

MEETING: 9 FEBRUARY 2017

MINUTES OF PREVIOUS MEETING

Minutes of the 432nd meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 8 December 2016, at 10.15am

PRESENT: Douglas Sinclair (Chair)
Alan Campbell
Sheila Gunn
Ronnie Hinds
Tim McKay
Stephen Moore
Graham Sharp
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Anne Cairns, Manager – Benefits (Technical) [Item 11]
Antony Clark, Assistant Director, PABV [Item 10]
Russell Frith, Assistant Auditor General [Item 11]
Graeme Greenhill, Senior Manager, PABV [Item 10]
Peter Lindsay, Senior Audit Manager, ASG [Items 12 & 13]
Mark McCabe, Senior Manager, PABV [Items 10, 12 & 13]
Dave McConnell, Assistant Director, ASG [Items 12 & 13]
Mark MacPherson, Senior Manager, PABV [Item 10]
Dharshi Santhakumaran, Audit Manager, PABV [Items 12 & 13]
David Sim, Benefits Auditor, Audit Strategy [Item 11]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 10 November 2016
5. Minutes of meeting of Financial Audit and Assurance Committee 24 November 2016
6. Minutes of meeting of Performance Audit Committee of 24 November 2016
7. Audit Scotland Board Update
8. Update report by the Secretary to the Accounts Commission
9. Update report by the Controller of Audit
10. Work Programme Refresh
11. Housing Benefit fraud arrangements
12. Audit of Best Value: East Dunbartonshire Council
13. Audit of Best Value: East Dunbartonshire Council
14. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Sandy Cumming and Sophie Flemig.

2. Declarations of interest

The following declarations of interest were made:

- Sheila Gunn, in item 11, as a non-executive Director of the Wheatley Group, concerning its relationship with Glasgow City Council in relation to benefits administration.
- Christine May, in item 10, as Vice-Chair of Fife Cultural Trust, in relation to references to arm's length external organisations.
- Geraldine Wooley, in item 11, because a close family member is an adviser to the Scottish Government and a media commentator on benefits matters.

3. Decisions on taking business in private

It was agreed that item 13 be taken in private as it requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.

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 10 November 2016

The minutes of the meeting of 10 November 2016 were approved as a correct record.

Arising therefrom, the Commission noted advice from the Secretary that:

- In relation to item 9 (third bullet point), the Deputy Chair would be briefing the Local Government and Communities Committee at its meeting on 14 December on the Local Government Financial Overview.
- In relation to item 13 (third bullet point), the first meeting of the working group convened by the Scottish Government and council representatives to take forward the review of Best Value statutory guidance had taken place, and that Audit Scotland would act as an observer on the group.

5. Minutes of meeting of Financial Audit and Assurance Committee 24 November 2016

The minutes of the meeting of the Financial Audit and Assurance Committee of 24 November 2016 were approved as a correct record, subject to, in relation to item 4 (second bullet point):

- Inserting "index-linked" before "capital bond".
- Adding a sub-bullet thus: "that there was no indication of other authorities pursuing this approach".

6. Minutes of meeting of Performance Audit Committee of 24 November 2016

The minutes of the meeting of 24 November 2016 were approved as a correct record, subject to, in item 5, replacing the first bullet point with: "to endorse the emerging messages, subject to a number of revisions and other points to be

addressed by the audit team in drafting the report of the audit, in conjunction with the sponsors of the report, Douglas Sinclair and Ronnie Hinds”.

7. Audit Scotland Board Update

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

During discussion, advice from the Secretary was noted that the papers presented by Audit Scotland to the Scottish Commission for Public Audit at its meeting on 21 December would be made available to members on the members’ portal.

8. 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:

- To note advice from the Secretary that, in accordance with its agreed meeting schedule, there would be no meeting of the Commission in January 2017.
- In relation to paragraph 22, arising from a query from Tim McKay, to note advice from the Secretary that the Commission would consider the annual report of the Local Government Benchmarking Framework at its February 2017 meeting.
- In relation to paragraph 33, arising from a query from Stephen Moore, that as part of the schedule of speakers for Commission committee days, the Improvement Service be invited to discuss its work on change management.
 - *Action: Secretary*
- In relation to paragraph 37, arising from a query from Ronnie Hinds, to note the Commission’s ongoing interest in accountability matters around city deals, which would be part of its consideration of proposals for its work programme.

Following discussion, the Commission agreed to note the report.

9. 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.

The Commission noted the update.

10. Work programme refresh

The Commission considered a report by the Director of PABV setting out Audit Scotland’s proposals for the annual refresh of the Commission’s rolling work programme.

During discussion, the Commission agreed:

- To approve the proposed work programme, including detailed proposals for 2017/18 and 2018/19, subject to the following:
 - A performance audit on arm’s length external organisations be part of 2017/18 work.

- In relation to paragraph 46, that the following audits be included in the programme:
 - Value for money of capital financing models, including Non-Profit Distribution, Private Finance Initiative and Public Private Partnership
 - Reforming public services through better asset management
 - Housing.

Actions: Director of PABV

- To delegate to the Chair of the Commission the authority to finalise the programme following consultation with the Auditor General for Scotland, as a basis for consultation with stakeholders.
- To approve the proposed arrangements for consultation with stakeholders.
- To note that the Secretary will report back on the outcome of the consultation.

Actions: Secretary

- To note that an equality impact assessment on the work programme had been undertaken by Audit Scotland, to be considered by Audit Scotland's Equality and Diversity Steering Group published thereafter.
- That, in future such reports, the following features be considered:
 - More information on the phasing and timing of proposed work.
 - Clearer links between the proposed work and the Commission's strategy.

Action: Director of PABV

Thereafter, the Commission noted the report.

11. Housing benefit fraud arrangements

The Commission considered a report by the Assistant Auditor General, advising of the outcome of a recent review of housing benefit (HB) fraud investigation arrangements between local authorities and the Department for Work and Pensions (DWP) since the responsibility for HB counter-fraud work transferred from local authorities to DWP's Fraud and Error Service from July 2014.

Following discussion, the Commission:

- Endorsed the report, subject to the Assistant Auditor General considering how to incorporate in the report clearer links with other Commission reports in this regard.
- Agreed that the report be shared with the DWP, in particular highlighting conclusions affecting its responsibilities in this regard.
- Agreed that the Chair write to council chief executives and the chair of audit committees promoting the report and highlighting the Commission's view of the need for improvement in performance in this regard.

Actions: Secretary and Assistant Auditor General

12. Audit of Best Value: East Dunbartonshire Council

The Commission considered a report by the Secretary to the Commission seeking its consideration of the Controller of Audit's report of the Best Value audit of East Dunbartonshire Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

13. Audit of Best Value: East Dunbartonshire Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the audit of Best Value in East Dunbartonshire Council.

Following discussion, the Commission agreed:

- To make findings, to be published on 15 December 2016.
- As part of those findings, to note that it will continue to have a close interest in how the Council is progressing and will require the Controller of Audit to update it by the end of 2017 through the annual audit and in the revised approach to auditing Best Value.

Actions: Controller of Audit and Secretary

14. Commission business matters

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

Thereafter, the meeting was closed.