

**ACCOUNTS COMMISSION**

**MEETING 14 NOVEMBER 2013**

**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, 17 October 2013, at 10.00am

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

IN ATTENDANCE: Fraser McKinlay, Controller of Audit  
Russell Frith, Assistant Auditor General [Item 11]  
Paul Reilly, Secretary and Business Manager  
Angela Cullen, Assistant Director, PABV [Item 16]  
Fiona Mitchell-Knight, Assistant Director, Audit Services [Items 10 and 15]  
Kathrine Sibbald, Portfolio Manager, PABV [Items 10 and 15]  
Martin Walker, Assistant Director, PABV [Items 10, 15 and 17]  
Peter Worsdale, Project Manager, PABV [Item 17]

<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 12 September 2013
5.	Minutes of meeting of Performance Audit Committee of 26 September 2013
6.	Minutes of meeting of Financial Audit and Assurance Committee of 26 September 2013
7.	Chair's introduction
8.	Update report by the Controller of Audit
9.	Arms length external organisations
10.	Statutory report – Argyll and Bute Council
11.	Appointment of auditors to local authority charities – transitional provisions
12.	Briefing – Scottish Budget 2014/15
13.	Commission meeting dates 2014
14.	Any other business
15.	Statutory report – Argyll and Bute Council
16.	Performance audit programme – proposals for 2014/5
17.	How Councils Work: Charging for services – draft report

1. Apologies for absence

Apologies for absence were received from John Baillie, Christine May and Graham Sharp.

The Commission noted advice from Douglas Sinclair that in the absence of John Baillie, he would chair the meeting.

2. Declarations of interest

The following declarations of interest were made:

- Bill McQueen, in item 16, as a member of the Scottish Fire and Rescue Service board.
- Alan Campbell, in item 9, as a former Chief Executive of Aberdeenshire Council.

3. Decisions on taking business in private

It was agreed that items 15 to 17 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 12 September 2013

The minutes of the meeting of 12 September 2013 were submitted and approved, subject to:

- In relation to the fourth bullet point of item 5 (Chair's report), replacing "the Deputy Chair and I" with "he and the Deputy Chair".
- In relation to the fifth bullet point of item 6 (list of councils signed up to the Improvement Service's Continuous Professional Development Framework), noting advice from the Secretary and Business Manager that the information would be circulated and placed on the Members' Portal in early course.
- In relation to the fourth bullet point of item 13 (VAT status of the Commission), noting advice from the Controller of Audit that the matter had featured during Audit's Scotland's appearance at the meeting of the Scottish Commission for Public Audit on 10 October 2013, and the matter remained ongoing.

5. Minutes of the meeting of the Performance Audit Committee of 26 September

The minutes of the meeting of the Performance Audit Committee of 26 September were submitted and approved, subject to noting advice from the Secretary and Business Manager that:

- In relation to the final bullet point of item 5 (Performance audit: project brief - School education), a revised project brief had been circulated to members.
- In relation to the final bullet point of item 6 (*How councils work*; draft report – Option appraisal), a draft report would be submitted to the November meeting of the Commission.

6. Minutes of the meeting of the Financial Audit and Assurance Committee of 26 September

The minutes of the meeting of the Financial Audit and Assurance Committee of 26 September were submitted and approved, subject to noting advice from the Controller of Audit that, in relation to the sixth bullet point of paragraph 14 (Integrated health and social care: Highland – evaluation paper) he was investigating the availability of such an evaluation paper.

7. Chair's introduction

The Deputy Chair reported that:

- On 25 September, the Chair undertook a speech entitled 'Holding local government to account: current and future challenges', hosted by the Institute of Chartered Accountants of Scotland (ICAS) and the University of Edinburgh Business School. The speech is available to members on the Commission homepage.
- On 1 October, the Chair spoke at the audit planning conference for 2013-14, hosted by Audit Scotland.
- On 3 October, the Chair chaired the latest meeting of the Strategic Scrutiny Group, consisting of the Commission and its scrutiny partners, also attended by Douglas Sinclair and Bill McQueen. The meeting was a useful opportunity for the group to consider the encouraging progress of its four development workstreams, and to confirm its strategic direction.
- On 10 October, the Chair attended, as an observer, the latest meeting of the National Community Planning Group. The Group considered how to progress the recently published Joint Agreement on Joint Working on Community Planning and Resourcing, the outcome of the Quality Assurance exercise for Single Outcome Agreements, and how to drive forward the Group's Statement of Ambition for Community Planning.

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 10 of the report:

- noted advice from the Controller of Audit that the COSLA vision had been circulated to members.
- noted advice from the Secretary and Business Manager that further information on the COSLA Commission on Strengthening Local Democracy would be made available to members.

*Action: Secretary and Business Manager*

Thereafter the Commission agreed to note the report.

9. Arms length external organisations

The Commission considered a report by the Secretary and Business Manager setting out issues around the powers of the Commission in relation to the scrutiny of arms length external organisations (ALEOs) and proposing actions.

