

ACCOUNTS COMMISSION

MEETING 22 AUGUST 2013

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 20 June 2013, at 10am

PRESENT: John Baillie (Chair)
Michael Ash
Alan Campbell
Sandy Cumming
Colin Duncan
Jim King
Christine May
Bill McQueen
Linda Pollock
Colin Peebles
Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Fraser McKinlay, Controller of Audit
Russell Frith, Assistant Auditor General [Items 11 and 13]
Paul Reilly, Secretary and Business Manager
Antony Clark, Assistant Director, Performance Audit and Best Value Group (PABV) [Items 9 and 17]
Martin Walker, Assistant Director, PABV [Items 9, 10 and 12]
Carol Calder, Portfolio Manager, PABV, [Items 9 and 10]
Shelagh Stewart, Project Manager, PABV, [Item 10]
Joanna Stevenson, Audit Manager, Audit Strategy [Item 13]
Claire Sweeney, Portfolio Manager, PABV [Item 16]
Richard Scothorne, Director, Rocket Science [Item 17]
Cherri Blissett, Associate Director, Rocket Science [Item 17]
Estelle Williamson, Support Analyst, Corporate Services: Information Services [Item 18]

<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 9 May 2013
5.	Minutes of meeting of Performance Audit Committee of 30 May 2013
6.	Minutes of meeting of Financial Audit and Assurance Committee of 30 May 2013
7.	Chair's introduction
8.	Update report by the Controller of Audit
9.	The Shared Risk Assessment process and Best Value audit work
10.	Statutory performance information 2011/12: an evaluation of how the councils are fulfilling their duties on public performance reporting
11.	Statement of recommended practice – charitable trusts

12. Discussion paper on the scrutiny of arm's length external organisations
13. Annual Audit Scotland transparency and quality report
14. Accounts Commission business planning cycle
15. Any other business
16. Health and social care integration
17. Independent evaluation of the first audits of community planning partnerships
18. Accounts Commission secure portal

1. Apologies for absence

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

2. Declarations of interest

The following declarations of interest were made:

- Michael Ash, in item 16, as Chair of East Lothian Community Health Partnership and a member of East Lothian Community Planning Partnership.
- Alan Campbell, in item 9, as a former Chief Executive of Aberdeenshire Council.
- Colin Duncan, in item 12, as his wife is a director (non-remunerated) of an organisation which provides support services to South Ayrshire Council for homeless people living in the authority area.
- Christine May, in item 12, as Vice-Chairman of Fife Cultural Trust.

3. Decisions on taking business in private

It was agreed that items 16 to 18 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 9 May 2013

The minutes of the meeting of 9 May 2013 were submitted and approved.

5. Minutes of meeting of Performance Audit Committee of 30 May

The minutes of the meeting of the Performance Audit Committee of 30 May were submitted and approved.

6. Minutes of meeting of Financial Audit and Assurance Committee of 30 May

The minutes of the meeting of the Financial Audit and Assurance Committee of 30 May were submitted and approved.

7. Chair's introduction

The Chair reported that:

- On 20 May, he was accompanied by Douglas Sinclair, Alan Campbell, Sandy Cumming and Christine May to a meeting with representatives of Aberdeen's community planning partnership to discuss the audit of community planning in Aberdeen, which was published on 20 March 2013.
- On 22 May, he attended a conference for public bodies, organised by the Scottish Government, entitled 'Leading Public Sector Reform'.
- Also on 22 May, he attended a workshop convened by the University of Aberdeen exploring the roles of chair and chief executives in the governance of public bodies.
- On 23 May, he attended a meeting of the Audit Scotland Board.
- On 28 May, members attended a workshop on the Rolling Performance Audit Programme, outputs from which would be considered at a forthcoming meeting of the Commission.
- On 29 May, he gave evidence to the Local Government and Regeneration Committee of the Scottish Parliament on the Commission's overview of local government, which was published on 28 March 2013.
- Also on 29 May, he, along with the Auditor General, briefed the Parliament's Public Audit Committee on the Commission's joint report with the Auditor General *Managing early departures from the Scottish public sector*.
- On 6 June he attended meetings of Audit Scotland's Audit Committee and Board.
- Also on 6 June, he chaired the Commission's meeting with strategic scrutiny bodies, also attended by Douglas Sinclair. At that meeting, the group considered two briefings, firstly from the Scottish Government on the progress with the proposed integration of health and social care, and secondly from Audit Scotland on the public inquiry into Mid-Staffordshire NHS Foundation Trust, which the Commission itself had considered at previous meetings.
- On 12 June, he briefed the Parliament's Public Audit Committee on the local government overview.
- On 13 June, he was accompanied by Jim King, Colin Peebles and Graham Sharp to a meeting with representatives of North Ayrshire's community planning partnership to discuss the audit of community planning in North Ayrshire, which was published on 20 March 2013.
- Also on 13 June, Douglas Sinclair was accompanied by Michael Ash, Bill McQueen and Linda Pollock to a meeting with representatives of Scottish Borders community planning partnership to discuss the audit of community planning in Scottish Borders, which was published on 20 March 2013.
- He was aware of advice from the Scottish Government that an advertisement for the recruitment of a new Chair and a new member from November 2013 would be published in July 2013.

