

MEETING: 12 JANUARY 2023

REPORT BY: POLICY MANAGER, ACCOUNTS COMMISSION

MINUTES OF PREVIOUS MEETING

Introduction

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

Minutes

2. The minute of the previous meeting is in **Appendix 1**. A summary of matters arising from the December Commission meeting is attached in **Appendix 2**.
3. Members should note that the action tracker – available on the member SharePoint site and also provided to members on a monthly basis – provides updates on progress from previous meetings.

Conclusion

4. The Commission is asked to:
 - a) Approve the attached draft minute of its previous meeting.
 - b) Note the summary of the matters arising, as well as any other updates provided at today's meeting.

Martin McLauchlan
Policy Manager
15 December 2022

APPENDIX 1

Minutes of the 494th meeting of the Accounts Commission held via 'hybrid' (in-person and online) meeting, in the offices of Audit Scotland at 102 West Port, Edinburgh and online on Thursday 8 December 2022 at 10.50am.

PRESENT: William Moyes (Chair)
Nichola Brown
Andrew Burns
Andrew Cowie
Sheila Gunn
Jennifer Henderson
Christine Lester
Ruth MacLeod
Tim McKay
Geraldine Wooley

APOLOGIES: Sophie Flemig
Malcolm Bell

IN ATTENDANCE: Blyth Deans, Audit Manager, Performance Audit and Best Value (PABV)
Martin McLauchlan, Policy Manager (Accounts Commission)
Martin Allan, Auditor, PABV (item 13)
Vicki Bibby, Chief Operating Officer, Audit Scotland (item 16)
Michelle Borland, Business Manager, PABV (items 7 and 12)
Adam Bullough, Audit Manager, PABV (item 13)
Carol Calder, Senior Manager, PABV and Secretary to the Strategic Scrutiny Group (items 13 and 15)
Antony Clark, Executive Director of PABV and Interim Controller of Audit (items 7, 10, 12 and 13) & duration of meeting.
Stuart Dennis, Corporate Finance Manager, Audit Scotland (item 14)
Gemma Diamond, Audit Director, PABV (items 7 and 12)
John Gilchrist, Manager, Audit Quality and Appointments (AQA) (item 14)
Christopher Lewis, Senior Auditor, PABV (item 13)

<u>Item</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declaration of connections
3.	Order of business
4.	Minutes of meeting of 10 November 2022
5.	Minutes of meetings of Commission committees of 24 November 2022
6.	Audit Scotland Board update
7.	Strategy and work programme: work programme update
8.	Secretary's update report
9.	Chair's update report
10.	Interim Controller of Audit's update report
11.	Any other public business
12.	Strategy and work programme: Work programme strategic review (in private)
13.	Local government in Scotland financial bulletin 2021/22 – draft bulletin (in private)
14.	2022/23 audits – local government fees (in private)
15.	Strategic Scrutiny Group update (in private)
16.	Audit Scotland update (in private)
17.	Any other private business (in private)

1. Apologies for absence

It was noted that apologies for absence had been received from Malcolm Bell and Paul Reilly (Secretary).

2. Declaration of connections

There were no connections declared.

3. Order of business

It was agreed that the following items be considered in private:

- Item 12 required the Commission to consider confidential policy matters.
- Item 13 proposed a draft publication which the Commission is to consider in private before publishing.
- Item 14 required the Commission to consider confidential business and commercial matters.
- Item 15 required the Commission to consider confidential policy matters.
- Item 16 required the Commission to consider confidential policy matters and data which belongs to Audit Scotland and is not in the public domain.

The Chair advised that there was no business for item 17.

4. Minutes of meeting of 10 November 2022

The Commission considered a report by the Policy Manager presenting the minutes of the meeting of 10 November 2022, including a summary of business arising from those minutes.

The Commission:

- Approved the minutes as a correct record subject to minor amendments.
- Noted the summary of the matters arising.

5. Minutes of meetings of Commission committees of 24 November 2022

The Commission considered a report by the Policy Manager presenting the minutes of the meetings of the Commission's committees of 24 November 2022.

The Commission:

- Approved the minutes as a correct record subject to minor amendments.
- Approved the following recommendation of the Performance Audit Committee:
 - That authority be delegated to the Chair and Sheila Gunn (as a sponsor of previous work in this area) to hold discussions with Audit Scotland on behalf of the Commission about the nature, scope and branding of the proposed Audit Scotland data-driven output on Covid-19 finances.

Action: Chair and Sheila Gunn to meet with Antony and team to re Covid-19 (Jan 2023)

6. Audit Scotland Board update

The Commission considered a report by the Policy Manager (introduced by the Chair) providing an update on the activities of the Audit Scotland Board.

It was noted the pace of the Accounts Commission Change Programme should be increased.

The Commission noted the report.

7. Strategy and work programme: work programme update

The Commission considered a report by the Executive Director of PABV introducing the joint Commission and Auditor General for Scotland work programme update.