During discussion the Commission:

- Noted the information provided in the report on the prevalence of ALEOs.
- Noted the advice received in relation to the Commission's powers to hold ALEOs to account.
- Agreed that the Code of Guidance on 'funding external bodies and following the public pound' be updated.
- Agreed to commission work on the governance of ALEOs, as set out in paragraph 30 of the report.
- Agreed that this work include reference to:
  - the performance of ALEOs.
  - the rationale used by councils for establishing their ALEOs.
  - the representation of elected members on ALEOs, including their attendance at ALEO meetings.
- Agreed that the Controller of Audit discuss further with the Office of the Scottish Charity Regulator how to collaborate in relation to parts of this work.

*Actions: Controller of Audit*

- Noted advice from the Controller of Audit that appropriate terms be placed in the planning guide for auditors for 2013/14.
- In relation to paragraph 18 of the report, noted advice from the Deputy Chair the Cabinet Secretary for Finance, Employment and Sustainable Growth had written to the Chair, noting the Commission's interest in the scrutiny of ALEOs and advising of his view that the forthcoming consultation on the draft Community Empowerment Bill would not represent an opportunity to include discussion on the issue of scrutiny of ALEOs.
- Agreed to inform the Cabinet Secretary of the Commission's decision, including the view of the Commission that it wishes to reserve the opportunity to propose the need for additional powers in the future.

*Action: Secretary and Business Manager*

#### 10. Statutory Report – Argyll and Bute Council

The Commission considered a report by the Secretary and Business Manager introducing the Controller of Audit's statutory report on Argyll and Bute Council and seeking direction on how to proceed.

Following consideration, the Commission:

- Noted correspondence that had been received by the Chair and by Audit Scotland in relation to Argyll and Bute Council, which was tabled by the Deputy Chair and Secretary and Business Manager.
- Agreed to note the report and to consider in private how to proceed.

#### 11. Appointment of auditors to local authority charities – transitional provisions

The Commission considered a report by the Assistant Auditor General requesting approval for some transitional provisions for the appointment of auditors to local authority charities.

During discussion, the Commission:

- Noted advice from the Assistant Auditor General that he would report back on legal advice being sought on specific aspects of the issue.
- Approved the deferral of its appointment of external auditors of councils' charities where the conditions set out in the report were met.

*Actions: Assistant Auditor General*

12. Briefing - Scottish Budget 2014/15

The Commission considered a report by the Secretary and Business Manager outlining the Scottish Draft Budget 2014-15 with particular emphasis on implications for local government.

Following discussion, the Commission noted the report.

13. Commission meeting dates 2014

The Commission considered a report by the Secretary and Business Manager outlining proposed arrangements for Commission meetings in 2014.

Following discussion the Commission agreed to adopt the proposed meeting format and schedule of dates for 2014.

14. Any other business

The Deputy Chair advised the Commission that Jim King's term as a member would end on 31 October 2013, and thus this would be his last meeting.

The Deputy Chair paid tribute to Jim's commitment to the Commission during his term of office. On behalf of the Commission, he thanked Jim and wished him well for the future.

15. Statutory report – Argyll and Bute Council [in private]

The Commission agreed that this item be held in private to allow it to consider how to proceed in relation to a report by the Controller of Audit.

Following discussion, the Commission agreed to make findings as contained in the report to be published in early course.

*Action: Secretary and Business Manager*

16. Performance Audit Programme – proposals for 2014/15 [in private]

The Commission agreed that this item be held in private to allow it to consider a draft performance audit programme.

The Commission considered a report by the Controller of Audit seeking the Commission's approval for the performance audit programme 2014/15, in conjunction with the Auditor General for Scotland.

Following discussion, the Commission:

- Agreed to approve the proposed programme, subject to the points raised in the discussion, including consultation with the Auditor General for Scotland as appropriate.
- Noted the potential audits in the rolling programme and agreed that Audit Scotland should develop these further and bring proposals for the 2015/16 programme in due course.
- Agreed the proposals for consulting and communicating the 2014/15 PA programme.
- Agreed that the Controller of Audit consider how, in shaping the programme and other work, to ensure more emphasis on revisiting previous reports and work of the Commission.

*Action: Controller of Audit*

17. How councils work: Charging for services – draft report [in private]

The Commission agreed that this item be held in private to allow it to consider and approve a draft report and proposed publication arrangements as presented in the report by the Controller of Audit.

The Commission considered a report by the Controller of Audit proposing a draft report in the *How Councils Work* series, *Charging for services: are you getting it right?*

Following discussion, the Commission:

- Noted advice from the Controller of Audit about the outcome of consultation with COSLA on the draft report.
- Approved the draft report *Charging for services: are you getting it right?* and associated publication arrangements, subject to the audit team considering a number of points raised in discussion and consulting further with the sponsors of the report, Jim King and Colin Duncan.

*Action: Controller of Audit*