them to new Accounts Commission members Alan Campbell and Sandy Cumming

- On 9 September he attended a meeting with Pat Watters, President, and Rory Mair, Chief Executive, COSLA, along with Douglas Sinclair, Fraser McKinlay and Gordon Smail to discuss matters of mutual interest
- On 16 September he attended a meeting with Strathclyde Police Authority in Glasgow along with Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland; Mike Ash; Colin Peebles; Paul Reilly; and Lesley McGiffen to discuss the Best Value audit of the authority
- On 22 September he chaired a workshop: *Moving forward scrutiny improvement*, involving scrutiny partners on the strategic scrutiny group, scrutiny operational group, Scottish Government executives and Audit Scotland personnel, held at COSLA's offices
- On 28 September Christine May and Graham Sharp represented the Accounts Commission at a meeting to discuss and plan for the new round of audit appointments starting from this month, a note of which had been circulated to Commission members
- On 29 September he attended a meeting of the Audit Scotland Board and a meeting of audit partners
- The Cabinet Secretary for Finance, Employment and Sustainable Growth had agreed to the proposal that Fraser McKinlay continue in the role of Controller of Audit until end February 2012
- The Cabinet Secretary for Finance, Employment and Sustainable Growth had approved the reappointment of Mike Ash and Bill McQueen for a further period of 3 years

Following discussion, the Commission agreed:

- To note that the Director of Best Value and Scrutiny Improvement would ensure that representatives of Healthcare Improvement Scotland, who were unable to be present at the workshop on 22 September, were informed about its outputs
- That further consideration be given to more involvement by the Commission at audit planning events such as that on 28 September
- That the Controller of Audit investigate ways of providing members with more networking opportunities with external interests and with Audit Scotland staff, and to discuss his findings with the Chair.

*(Action: Controller of Audit)*

#### 8. Update report by the Controller of Audit

The Commission considered a report by the Controller of Audit providing an update on significant recent activity in relation to the audit of local government.

Following discussion, the Commission:

- Noted the report
- Noted that the reference in the report to the Welsh Programme for Government is inaccurate, in that the correct position is that the Wales Audit Office Bill will establish the Wales Audit Office (WAO) as a body corporate with a majority of non-executive members appointed by public appointments procedures; and will establish the Auditor General Wales as the Accounting

Officer for and Chief Executive of the WAO and whose terms and conditions of service will be set by the Assembly on the recommendation of the Public Accounts Committee, independent of the Welsh Government

- Noted that the Controller of Audit will provide a report to its December meeting on progress made by Shetland Islands Council since the public hearing in June 2010, and issues arising from the 2011/12 audit of the Council
- Agreed that the Controller of Audit provide a report on the positioning of statutory officers in all 32 council management structures.

*(Action: Controller of Audit)*

9. Scottish Government consultations on the future of police and fire and rescue services in Scotland (in private)

The Commission considered a report by the Director of Best Value and Scrutiny Improvement advising of the Scottish Government's consultation on its proposals to establish a single police force and a single fire and rescue service in Scotland, and proposing whether the Commission should respond.

The Commission agreed to consider the report in private given the potential implications of the proposals on its work.

Following discussion the Commission agreed:

- That it would submit a response to the consultation
- That the Director of Best Value and Scrutiny Improvement compose a response incorporating points raised during discussion
- That the draft response be shared with members for comment
- That it be remitted to the Chair and Deputy Chair to agree the response on behalf of the Commission.

10. Report of the Christie Commission and the response of the Scottish Government

The Commission considered a report by the Secretary and Business Manager giving an overview of the findings of the Commission on the Future Delivery of Public Services (the Christie Commission) and the Scottish Government's recent response.

Following discussion the Commission agreed:

- To note the report
- That the Performance Audit Committee consider the effect of the Scottish Government's response to the Christie Commission, particularly the four 'pillars' of its reform agenda, on the performance audit programme

*(Action: Secretary and Business Manager)*

- To note that the Director of Performance Audit would monitor progress in relation to the proposed introduction of three new 'change funds' and a Scottish Future Fund, particularly in relation to any impact on the performance audit programme.

11. Scottish Spending Review 2011 and Draft Budget 2012-13

The Commission considered a report by the Secretary and Business Manager providing background to the Scottish Government's Spending Review 2011 and draft budget 2012-13.