It was agreed that the Chair write to the community planning partnerships which were the subject of the recent visits, offering them the Commission's reflections on the meetings.

Michael Ash reported on a conference which he attended entitled 'Reducing Health Inequalities: Creating a Healthier and Fairer Scotland', on 29 May 2013.

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.

During discussion the Commission:

- In relation to paragraph 6, agreed that the Controller of Audit keep the Commission updated on progress with proposals of the Local Government Association to close its knowledge hub.

Action: Controller of Audit

- In relation to paragraph 7, noted advice from the Controller of Audit that he anticipated that the outputs from the quality assurance of single outcome agreements would be in the public domain, and he would keep the Commission updated on progress.
- In relation to paragraph 8, noted advice from the Controller of Audit that he would investigate links between the Scottish Local Authorities Economic Development Indicators Framework and the SOLACE national benchmarking framework.
- In relation to paragraph 15, noted advice from the Controller of Audit that imminently he would be meeting the Comptroller of Audit and visiting the National Audit Office.
- In relation to paragraph 16, noted advice from the Controller of Audit that he would discuss with the National Audit Office its approach to calculating the financial impact of its work.

Thereafter the Commission agreed to note the report.

9. The Shared Risk Assessment process and Best Value audit work

The Commission considered a report by the Controller of Audit providing an update on Best Value audit activity that flows from the shared risk assessment process.

The Commission:

- Agreed that more consistent phraseology be used in such future reports in describing performance and agreed audit work.
- Agreed that the Controller of Audit consider how to give public performance reporting a higher profile in the ongoing shared risk assessment process.
- Agreed that the Controller of Audit make a clearer link in such future reports to his analysis of councils' performance against requirements for public performance reporting (which is subject of another paper at today's meeting).
- Noted advice from the Controller of Audit that an ongoing review of the shared risk assessment process, being led by the Strategic Scrutiny Group (made up of the Commission and its strategic scrutiny partners), would consider the relationship between the audit of community planning partnerships, the joining up of scrutiny, and the shared risk assessment process.

- Agreed that the Controller of Audit consider how to ensure the effective involvement of stakeholders in his review of auditing of Best Value.
- Agreed that the Commission be kept informed regularly of Best Value audit activity flowing from the shared risk assessment process.
- Agreed that a schematic representation of the shared risk assessment and associated Best Value process be produced.
- Agreed that the information in the report be included on the proposed Accounts Commission secure portal.
- Noted the key audit findings from the three pieces of targeted Best Value audit work which arose from last year's shared risk assessment process.
- Endorsed the proposed Best Value audit activity arising from the recent shared risk assessment refresh process, in the context of the planned review of the local government Best Value audit and the advent of the community planning partnership audit.
- Agreed that in future the reporting of all Best Value audit work should be either through the annual report to members and the Controller of Audit, or through statutory reporting from the Controller of Audit to the Commission, or both.

10. Statutory performance information 2011/12: an evaluation of how councils are fulfilling their duties on public performance reporting

The Commission considered a report by the Controller of Audit providing an update on councils' approach to public performance reporting (PPR) and how well they are implementing obligations in relation to PPR as set out in the Commission's statutory performance information (SPI) Direction.

The Commission:

- Noted the progress councils have made in fulfilling their obligations for public performance reporting as set out in the SPI Direction.
- Noted with disappointment those areas where there remains room for improvement.
- To this end, noted that Audit Scotland will follow up with auditors and appropriate stakeholders.
- Further to this end, agreed that the Chair write to all councils (leaders, chief executives and chairs of audit committees) urging progress.
- Further to this end, agreed that Audit Scotland liaise with the Improvement Service to explore ways to support councils.
- Further to this end, that the Commission articulate its concerns in forthcoming meetings with the Convention for Scottish Local Authorities and the Society of Local Authority Chief Executives Scotland.
- Agreed that the Controller of Audit consider how to identify good practice in the public reporting of performance across the public sector.
- Agreed that public performance reporting be a subject for a future report in the *How Councils Work* series.

Action:

11. Statement of recommended practice – charitable trusts

The Commission considered a report by the Assistant Auditor General outlining the current and potential future audit arrangements for registered charities administered by Scottish local authorities.

