

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 20 January 2011, at 10am

PRESENT: John Baillie (Chair)
Michael Ash
Alan Campbell
James King
Bill McQueen
Christine May
Colin Peebles
Linda Pollock
Graham Sharp
Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
Fiona Kordiak, Director of Audit Services
Mark Brough, Secretary & Business Manager
Andrew Laing, HMICS [Item 10]
Jerry Pearson, HMICS [Item 10]
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement [Items 10 and 11]
Fiona Mitchell-Knight, Assistant Director, Audit Services Group [Item 11]
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 12]
Paul Reilly, Portfolio Manager, Best Value and Scrutiny Improvement [Item 12]

<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 9 December 2010
5.	Minutes of meeting of the Performance Audit Committee of 9 December 2010
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Public Services Reform (Scotland) Act 2010
9.	Scottish Government Spending Plans and Draft Budget 2011/12
10.	Grampian Police and Grampian Joint Police Board – Best Value Audit and Inspection
11.	Shetland Islands Council
12.	2010 Local Government Overview
13.	Grampian Police and Grampian Joint Police Board – Best Value Audit and Inspection
14.	Shetland Islands Council
15.	2010 Local Government Overview

The Chair welcomed Alan Campbell to his first meeting, having been appointed by Scottish Ministers as a member of the Commission with effect from 1 January 2011.

1. Apologies for absence

Apologies were received from Colin Duncan.

2. Declarations of interest

Christine May declared interests in relation to issues covered in the report being considered at Item 12, arising from her roles as Joint Chair of FRAE (Fairness, Race, Awareness and Equality) Fife and as a self-employed consultant advising on matters including waste strategy.

3. Decisions on taking business in private

The Commission agreed to take items 13, 14 and 15 in private in order to allow deliberation on the action to be taken on the relevant reports.

4. Minutes of meeting of 9 December 2010

The minutes of the meeting of 9 December 2010 were submitted and approved.

5. Minutes of meeting of the Performance Audit Committee of 9 December 2010

The Commission noted the minutes of the meeting of the Performance Audit Committee of 9 December 2010.

In respect of Item 6 in the minutes, the Commission noted the recommendation of the Committee that the performance audit programme be amended so that the proposed performance audit on the climate change delivery plan be split into two. The first phase would be conducted as an audit on behalf of the Auditor General, and the timing of the proposed second phase would be kept under review with a view to conducting an audit jointly on behalf of the Accounts Commission and the Auditor General at an appropriate point. The Commission approved the proposal.

6. Chair's introduction

The Commission agreed to a proposal from the Chair that Alan Campbell be appointed a member of the Performance Audit Committee.

The Chair reported that—

- Sandy Cumming had been appointed by Scottish Ministers as a member of the Commission with effect from 1 March 2011.
- The next meeting of the Local Government Scrutiny Co-ordination Strategic Group would take place on 26 January and meetings were scheduled at regular intervals throughout the year.
- Following the Commission's decision on statutory performance indicators in December, he had written to all council chief executives and police and fire board clerks with the 2010 direction. He and the Deputy Chair planned to meet COSLA, SOLACE and the Improvement Service on 27 January to discuss the continued development of local outcome indicators and performance reporting.

Members also raised a number of points for discussion arising from a digest of recent parliamentary news and media coverage of interest to the Commission. The Commission requested further information on a proposal in the UK Government's Localism Bill to give councils more discretion over business rates relief.

7. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on recent activity in relation to the audit of local government

The Controller of Audit also advised the Commission that Inverclyde Council had recently suspended four senior staff, and that an employee of Aberdeen City Council had been charged with fraud in relation to pension funds. Further information will be provided to the Commission as appropriate.

8. Public Services Reform (Scotland) Act 2010

The Commission considered a report by the Secretary and Business Manager on obligations on the Commission arising from the Public Services Reform (Scotland) Act 2010.

The Commission agreed that it would take the necessary steps to comply with all obligations as soon as possible. Following discussion, the Commission agreed in particular—

- To ask Audit Scotland to produce expenditure information regularly on the website to satisfy the requirements of Part 3 of the Act, and in doing so to comply with Scottish Government guidance on good practice.
- To delegate to the Chair, in his capacity as a member of the Audit Scotland Board, to approve the form of an annual statement on compliance with section 32 of the Act (information on exercise of functions) and report back to the Commission on this as appropriate.
- To consider in due course whether additional summary information in relation to Part 3 might usefully be included in the Commission's annual report.
- To include reports on compliance with the duties in sections 112-114 (user focus and co-operation in scrutiny) in its annual report.
- To consider further the duty of user focus with the aim of identifying a baseline and a means by which progress can be measured and reported.
- To authorise the Secretary to liaise with Audit Scotland to ensure that complaints procedures are developed that comply with the principles and model set by the Scottish Public Services Ombudsman, to ensure that these address all aspects of the Commission's business and report back to the Commission as appropriate on any further developments required.

The Commission also noted that the Housing (Scotland) Act 2010 includes various requirements on Scottish Ministers and the Scottish Housing Regulator to consult with or involve the Commission in matters relating to housing regulation.

9. Scottish Government Spending Plans and Draft Budget 2011/12

The Commission considered a report by the Secretary and Business Manager providing a briefing on the Scottish Government's draft budget for 2011/12, in particular some of the implications for local government.

Following discussion the Commission agreed that it would receive updated briefings on the budget as appropriate.

10. Grampian Police and Grampian Joint Police Board – Best Value Audit and Inspection

The Commission considered the report on the Best Value audit and inspection of Grampian Police Board and Grampian Joint Police Board, submitted jointly by the Controller of Audit and Her Majesty's Inspector of Constabulary for Scotland.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit and Her Majesty's Inspector of Constabulary for Scotland and the audit teams on a number of points in the report.

11. Shetland Islands Council

The Commission considered a report by the Controller of Audit on the 2009/10 annual audit of Shetland Islands Council.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit and the audit team on a number of points in the report.

The Commission noted that, in making findings in August 2010 following a hearing, it had required a further report from the Controller of Audit in around 12 months' time on progress by the Council. The Commission noted and approved the Controller of Audit's proposal to report in December 2011 so that further audit work could take account of milestones set out in the Council's improvement plan. The Commission noted that updates on progress with this work would be provided as appropriate.

12. 2010 Local Government Overview

The Commission considered a report by the Controller of Audit on *An Overview of Local Government in Scotland 2010*.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit and the audit team on a number of points in the report.

The Commission noted that, in addition to publishing the report, a spreadsheet of further data would also be published. This would provide interested parties with the information used for each exhibit and other financial information used in the development of the report.

13. Grampian Police and Grampian Joint Police Board – Best Value Audit and Inspection (In private)

Following discussion, the Commission agreed to make findings as contained in the report to be published on 24 February 2011.

14. Shetland Islands Council (In private)

The Commission expressed its continuing concern that it had been necessary to issue a qualified opinion on the financial statements for the fifth successive year and that a number of difficulties had arisen during preparation of the accounts.

The Commission noted the ongoing monitoring by auditors of the Council's progress on delivering its improvement plan, and the specific audit work to be conducted during 2011 in order for the Controller of Audit to submit a progress report to the Commission towards the end of 2011, as required in the findings following the Commission's hearing in June 2010.

In light of this ongoing work, the Commission agreed to note the Controller of Audit's report dated 7 January 2011.

15. 2010 Local Government Overview (In private)

Following discussion, the Commission agreed to make findings as contained in the report published on 28 January 2011.