

MEETING: 7 MARCH 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 454th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 7 February 2019, at 10.15am

PRESENT: Graham Sharp (Chair)
Andrew Burns
Sophie Flemig
Sheila Gunn
Ronnie Hinds
Christine Lester
Stephen Moore
Sharon O'Connor
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)
Ruth Azzam, Audit Officer, PABV (Item 12)
Douglas Black, Audit Manager, PABV (Item 13)
Carol Calder, Senior Manager, PABV (Items 12 and 13)
Antony Clark, Audit Director, PABV (Item 13)
Ashleigh Madjitey, Senior Auditor, PABV (Item 12)
Paul O'Brien, Senior Manager, Professional Support (Item 9)
Mark Taylor, Audit Director, ASG (Item 8)
Mark Roberts, Senior Manager, PABV (Item 8)
Kathrine Sibbald, Audit Manager, PABV (Item 12)
Claire Sweeney, Audit Director, PABV (Item 12)
Peter Worsdale, Audit Manager, PABV and Accounts Commission (Item 10)
David Martin, Chair, Local Government Benchmarking Framework Board (Item 11)
Emily Lynch, Programme Manager, Improvement Service (Item 11)

<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 10 January 2019
5.	Audit Scotland Board update
6.	Update report by the Secretary of the Commission
7.	Update report by the Controller of Audit
8.	Financial Devolution and European Union Withdrawal: six monthly update
9.	Revised form of independent auditor's report for 2018/19
10.	Work programme: consultation outputs
11.	Local Government Benchmarking Framework: draft annual report 2017/18
12.	Overview of Local Government in Scotland: draft report
13.	How Councils work – Protecting public money: draft report
14.	Commission business matters

1. Apologies for absence

It was noted that Andrew Cowie and Tim McKay had submitted their apologies for absence.

2. Declarations of interest

The following declarations of interest were made:

- Andrew Burns, in item 6, as a council tax payer in the City of Edinburgh area, and in item 10, as Chair of the Scottish Council for Voluntary Organisations.
- Ronnie Hinds, in item 11, as a former Chair of the Local Government Benchmarking Framework Board.
- Geraldine Wooley, in item 6, as a council tax payer in the City of Edinburgh area.

3. Decisions on taking business in private

It was agreed that items 12 to 14 be considered in private because:

- Item 12 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 13 proposes a draft audit report which the Commission is to consider in private before publishing.

No business was notified by members for item 14 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 10 January 2019

The minutes of the meeting of 10 January 2019 were approved as a correct record.

5. Audit Scotland Board Update

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

6. Update report by the Secretary to the Commission

The Commission considered a report by the Secretary 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 Stephen Moore had spoken at a conference on 17 January organised by Social Work Scotland on developments since the publication of the Commission's performance audit on Social Work in September 2016.

Following discussion, the Commission noted the report.

7. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

8. Financial Devolution and European Union Withdrawal: six monthly update

The Commission considered a report by the Audit Director, Audit Services and PABV providing an update on key developments surrounding financial devolution and constitutional change.

During discussion, the Commission:

- Noted advice from the Audit Director, in response to a query from Christine Lester, that awareness would be raised with auditors about the participation by the Crown Estate Scotland in community planning partnerships, and also discussed with the Auditor General in relation to her audit of Crown Estate Scotland.

Action: Audit Director, Audit Services and PABV

- Noted advice from the Audit Director, in response to a query from Andrew Burns, that all positions in the Scottish Exchequer Directorate had now been filled.

Following discussion, the Commission noted the report.

9. Revised form of independent auditor's reports for 2018/19

The Commission considered a report by the Associate Director of Audit Quality and Appointments, seeking agreement in principle to changes to the form of Independent Auditor's Reports in respect of local government bodies from 2018/19.

During discussion, the Commission noted advice from the Senior Manager, Professional Support, in response to a query from Ronnie Hinds, that it would be a reasonable expectation that reference to Aberdeen City Council's status as a public interest entity would be reported in the auditor's annual audit report for the Council.

Following discussion, the Commission:

- Agreed that a clear reference to the reporting of Best Value as part of wider scope responsibilities be made in the proposed revised Independent Auditor's Report.
- Agreed in principle with the proposed changes to the 2018/19 form of Independent Auditor's Report and noting that Audit Scotland's Professional Support team will now consult with auditors on the proposals.
- Noted that after this consultation exercise, the Commission will be invited to formally approve the form of Independent Auditor's Report at the April 2019 meeting.

10. Work programme: consultation outputs:

The Commission considered a report by the Secretary to the Commission, which set out the responses to the recent consultation on the refreshed work programme 2019/20 – 2023/24.

During discussion, the Commission:

- Agreed that financing and capital investment strategies for the schools estate be considered in the next refresh of the work programme.

Action: Director of PABV

- Agreed that councils be advised of the Commission's view of the importance of

including Local Government Benchmarking data in Best Value Assurance Reports alongside local data.

Action: Secretary

- Noted advice from the Secretary and Controller of Audit about the importance of the Commission's relationship with the Improvement Service in identifying and promoting good practice.
- Noted the need for further discussion by the Commission on:
 - service areas to be covered by the proposed series of local government specific performance audits in years 3 to 5 of the work programme
 - subject areas for future reports in the How Councils Work series.

Action: Secretary

Following discussion, the Commission:

- Approved the work programme subject to further liaison with the Auditor General for Scotland in relation to joint audit work.
- Agreed the proposed publication arrangements for the programme, as set out in the report.

Actions: Secretary and Director of PABV

11. Local Government Benchmarking Framework: draft annual report 2017/18

The Commission considered a report by the Secretary to the Commission introducing the Local Government Benchmarking Framework (LGBF) National Overview Report 2017/18.

The Chair welcomed David Martin, Chair of the LGBF Board, and Emily Lynch, Programme Manager, Improvement Service, who undertook a presentation setting out messages from the National Overview Report and progress against the LGBF Board's strategic objectives.

During discussion, the Commission:

- Noted advice from the LGBF representatives, in response to queries from Commission members:
 - On progress being made in relation to developing the reporting of outcomes by partnership and place.
 - On reporting evidence of robust use of LGBF data by councils and professional associations.
 - On progress with improving the customer satisfaction data used by councils
 - On progress with reporting outcomes for children, including in relation to child protection, in particular noting the forthcoming thematic LGBF report in this regard and the LGBF's Board's desire for continued dialogue with the Commission in this regard.
 - That the Board would consider how the carer perspective features in its work.

- Agreed to note the Commission's continued interest in these areas.

Following discussion, the Commission:

- Noted the Local Government Benchmarking Framework (LGBF) National Overview Report 2017/18.
- Agreed to consider the implications of the report for its Local Government Overview report.
- Agreed the importance of continued dialogue with the Board and support for the project.

The Chair then thanked David Martin and Emily Lynch for attending the meeting.

12. Overview of Local Government in Scotland: draft report (in private)

The Commission considered a report by the Director of PABV proposing the draft local government overview report.

During discussion, the Commission agreed to:

- Approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Graham Sharp and Ronnie Hinds.
- Approve the publication and promotion arrangements for the report.

Actions: Director of PABV and Secretary

13. How Councils work – Protecting public money: draft report (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft report *How Councils Work – Safeguarding public money*, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Tim McKay and Stephen Moore.
- To approve the publication and promotion arrangements for the report, including managing any risks around the relative closeness of the proposed publication dates for this report and the local government overview report.

Actions: Director of PABV and Secretary

14. Commission business matters

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