During discussion, the Commission:

- Agreed, in response to a point by the Chair, that future work programme updates include some explanation of the financial consequences of any audit delays and what impact any such delays might have on the scope and timing of the wider work programme.
- Agreed, that it wished to have continued engagement with Audit Scotland on the agility of the work programme.

Action: PABV Executive Director

Following discussion, the Commission:

- Noted the progress delivering the work programme from September to November 2022.
- Noted the planned products up to June 2023.
- Agreed the proposed changes to the programme.
- Agreed to delegate to the Chair and Interim Deputy Chair final approval for this update at a joint meeting with the Auditor General for Scotland on 19 December 2022.

Action: Executive Director of PABV

8. Secretary's update report

The Commission considered a report by the Policy Manager providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

The Commission noted advice from the Policy Manager that, in line with the approach agreed with Commission members, members had been given the opportunity to provide queries on the Secretary's report in advance of the meeting. No queries were received but anything arising from the meeting will be circulated in due course to members.

Following discussion, the Commission:

- Agreed to note but not respond to the call for views highlighted in paragraph 42.
- Noted the report.

9. Chair's update report

The Commission considered and noted a report by the Chair providing an update on recent and upcoming activity.

10. Interim Controller of Audit's update report

The Commission considered and noted a report by the Interim Controller of Audit providing an update on recent and upcoming activity.

11. Any other public business

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

The livestream of the meeting was stopped at this point.

12. Strategy and work programme: Work programme strategic review (in private)

The Commission considered a report from the Executive Director of PABV introducing emerging proposals on the strategic review of the joint Accounts Commission and Auditor General for Scotland work programme.

During discussion, the Commission:

- Agreed, in response to a point by the Commission to provide an overview of both AGS and Accounts Commission priorities in future work programme updates.

Action: Executive Director of PABV

Following discussion, the Commission:

- Agreed a further Strategic Work Programme session in January 2023 would be planned with a specific focus on the Commission's priorities and key areas of risk to local government.
- Noted, in response to a query from the Commission, that a multi-faceted approach to auditing climate change was already reflected in Audit Scotland's recently approved strategy for climate change auditing.

Action: Executive Director of PABV

13. Local government in Scotland financial bulleting 2021/22 – draft bulletin (in private)

The Commission considered a report by the Executive Director of PABV inviting the Commission to consider the draft local government in Scotland financial bulletin for 2021/22 and to agree the process for finalising the bulletin.

During discussion, the Commission:

- Agreed that any finance-related recommendations should be presented in the forthcoming Local Government overview report and this financial bulletin should be facts and figures based
- Advised of some minor drafting amendments and agreed that an additional summary section be added towards the end of the report prior to publication.

Action: Executive Director of PABV

Following discussion, the Commission:

- Approved the draft local government in Scotland financial overview bulletin, subject to the audit team considering the points raised in discussion.

Action: Executive Director of PABV

- Agreed that the Chair and Interim Deputy Chair approve final amendments to the bulletin and sign it off on behalf of the Commission prior to publication.
- Agreed the proposals for publishing and promoting the bulletin.

14. 2022/23 audits – local government fees bulletin (in private)

The Commission considered a report by the Corporate Finance Manager providing details of expected audit fees for the local government sector for the 2022/23 audit year.

During discussion, the Commission:

- Noted advice from the Corporate Finance Manager that fee increases are required in order to break even. Projected fees for 2023/24 will be presented in spring 2023 for consideration.
- Noted advice from the Corporate Finance Manager, in response to a query from Andrew Burns, on the scale of the fee increases. It was agreed that the increases being implemented had been benchmarked with other UK audit agencies and external firms and the results are favourable.
- Noted that joint AGS & AC letters signalling an expected increase in fees had already been issued in October to Local Government to set expectations.

Following discussion, the Commission:

- Endorsed the fee levels for the local government sector 2022/23 audits.

15. Strategic Scrutiny Group update (in private)

The Commission considered a report by the Secretary to the Strategic Scrutiny Group providing an update on the last meeting of the Strategic Scrutiny Group.

Following discussion, the Commission:

- Noted the update.
- Agreed a sub-group as the next step.

16. Audit Scotland update (in private)

The Commission considered a verbal update by the Chief Operating Officer providing an update on the ongoing strategic business of Audit Scotland.

During discussion, the Commission:

- Noted the update on the development of the Corporate Plan and agreed it is a tri-partite piece of work.
- Noted the progress on the Partnership Working Framework.

Following discussion, the Commission:

- Noted the update.
- Agreed when the new Controller of Audit is in place, it would be beneficial to map out a communications strategy for the Commission.
- Noted the Accounts Commission Change Programme progress is intertwined with the Budget and Scottish Commission for Public Audit submission.

17. Any other private business

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

Close of meeting

The meeting closed at 2.15pm.