

**MEETING: 9 NOVEMBER 2017**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the 439th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 12 October 2017, at 10.15am

**PRESENT:** Ronnie Hinds (Acting Chair)  
Alan Campbell  
Sandy Cumming  
Christine May  
Geraldine Wooley  
Pauline Weetman  
Sheila Gunn  
Sophie Flemig  
Stephen Moore  
Tim McKay  
Graham Sharp

**IN ATTENDANCE:** Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Elaine Barrowman, Senior Audit Manager, Audit Services Group (ASG) [Items 13 and 14]  
Douglas Black, Audit Manager, PABV [Items 13 and 14]  
Elaine Boyd, Assistant Director, Audit Strategy [Item 16]  
Russell Frith, Assistant Auditor General [Item 16]  
John Gilchrist, Manager, Audit Strategy [Item 16]  
David McConnell, Assistant Director, ASG [Items 13 and 14]  
Owen Smith, Senior Manager, Procurement & National Fraud Initiative [Item 16]  
Claire Sweeney, Associate Director, PABV [Item 12]  
Eva Thomas-Tudo, Audit Officer, PABV [Items 13 and 14]

Item No   Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 10 August 2017
5. Minutes of meeting Financial Audit and Assurance Committee of 24 August 2017
6. Minutes of meeting Financial Audit and Assurance Committee of 28 September 2017
7. Minutes of Performance Audit Committee of 24 August 2017
8. Minutes of Performance Audit Committee of 28 September 2017
9. Audit Scotland Board Update
10. Update report by the Secretary to the Accounts Commission
11. Update report by the Controller of Audit
12. Strategic Scrutiny Group Update
13. Audit of Best Value: East Renfrewshire Council
14. Audit of Best Value: East Renfrewshire Council
15. Scottish government consultation: draft response: Education
16. Review of audit quality
17. Mid-Year Strategy Seminar: Outputs
18. Commission business matters

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

The following declarations of interest were made:

- Sheila Gunn, in item 10, as a non-executive Director of the Wheatley Group, in relation to references to housing matters.
- Stephen Moore, in items 13 and 14, as a resident of East Renfrewshire and having a family member involved in the provision of council services.

Advice from Fraser McKinlay, Controller of Audit, was noted that he was declaring an interest in items 13 and 14, as a family member is a former chief officer of East Renfrewshire Council.

3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Item 14 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.
- Item 15 proposes a draft response to a consultation, which may include confidential policy matters that the Commission would wish to discuss in private before publishing its response.
- Item 16 proposes a report from the Assistant Auditor General on the quality of audit, in relation to which the Commission may wish to discuss confidential audit matters with the author.
- Item 17 presents outputs from the Commission's private Mid-Year Strategy Seminar which may include confidential policy matters that the Commission would wish to discuss in private before proceeding.
- Item 18 may be required if there are any confidential matters that require to be discussed outwith the public domain.

No business was notified for item 18 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 10 August 2017

The Commission approved as a correct record the minutes of the meeting of 10 August.

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

- In relation to item 7, the Commission had submitted a response to the call for evidence by the Scottish Parliament's Equalities and Human Rights Committee in its Stage 1 scrutiny of the Gender Representation on Public Board (Scotland) Bill, a copy of which had been placed on the members' extranet portal.
- In relation to paragraph 11, the Commission had published the Best Value Assurance Report on Renfrewshire Council on 31 August.

- In relation to paragraph 13, the Commission had published the performance audit report on equal pay in Scottish councils on 7 September.

5. Minutes of meeting Financial Audit and Assurance Committee of 24 August 2017

The Commission noted that, at its meeting of 28 September 2017, the Financial Audit and Assurance Committee had approved as a correct record the minutes of its meeting of 24 August 2017.

6. Minutes of meeting Financial Audit and Assurance Committee of 28 September 2017

The Commission approved as a correct record the minutes of the meeting of the Financial Audit and Assurance Committee of 28 September 2017.

7. Minutes of Performance Audit Committee of 24 August 2017

The Commission noted that, at its meeting of 28 September 2017, the Performance Audit Committee had approved as a correct record the minutes of its meeting of 24 August 2017.

Arising therefrom, in relation to item 5, in response to a query from Ronnie Hinds, the Commission noted advice from the Director of PABV that the proposed round table on educational attainment would take place in early 2018.

8. Minutes of Performance Audit Committee of 28 September 2017

The Commission approved as a correct record the minutes of the meeting of the Performance Audit Committee of 28 September 2017.

9. Audit Scotland Board Update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

The Commission noted the report.

10. 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.