During discussion, the Commission noted advice from the Assistant Auditor General that some local authorities have been rationalising the number of registered charities that they administer.

The Commission:

- In line with its duty to appoint auditors to those bodies defined by Section 106 of the Local Government (Scotland) Act, agreed to formally extend the appointment of each local authority auditor to cover all charities.
- Agreed that the Assistant Auditor General report back on any issues arising from this action.
- Agreed that it would be desirable in the longer term for local authority charities to be subject to the same scrutiny burden as their private sector equivalent.
- To this end, having noted that such an aim would require a change in legislation, agreed that the Assistant Auditor General explore with relevant parties, including the Office of the Scottish Charity Regulator, how to make a proposal for such a change.

Actions: Assistant Auditor General

12. Discussion paper on the scrutiny of arm's length external organisations

The Commission considered a report by the Controller of Audit providing contextual information and identifying issues relating to local authority arm's length external organisations (ALEOs) and outlining potential next steps for the Commission to take.

During discussion, the Commission:

- Agreed that more detailed information on organisational structure and resources be produced for a sample of around 15 different ALEOs.
- Agreed that more information be provided on the size and budget of ALEOs, notwithstanding the advice of the Controller of Audit that more discussion would be needed on what constitutes an ALEO.
- To this end, agreed to delegate to the Chair and Deputy Chair to discuss further with the Controller of Audit the information and timing of information to be provided to the Commission to allow it to give further consideration to future steps.

Actions: Controller of Audit

13. Annual Audit Scotland transparency and quality report

The Commission considered a report by the Assistant Auditor General advising of the quality of audit services delivered on its behalf by Audit Scotland and the professional firms. The report included information on the Audit Scotland Quality Framework, within which the Assistant Auditor General had based his analysis.

During discussion, the Commission:

- Noted advice from the Assistant Auditor General in relation to improvement targets arising from internal quality monitoring reviews of audits.
- Agreed that such information feature in future transparency and quality reports.

Action: Assistant Auditor General

Thereafter the Commission agreed to note the report.

14. Accounts Commission business planning cycle

The Commission considered a report by the Secretary and Business Manager proposing a business cycle for the Commission.

The Commission agreed to implement the business planning cycle with immediate effect.

15. Any other business

The Commission noted that there was no other business to be considered.

16. Health and social care integration [in private]

The Commission agreed that this item be held in private to allow it to consider actions arising therefrom.

The Commission considered a verbal briefing by the Controller of Audit on the Scottish Government's Integration of Adult Health & Social Care Integration Bill.

Following discussion, the Commission:

- Agreed that further information on the Bill be circulated to members.

Action: Secretary and Business Manager

- Noted that the Assistant Auditor General was investigating the implications of the Bill for audit, and would report to the Commission in this regard in due course.

17. Independent evaluation of the first audits of community planning partnerships [in private]

The Commission agreed that this item be held in private to allow it to consider actions arising from a report.

The Commission considered a report of an independent evaluation of the first three audits of community planning partnerships conducted on behalf of Audit Scotland by Rocket Science.

The Chair welcomed Richard Scothorne, Director, and Cherri Blissett, Associate Director, to the meeting. Mr Scothorne and Ms Blissett then undertook a presentation summarising the report and took questions from Commission members.

Following discussion, the Commission:

- Noted the report.
- In relation to the recommendations in the report on operational matters, agreed to delegate taking forward these recommendations to Audit Scotland in consultation with the Community Planning Partnership Steering Group (which is chaired by the chair of the Accounts Commission and consisting of Commission representatives, the Auditor General and Audit Scotland representatives).
- Agreed to delegate authority to the Chair and Deputy Chair to agree with the Auditor General for Scotland a draft joint response to the report for publication on the Audit Scotland and Accounts Commission websites.
- Further in this regard, agreed that this draft report be considered at the next meeting.
- Agreed to delegate authority to the Chair and Deputy Chair to determine how best to communicate to key stakeholders how the Commission has taken on board and reflected the constructive evaluation feedback in any revised approach to future CPP audits.

The Chair thanked Mr Scothorne and Ms Blissett for their presentation and for attending the meeting.

18. Accounts Commission secure portal [in private]

The Commission agreed that this item be held in private to allow it to view a demonstration of a proposed secure portal site.

The Commission considered a report by the Secretary and Business Manager introducing a secure portal site from which members could remotely access Audit Scotland information relevant to its business.

Paul Reilly and Estelle Williamson undertook a presentation demonstrating the workings of the proposed secure portal site.

Following discussion, the Commission agreed:

- To launch the site at the start of July 2013.
- To note advice from the Secretary and Business Manager on arrangements being developed by Audit Scotland to allow access to management and other information through personal electronic devices.