

**ACCOUNTS COMMISSION**

**MEETING 14 APRIL 2011**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 17 March 2011, at 10:00 am.

PRESENT:           John Baillie (Chair)  
                  Michael Ash  
                  Sandy Cumming  
                  Colin Duncan  
                  James King  
                  Bill McQueen  
                  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  
                  Antony Clark, Assistant Director, Best Value and Scrutiny Improvement  
                  Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 9]  
                  Paul Reilly, Project Manager, Best Value and Scrutiny Improvement [Item 9]  
                  Russell Frith, Assistant Auditor General [Items 11 and 13]  
                  Dave Beveridge, Senior Manager, Audit Strategy [Items 11 and 13]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interests
3.	Decisions on taking business in private
4.	Minutes of meeting of 17 February 2011
5.	Minutes of the Financial Audit and Assurance Committee of 10 February 2011
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Co-ordination of local government scrutiny functions
9.	Local government overview reporting
10.	Reports by the Controller of Audit
11.	Code of Audit Practice - 2011
12.	Accounts Commission Digest
13	Audit appointments for 2011/12 to 2015/16

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

1. Apologies for absence

Apologies were received from Alan Campbell and Christine May.

2. Declarations of interests

No declarations of interests were made.

3. Decisions on taking business in private

The Commission agreed to take item 13 in private in order to allow deliberation on a report that includes information of a commercially sensitive nature.

4. Minutes of meeting of 17 February 2011

The minutes of the meeting of 17 February 2011 were submitted and approved.

5. Minutes of the Financial Audit and Assurance Committee of 10 February 2011

The Commission noted the minutes of the meeting of the Financial Audit and Assurance Committee of 10 February 2011.

6. Chair's introduction

The Commission agreed to a proposal from the Chair that Sandy Cumming be appointed a member of the Financial Audit and Assurance Committee.

The Chair reported that—

- Three reports had been published since the Commission last met - the Best Value audit report on Grampian Police and Grampian Joint Police Board, the Best Value audit report on North Ayrshire Council and the report on The Highland Council in respect of the Caithness Heat and Power project.
- On 23 February, he, accompanied by the Controller of Audit and Gordon Smail of Audit Scotland had given evidence to the Local Government and Communities Committee of the Scottish Parliament on the report *An Overview of Local Government in Scotland 2010*.
- On 3 March, he had taken part in a seminar for elected members on the issues and recommendations arising from the Commission's report *Roles and working relationships: Are you getting it right?*. This seminar had been organised jointly with the Improvement Service.
- On 4 March, he and two other members along with Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland, met representatives of Northern Constabulary and Northern Joint Police Board in a follow-up meeting to the Best value audit report.
- Several members had attended parts of the COSLA/Improvement Service annual conference on 9-11 March on behalf of the Commission.

Bill McQueen had attended a conference on 'Delivering services in a constrained public spending environment' on behalf of the Commission, and gave a short report back.

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.

During discussion the Commission noted the apparent desire – noted in recent reports, debates and legacy papers – of Scottish Parliament committees to develop their engagement and communication with the Commission.

8. Co-ordination of local government scrutiny functions

The Commission considered a report by the Director of Best Value and Scrutiny Improvement introducing correspondence from the Cabinet Secretary for Finance and Sustainable Growth, John Swinney MSP, on the Commission's role in co-ordination of local government scrutiny functions. This letter was accompanied by a report on an exercise to take stock on the scrutiny co-ordination work to date.

Following discussion, the Commission agreed that the Chair should write to the Cabinet Secretary, welcoming his request for the Commission to continue, as one of its accepted functions, the co-ordination and facilitation role in respect of local government scrutiny that it has hitherto been fulfilling on a transitional basis.

The Commission also noted from the stock-take report that consideration will be given to the further development of the collaborative approach to scrutiny activity. The Commission agreed that it would continue consideration of these issues with its scrutiny partners over the coming months.

9. Local government overview reporting

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on options for its future approach to its annual local government overview report.

The Commission noted recommendations to it from its Financial Audit and Assurance Committee, which had considered the matter at its meeting on 10 February 2011.

Following discussion, the Commission agreed—

- That an annual local government overview report should in future be prepared in accordance with the provisions of section 97A of the Local Government (Scotland) Act 1973;
- That a sponsorship role on the development of the overview report should be delegated to the Chair, the chairs of the Financial Audit and Assurance Committee and the Performance Audit Committee and one other member of each committee;
- That a draft report should be submitted to the Commission for consideration around the end of the year.

10. Reports by the Controller of Audit

The Commission considered a report by the Secretary and Business Manager on procedures relating to the making of reports by the Controller of Audit under section

102 of the Local Government (Scotland) Act 1973, and the Commission's consideration of such reports.

Following discussion, the Commission agreed to authorise the Secretary and Business Manager to prepare public guidance notes in a suitable format on procedures relating to reports by the Controller of Audit, and for the final form of that guidance to be approved by the Chair.

11. Code of Audit Practice - 2011

The Commission considered a report by the Assistant Auditor General inviting it to consider final changes required to the new Code of Audit Practice which comes into effect from 2011/12 audits.

The Commission noted that the final changes take account of statutory guidance on the requirement on auditors to provide a separate audit report on the accounts of the local government pension scheme.

The Commission approved the Code, subject to further consideration being given to—

- The way in which the role of the Accounts Commission is described, so that it is consistent with other documents;
- Whether a more explicit statement can be included on the role of auditors in relation to other bodies through which councils may deliver services.

12. Accounts Commission Digest

The Commission considered and noted its regular briefing on current issues, and sought further information on a number of points.

13. Audit appointments for 2011/12 to 2015/16 (In private)

The Commission considered a report by the Assistant Auditor General inviting it to approve provisional audit appointments for 2011/12 to 2015/16, to be made as a result of the audit tender process that commenced in October 2010. The Commission had authorised the Chair, and Bill McQueen, as chair of the Commission's Financial Audit and Assurance Committee, to represent it in the assessment and interviewing of tenderers.

Following discussion, the Commission agreed—

- That the successful and unsuccessful tenderers described in the report should now be notified; and
- That consultation with firms and audited bodies should proceed on the basis of the provisional allocation of audit appointments described in the report.

The Commission noted that, following this consultation, a final report inviting it to make formal appointments of local government auditors for 2011/12 to 2015/16 would be submitted to a subsequent meeting.