During discussion, the Commission:

- Noted advice from the Secretary that the Acting Chair would be meeting Bob Doris MSP, Convener of the Scottish Parliament's Local Government and Communities Committee, on 24 October.
- Noted advice from the Secretary that Audit Scotland's Communications Team had been named by the Chartered Institute of Public Relations (CIPR) as Public Sector Communications Team of the Year, and had also been nominated for the CIPR Public Sector Publication of the Year for the Audit Scotland annual report 2017.
- In relation to paragraph 40, in response to a query from Sandy Cumming, agreed that further information be provided on the role of local authorities in relation to the proposed South of Scotland Enterprise Agency.

*Action: Director of PABV*

- In relation to paragraph 48, in response to a query from Ronnie Hinds, agreed that the 2016 Scottish Household Survey results be considered by the Local Government Overview team.

*Action: Director of PABV*

- In relation to paragraph 95, in response to a query from Christine May, agreed that more information be provided on the progress of the Improvement Service's Spatial Hub initiative.

*Action: Director of PABV*

- In relation to paragraph 98, in response to a query from Sophie Flemig, noted advice from the Director of PABV that the audit team for the performance audit on early learning and childcare would be in contact with the new officer resource established by the Improvement Service in this regard.

Following discussion, the Commission agreed to note the report.

#### 11. 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.

Following discussion, the Commission noted the update.

#### 12. Strategic Scrutiny Group Update

The Commission considered a report by Director of PABV providing an update on the progress of the Strategic Scrutiny Group (SSG), particularly in relation to its review of the Shared Risk Assessment process, its consideration of a collective scrutiny approach to community empowerment, and its forward work programme.

During discussion, the Commission agreed:

- That more information be provided on the Scottish Government's work with Participatory Budgeting Partners on participatory and community budgeting across Scotland.

*Action: Director of PABV*

- To note advice from the Director of PABV, in response to a query from Tim McKay in relation to paragraph 25 of the report, on the effect of scrutiny demands arising from new devolved financial powers on Audit Scotland's budget proposal to the Scottish Commission for Public Audit in coming months.
- To note advice from the Director of PABV, in response to a query from Alan Campbell in relation to paragraph 21 of the report, that the SSG continue to look at how to improve the quality of local scrutiny plans.
- That a committee day lunchtime speaker session be dedicated to community empowerment.

*Action: Secretary*

- To note that further updates on progress with these SSG developments will be brought to future Commission meetings.

13. Audit of Best Value: East Renfrewshire Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's report of the Best Value Assurance Report of East Renfrewshire 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.

14. Audit of Best Value: East Renfrewshire 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 Assurance in East Renfrewshire Council.

Following discussion, the Commission agreed to make findings, to be published on 7 November 2017.

*Actions: Secretary and Controller or Audit*

15. Scottish government consultation: draft response: – Fair funding to achieve excellence and equity in education [in private]

The Commission considered a report by the Director of PABV proposing a response to the Scottish Government's consultation 'Fair Funding to achieve excellence and equity in education'.

Following discussion, the Commission agreed to approve the terms of its response, to be made jointly with the Auditor General and Audit Scotland.

*Actions: Director of PABV*

16. Review of audit quality [in private]

The Commission considered a report by the Assistant Auditor General providing a progress update and areas for discussion and comment on the review of audit quality arrangements across all audit work.

During discussion, the Commission agreed to:

- Endorse the draft Audit Quality Framework, subject to changes agreed in the discussion, to be addressed by the Assistant Auditor General in consultation with the Secretary to the Commission.
- Note the changes to the management arrangements for quality, procurement and technical support.
- Note progress on procurement of external assurance.
- Endorse the initial key performance indicators to be provided through the biannual reports on quality to the Commission.
- Note in this regard that further development of the key performance indicators would take place, with the Commission being apprised of progress as appropriate.
- Note that further discussion between the Secretary and Assistant Auditor General would take place with regard to the role of ethics partner, including ethical advice in relation to, for example, non audit services, to be reported further to the Commission.

*Actions: Assistant Auditor General and Secretary*

17. Mid- Year Strategy Seminar: Outputs [in private]

The Commission considered a report by the Secretary to the Commission setting out a summary of the recent mid-year strategy seminar and proposed a number of actions for the Commission's approval.

During discussion, the Commission agreed:

- To approve for its interest the note of the event contained in the report.
- To approve the proposed next steps as set out in the report.
- Specifically, to approve the proposed revised remits for the Commission committees.
- That Sophie Flemig, Tim McKay and Pauline Weetman form a sub-group of members to review improvements to the members' extranet.

18. Commission business matters

The Chair, having advised that there was no business for this item, closed the meeting.