

Minutes of the meeting of the Accounts Commission held in the Offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 8 November 2006 at 10.30 am

PRESENT: A MacNish (Chair)  
A Alexander  
J Baillie  
O Clarke  
J Couper  
I Low  
M Raj  
I Robertson

IN ATTENDANCE: D Pia, Director of Public Reporting (Local Government)  
W F Magee, Secretary  
R Nicol, Assistant Director of Public Reporting (items 6 and 7)  
R Frith, Director of Audit Strategy (item 8)  
G Smail, Senior Manager, Public Reporting (item 9)  
D McGiffen, Director of Corporate Services (items 10 and 11)  
G Jordan, Project Manager, Public Reporting (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Best Value Audit of West Dunbartonshire Council
4.	Chairman's Introduction
5.	Progress Update
6.	The Audit of Police Services
7.	Local Government Act 1992 – Publication of Performance Information Direction 2006
8.	Revised Code of Audit Practice
9.	Independent Review of Audit, Inspection and Complaints Handling of Public Services in Scotland
10.	Efficient Government – VFM Indicators for Corporate Services
11.	Accounts Commission Disability Equality Scheme
12.	Audit Scotland Financial and Performance Information

1. Apologies

Apologies for absence were intimated on behalf of Keith Geddes, Alison Leslie and Caroline Gardner.

2. Minutes

The minutes of meeting of 11 October 2006 were submitted and approved.

3. Best Value Audit of West Dunbartonshire Council

Arising from paragraph 7 of the minutes of meeting of 11 October 2006 the Secretary advised that a hearing on the Best Value Audit Report of West Dunbartonshire Council will be held in Clydebank on 29 and 30 November 2006. The Chair has nominated himself, John Baillie, Jean Couper, Keith Geddes and Ian Robertson to be the members to conduct the hearing.

4. Chairman's Introduction

The Chairman referred to a number of matters of current interest including:

- His contribution to the conference of the Institute of Internal Auditors
- Arrangements for interviews for the selection of a member of the Commission.

5. Progress Update

David Pia advised the Commission of a number of matters of current interest including:

- The forthcoming appearance by Audit Scotland at the Scottish Parliament's Local Government and Transport Committee to give evidence on Common Good Funds in Scottish Local Authorities
- A recent article in Holyrood Magazine on the Best Value Audit and a reply which will be published on behalf of Audit Scotland.

6. The Audit of Police Services

There was submitted a report by David Pia on the Commission's responsibilities for the audit of police services in Scotland. A draft discussion paper covering accountability and governance issues and a "mock-up" audit report on Best Value and Community Planning for a Police Authority accompanied the report.

Jean Couper declared an interest in this item in respect of her membership of the Police Advisory Board for Scotland.

The report referred to the Commission's previous consideration of progress on pilot work to examine the application of the best value audit to a local police authority and covered the following issues:

- Background
- The "mock-up" audit report
- Wider issues on governance and accountability
- Future audit arrangements for police services.

In discussion a number of points were made:

- The present tri-partite arrangements for the provision of police services present real difficulties in pursuing the best value audit in police authorities
- Any arrangements which are made for the Best Value Audit must preserve the independence of the Commission
- Although the principles of Best Value apply in all public bodies, reports on police services will have different characteristics
- It will be important to consider the differences which are likely to emerge where Council boundaries and police authority boundaries are coterminous
- There are real issues about the role played by ACPOS
- Some of the issues covered in the report will be relevant to the Crearer Inquiry on Scrutiny arrangements generally
- The report would benefit from further references to the comparison with police authorities in England.

The Commission agreed:

- To welcome the report and accompanying papers which set out the arguments clearly
- To note the sample audit report for a fictitious police authority
- To seek an early meeting with interested parties, in conjunction with the Auditor General for Scotland, to explore the issues raised in the report.

7. Local Government Act 1992 – Publication of Performance Information Direction 2006

There was submitted a report by David Pia setting out the responses to the Commission's consultation paper on proposals for the 2006 Performance Information Direction. A draft 2006 Direction accompanied the report. The Commission considered the responses to the draft consultation report and noted that its proposal that no changes will be made to the SPI's for Council and Fire and Rescue Services was accepted by consultees. Proposed changes to the police service SPI's were accepted by all concerned. The Commission approved the 2006 Performance Information Direction as set out in Annex 2 to the report.

8. Revised Code of Audit Practice

There was submitted a report by Russell Frith introducing a draft of a revised Code of Audit Practice. The report advised that the Code of Audit Practice was issued in 2001 covering the remits of both the Auditor General and the Accounts Commission. Since that time there have been a number of developments including the introduction of a statutory duty of best value in local government, the modernised audit and the transfer of resources of appointed auditors to central Audit Scotland teams. Auditing standards have also changed to international auditing standards and auditing standards have been centralised under the remit of the Auditing Practices Board. Reference was made to the position of the Audit Commission, Wales Audit Office and the Northern Ireland Audit Office.

In discussion of the report a number of amendments to the text of the draft Code of Audit Practice were suggested. Thereafter the Commission approved the draft code for consultation with firms, audited bodies and other stakeholders with a view to the code being brought to both the Commission and the Auditor General for approval early in 2007.

9. Independent Review of Audit, Inspection and Complaints Handling of Public Services in Scotland

There was submitted a report by the Deputy Auditor General giving the Commission an update on the work of the Crerer Review of Scrutiny of the Public Sector in Scotland. Appended to the report were the questions set out by the review team as part of the consultation stage of the review. In discussion, a number of points were made:

- It is important to seek consistency in scrutiny arrangements, not necessarily uniformity
- It is important to be positive about the role of scrutiny in improving performance
- The principles of the public audit model should be emphasised – transparency, accountability, improvement
- Independence is one of the key elements of the public audit model, differentiating it from other inspection regimes
- An approach to responding to the consultation would be to set out the Commission's position in an introduction, followed by responses to the Scrutiny Review Team's questions.

The Commission agreed to request Audit Scotland to prepare a draft Submission on its behalf for consideration at its next meeting.

10. Efficient Government – VFM Indicators for Corporate Services

There was submitted a report by the Deputy Auditor General providing information on the progress of a joint audit agency project to develop value for money indicators and benchmarking for core business functions in public sector organisations. The report set out the background to this work, progress which has been made and the next steps in taking it forward. In discussion a number of suggested amendments to the proposed VFM indicators were discussed. Thereafter the Commission welcomed the report and agreed to note the progress of the joint audit agency project.

11. Accounts Commission Disability Equality Scheme

There was submitted a report by Diane McGiffen giving Commission members an overview of how Audit Scotland has approached the implementation of the Disability Equality Duty. There is a requirement to develop a Disability Equality Scheme for Audit Scotland and for the Accounts Commission by 4 December 2006. The report set out a framework for a Disability Equality Scheme and described the involvement of stakeholders in the process. The Commission agreed:

- To note the report on the approach taken to implement the Disability Equality Duty
- To remit approval of the Accounts Commissions' Disability Equality Scheme to the Chair in consultation with the Director of Corporate Services in view of the need to have the scheme in place before the next meeting of the Commission.

12. Audit Scotland Financial and Performance Information

There was submitted a report by Diane McGiffen setting out financial and performance information for Audit Scotland to 30 September 2006. In discussion it was noted that future developments of the Accounts Commissions' own objectives and targets will impact on the presentation of this information. Thereafter the Commission agreed to note the report.