

**ACCOUNTS COMMISSION**

**MEETING 10 APRIL 2014**

**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 March 2014, at 10.00am

PRESENT: Douglas Sinclair (Chair)  
Alan Campbell  
Sandy Cumming  
Colin Duncan  
Christine May  
Bill McQueen  
Linda Pollock  
Colin Peebles  
Graham Sharp  
Pauline Weetman

IN ATTENDANCE: Fraser McKinlay, Controller of Audit  
Angela Cullen, Assistant Director, Performance Audit and Best Value (PABV) [Item 13]  
Russell Frith, Assistant Auditor General [Items 9 and 11]  
Lucy Jones, Project Officer, PABV [Item 9]  
John Lincoln, Project Manager, PABV [Item 13]  
Mark MacPherson, Senior Manager, PABV [Item 13]  
Diane McGiffen, Chief Operating Officer [Item 12]  
Gordon Smail, Senior Manager, PABV [Item 10]  
Claire Sweeney, Senior Manager, PABV [Item 9]

<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 13 February 2014
5.	Minutes of meeting of Performance Audit Committee of 27 February
6.	Minutes of meeting of Financial Audit and Assurance Committee of 27 February
7.	Update report by the Secretary and Business Manager
8.	Update report by the Controller of Audit
9.	Update on progress with the integration of adult health and social care in Scotland
10.	Review of annual audits
11.	Local authority charitable trusts
12.	Audit Scotland papers
13.	Performance audit – draft report: Procurement in local government
14.	Local Government and Regeneration Committee Inquiry into the Flexibility and Autonomy of Local government: draft submission
15.	Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Michael Ash.

2. Declarations of interest

Christine May declared an interest in relation to items 11 and 13, as a trustee and Vice-Chair of Fife Cultural Trust.

3. Decisions on taking business in private

It was agreed that items 12 to 15 should be taken in private as they contained draft reports and confidential issues.

4. Minutes of meeting of 13 February 2014

The minutes of the meeting of 13 February 2014 were submitted and approved, subject to:

- In item 9, adding “agreed to invite the Council to a meeting with the Commission to discuss the reasons behind its decision”.
- In relation to item 5, noting advice from the Secretary and Business Manager that a summary of the Williams Commission report had been placed on the members’ secure portal.
- In relation to item 11, noting advice from the Secretary and Business Manager that Audit Scotland would report to the Commission in early course on its ongoing review of the Audit Scotland websites.

5. Minutes of meeting of Performance Audit Committee of 27 February 2014

The minutes of the Performance Audit Committee of 27 February 2014 were submitted and approved, subject to agreeing that the performance audit on school education be reported to the Commission at its May meeting.

6. Minutes of meeting of Financial Audit and Assurance Committee of 27 February 2014

The minutes of the Financial Audit and Assurance Committee of 27 February 2014 were submitted and approved, subject to, in relation to item 4:

- In relation to the second bullet point (opencast mine restoration), noting advice from the Director of Performance Audit and Best Value that he had yet to meet the Chief Executive of East Ayrshire Council, and that work to better clarify the extent of the issue was ongoing through the annual financial audit process.
- In relation to the fourth bullet point (arm’s length external organisations), noting advice from the Secretary and Business Manager that the deadline for auditors providing information on arm’s length external organisations (ALEOs) was 31 May 2014.
- In relation to the fifth bullet point (second sub-bullet, second point: Dumfries and Galloway Council), replace “if” with “establish whether”.

7. Update report by the Secretary and Business Manager

The Commission considered a report by the Secretary and Business Manager providing an update on significant recent activity in relation to local government and issues of relevance or interest across the wider public sector.

During discussion the Commission:

- In relation to paragraph 5 (South Ayrshire Council), noted advice from the Secretary and Business Manager that the Chair and Pauline Weetman would be meeting representatives of the Council on 19 March 2014.
- In relation to paragraph 8 (recruitment process: Deputy Chair of the Commission), noted advice from the Secretary and Business Manager on proposed arrangements in the recruitment campaign for Deputy Chair and members of the Commission.
- In relation to paragraph 26 (Children and Young People (Scotland) Bill), agreed to note advice from the Director of Performance Audit and Best Value that progress with the various parts of the legislation would be of interest to the Commission, and he would keep a watching brief to this end, with a view to reporting to the Commission as appropriate.
- In relation to paragraph 46, noted advice from the Secretary and Business Manager that the Chair had agreed the future arrangement that information on outputs and intelligence from the Scottish Public Sector Ombudsman would be reported on a regular basis to the Financial Audit and Assurance Committee.

