

MEETING: 14 JANUARY 2016

MINUTES OF PREVIOUS MEETING

Minutes of the 422nd meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 10 December 2015, at 10.15am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Alan Campbell
Sophie Flemig
Sheila Gunn
Tim McKay
Christine May
Stephen Moore
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)
Antony Clark, Assistant Director, PABV [Item 10]
Angela Cullen, Assistant Director, PABV [Items 12 and 15]
Graeme Greenhill, Senior Manager, PABV [Item 15]
David Jamieson, Senior Audit Manager, Audit Services [Item 13]
Ursula Lodge, Audit Manager, PABV [Item 15]
Mark McCabe, Senior Manager, PABV [Item 13]
Fiona Mitchell-Knight, Assistant Director, Audit Services [Item 13]
Ronnie Nicol, Assistant Director, PABV [Items 11 and 13]
Fiona Selkirk, Audit Manager, PABV [Item 13]
Kathrine Sibbald, Audit Manager, PABV [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 12 November 2015
5.	Minutes of Financial Audit and Assurance Committee of 26 November 2015
6.	Minutes of Performance Audit Committee of 26 November 2015
7.	Minutes of meeting of Audit Scotland Board of 29 October 2015
8.	Update report by the Secretary to the Commission
9.	Update report by the Controller of Audit
10.	Statutory Performance Information: 2015 Direction
11.	The new approach to auditing Best Value: progress report
12.	Draft work programme
13.	Audit of Best Value: progress – Argyll and Bute Council
14.	Audit of Best Value: progress – Argyll and Bute Council[private]
15.	Performance audit: draft report – Major capital investment in councils
16.	Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Sandy Cumming and Graham Sharp.

2. Declarations of interest

Christine May declared an interest in items 11 and 12 as the Vice-Chair of Fife Cultural Trust.

3. Decisions on taking business in private

It was agreed that items 14, 15 and 16 should be taken in private for the following reasons:

- 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 performance audit report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.
- Item 16 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

4. Minutes of meeting of 12 November 2015

The minutes of the meeting of 12 November 2015 were submitted and approved, subject to noting that the meeting took place on 12 November and Pauline Weetman had submitted apologies for absence from the meeting.

5. Minutes of Financial Audit and Assurance Committee of 26 November 2015

The minutes of the meeting of 26 November 2015 were submitted and approved.

6. Minutes of Performance Audit Committee of 26 November 2015

The minutes of the meeting of 26 November 2015 were submitted and approved.

Arising therefrom, the Committee:

- In relation to item 7, noted advice from the Director of PABV that he would update the Commission at future meetings on the future of Scotland Excel.
- In relation to item 9, noted advice from the Secretary that he would include in his next report to the Commission information on the Scottish Government's announcement on an independent review of Scotland's planning system.

7. Minutes of meeting of Audit Scotland Board, 29 October 2015

The minutes of the meeting of Audit Scotland Board of 29 October 2015 were noted.

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.

During discussion, the Commission agreed:

- In relation to paragraph 4, to note advice from the Director of PABV that he would give further thought to any implications for audit work arising from the report on the Lennoxton Initiative.
- In relation to paragraph 5, to note advice from the Director of PABV that he would clarify the obligations of Audit Scotland in relation to its accreditation as a Living Wage Employer.

Action: Director of PABV

- In relation to paragraph 48, to note advice from the Director of PABV that he was liaising with the National Audit Office around the audit of City Deals.
- In relation paragraph 32, that a briefing be presented on the forthcoming Community Justice Act.

Action: Secretary

Thereafter, 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.

10. Statutory performance information: 2015 Direction

The Commission considered a report by the Director of PABV proposing a draft Statutory Performance Information Direction 2015.

Following discussion, the Commission:

- Agreed the 2015 SPI Direction, subject to reflecting points raised in discussion.
- Gave the Chair delegated authority to finalise the content of the Direction.
- Agreed that the Director report back on the implications of the Direction on alternative models of service delivery such as City Deals.

Actions: Director of PABV

- Agreed that the 2015 Local Government Benchmarking Framework annual report be circulated.

Action: Secretary

11. The new approach to auditing Best Value: progress report

The Commission considered a report by the Director of PABV updating the Commission on the work underway to develop and implement the new approach to auditing Best Value.

Following discussion, the Commission agreed:

- To note the progress made on the new approach to auditing Best Value.
- To note the plans for further engagement with stakeholders and agree that the Commission host stakeholder seminars in 2016.

- In relation to paragraph 22 of the report, that the proposed reference group of senior officers reflect chief executive to head of service input.
- Further in relation to paragraph 22, that internal auditors be involved in engagement.
- In relation to paragraph 5, to note advice from the Director that joint responsibility for auditing, between auditors in PABV and local audit teams, was intended to lead to an integrated approach.
- Further in relation to paragraph 5, to note advice from the Director that an important feature of the new approach would be more regular assurance to the Commission about council performance, and thus not solely through a formal report of a Best Value audit.
- Note that the Director would bring reports to the Commission in April 2016 setting out for approval:
 - The framework of the planned arrangements for the new approach
 - An initial proposed rolling programme of annual and BV public reports.

Actions: Director of PABV

12. Draft Work Programme

The Commission considered a report by the Director of PABV proposing the Commission's draft work programme.

Following discussion, the Commission:

- approved the draft work programme as a basis for consultation with stakeholders, subject to the following:
 - That thought be given to featuring work around shared services
 - That a specific performance audit around arm's length external organisations be included, but not as a *How Councils Work* report.
 - That a *How Councils Work* report be developed around internal audit and scrutiny.
 - That an audit on waste management be deferred until later in the programme.
- approved the proposed consultation arrangements.
- noted that the Secretary would report back on the outcome of the consultation.

Actions: Director of PABV and Secretary

13. Audit of Best Value: Argyll and Bute 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 Argyll and Bute 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: Argyll and Bute 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 Argyll and Bute Council.

Following discussion, the Commission agreed:

- To make findings, to be published on 17 December 2015.
- As part of those findings, to note that it will maintain its interest in the progress made by the Council and that the Controller of Audit will continue to monitor progress through the annual audit process

Actions: Secretary

15. Performance Audit – draft report: Major capital investment in councils – follow-up [in private]

The Commission considered a report by the Director of Performance Audit and Best Value seeking approval of and proposing ways of promoting the draft performance audit report *Major capital investment in councils – follow-up*.

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, Graham Sharp and Sandy Cumming.
- To approve the publication and promotion arrangements for the report.

Actions: Director of Performance Audit and Best Value

16. Commission business matters

There being no further business, the meeting was closed.