The Commission:

- Noted that the deflators used in the report for calculation of 'real term' spending were the same as those used by the UK and Scottish governments
- Noted that it would consider its Local Government Overview Report 2011 later in the year with a view to its publication in the New Year.

Following discussion, the Commission:

- Agreed that the Director of Performance Audit and Controller of Audit provide more detail of the total proposed and projected local government spend in each year over the spending review period
- Agreed that the Director of Performance Audit clarify how non-domestic rate income is distributed amongst local authorities
- Noted the report.

*(Actions: Director of Performance Audit and Controller of Audit)*

12. Supporting improvement and accountability within Community Planning Partnerships

The Commission considered an update report by the Secretary and Business Manager on the Scottish Government's request to the Accounts Commission to lead development work on preparing a case for how external audit and inspection may support the delivery of better outcomes by Community Planning Partnerships.

During discussion, the Commission noted that:

- A working assumption in relation to development and pilot work is that this would be done using existing, rather than newly identified or additional, resources
- To this end, the Director of BVSI would continue to monitor the possible impact of development work and proposals on existing Audit Scotland resources, including current audit work
- Further consideration is currently being given to a timetable for pilot and development work, including the need to align with ongoing Care Inspectorate development work on the integrated inspection of children's services

- The Commission would give further consideration to proposals for pilot sites
- The Controller of Audit would continue to update the Commission on progress as appropriate.

Thereafter the Commission agreed to note the report.

13. Accounts Commission meeting dates 2012

The Commission considered a proposed schedule of meeting dates for 2012 from the Secretary and Business Manager.

The Commission agreed to adopt the meeting dates as proposed.

14. Appointment as auditors of local authority charities

The Commission considered a paper by the Assistant Auditor General seeking approval to appoint Audit Scotland staff as auditors of certain local authority charities.

During discussion, the Commission noted that the proposal will have some but manageable impact on existing resources.

Thereafter the Commission agreed:

- to approve the appointment of those members of staff of Audit Scotland appointed by the Commission to be the auditor of a local authority in Scotland or to assist that auditor by signing the audit report on the financial statements to be the auditor - under paragraph 10 of the Charities Accounts (Scotland) Regulations 2006 - of any charity connected to that authority by virtue of section 106 of the Local Government (Scotland) Act 1973.
- that this approval apply to audits for the 2010/11 financial year and subsequent years.

15. Best Value audit: Stirling Council

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit report on Stirling Council and seeking a recommendation on how to proceed.

During discussion, the Commission:

- sought clarification and further explanation from the Controller of Audit and the audit team on a number of points in the report
- noted advice from the Controller of Audit that he would review during 2012 the distribution of performance judgements in published Best Value audit reports.

16. Best Value audit: Stirling Council (in private)

The Commission agreed that this item be held in private to allow it to consider actions in relation to its findings.

Following discussion, the Commission agreed to make findings as contained in the report to be published on 10 November 2011.

17. Audit Scotland budget for 2012/13 and charges for 2011/12 audits (in private)

The Commission agreed that this item be held in private to allow it to consider issues in the paper associated with audit fees.

The Commission considered a report by the Assistant Auditor General on Audit Scotland's budget and invited the Commission to agree to the proposed audit charges for the 2011/12 audits.

Following discussion, the Commission:

- approved the charging proposals for 2011/12
- noted the provisional proposals for the next audit year
- agreed that the Assistant Auditor General liaise with local authority directors of finance to discuss the principles behind the fee strategy and the proposed approach to charging.

*(Action: Assistant Auditor General)*

18. Any other business (partly in private)

(a) Caroline Gardner

The Commission noted that Caroline Gardner (previous Controller of Audit) had advised that she is to resign from Audit Scotland at the end of 2011, following her period of secondment. The Commission thanked her for her work with the Commission in the past, and wished her well for the future.

(b) Controller of Audit (in private)

The Commission then discussed the possible processes for the appointment of a new Controller of Audit. It agreed that this be done in private to allow it to discuss actions in relation to recruitment. It agreed to give the matter further consideration at a later date.

(c) Public Audit Committee

The Commission agreed the terms of a response to an invitation from the Convenor of the Public Audit Committee of the Scottish Parliament for the Commission to attend sessions of the Committee.