Thereafter 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.

9. Update on progress with the integration of adult health and social care in Scotland

The Commission considered a report by the Director of Performance Audit and Best Value which accompanied a presentation providing an update on the integration of adult health and social care. The presentation was undertaken by Claire Sweeney, Portfolio Manager, Performance Audit and Best Value.

During discussion, the Commission agreed:

- To note that further information on lessons learned from the Highland lead agency model would be provided to the Commission in due course.
- Agreed that the Director report further on issues surrounding governance and accountabilities, including officer accountability.

*Action: Director of Performance Audit and Best Value*

- Having noted advice from the Assistant Auditor General on the provisions in the Bill for the stewardship and accounting and audit of the money received and paid by integration joint boards, and for a duty to achieve value for money, agreed that he report further in this regard to the Commission in due course.

*Action: Assistant Auditor General*

- That a discussion with practitioners – particularly from the Highlands - on their experiences with the integrated model take place at a future meeting.

*Action: Secretary and Business Manager*

- To note advice from the Director that the role of strategic outcomes, and the measurement of and progress towards them, forms a core part of financial and performance audit work.
- To note advice from the Director that Audit Scotland was currently considering the implications of the legislation on its resources, upon which he would report further to the Commission in due course.

*Action: Director of Performance Audit and Best Value*

Thereafter the Commission agreed to note the report.

#### 10. Review of annual audits

The Commission considered a report by the Director of Performance Audit and Best Value summarising the outcome of the review of the 2012/13 annual audit reports for councils and related local authority bodies and seeking the Commission's view of the processes to keep it informed about matters arising from the annual audit in local government.

Following discussion, the Commission:

- Noted advice from Bill McQueen he had asked that the Financial Audit and Assurance Committee receive a briefing from an audit firm engaged in the audit of councils, in line with previous recent such briefings to the Committee.
- Noted the outcome of the review of annual audit reports for local government bodies.
- Noted the information provided from annual audit activity to help it deliver its statutory responsibility and agreed that this information fulfils its purpose.

#### 11. Local authority charitable trusts

The Commission considered a report by the Assistant Auditor General providing an update on the audit of local authority charities.

Following discussion, the Commission noted the report.

#### 12. Audit Scotland papers [in private]

The Commission considered a paper by the Secretary and Business Manager seeking its consideration of papers from Audit Scotland, in particular the Board minutes and the results of the Audit Scotland annual staff survey, known as the 'Best Companies' survey.

During discussion the Commission:

- Noted advice from the Chair that, rather than tabling minutes of meetings of the Board, he would report to the Commission as appropriate in future.
- Agreed that information on sickness absence be provided.

Thereafter the Commission agreed to note the information provided.

13. Performance audit – draft report: Procurement in local government [in private]

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

The Commission considered a report by the Controller of Audit proposing a draft performance audit report *Procurement in councils* and proposing arrangements for its publication and promotion.

Following discussion, the Commission agreed:

- To approve the draft performance audit report *Procurement in councils*, subject to the audit team considering a number of points raised in discussion and consulting further with the sponsors of the performance audit, Sandy Cumming and Colin Peebles.
- The proposed arrangements for its publication and promotion.

*Actions: Director of Performance Audit and Best Value*

14. Local Government and Regeneration Committee Inquiry into the Flexibility and Autonomy of Local Government: draft submission [in private]

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

The Commission considered a report by the Secretary and Business Manager proposing a response to the Local Government and Regeneration Committee's Inquiry into the Flexibility and Autonomy of Local Government.

Following discussion the Commission agreed:

- The draft response, subject to a point raised in discussion.
- That the response be sent to COSLA for its information.

*Actions: Secretary and Business Manager*

15. Commission business matters [in private]

The Commission agreed that the Chair's update on Commission business matters be held in private to allow it to discuss issues of a confidential nature relating to the operations of the Commission.

The Chair briefed the Commission on matters of interest.