

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Wednesday, 14 October 2009, at 10.30am

PRESENT: J Baillie (Chair)
M Ash
C Duncan
A Kelbie
J King
C May
B McQueen
C Peebles
L Pollock
I Robertson
G Sharp
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
L Bradley, Director of Audit (Local Government)
R Cleland, Non-executive Board Member, Audit Scotland
G Smail, Acting Secretary & Business Manager
R Nicol, Assistant Director, PRG (Local Government) (item 7)
B Hall, Portfolio Manager (Local Government) (item 7)
A Clark, Assistant Director, PRG (Local Government) (items 8 and 9)
B Hurst, Director of Public Reporting (Health/Central Govt) (item 11)
M Roberts, Portfolio Manager (Central Govt) (item 11)
R Seidel, Performance Auditor (Central Government) (item 11)
R Frith, Director of Audit Strategy (items 12 and 13)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 16 September 2009
4.	Chair's introduction
5.	Update report by the Controller of Audit
6.	West Dunbartonshire Council – response to Best Value follow-up audit
7.	Single Outcome Agreements – briefing
8.	Update on Best Value developments
9.	Forming and reporting the two new BV2 audit judgements
10.	Local government scrutiny coordination update report
11.	Protecting and improving Scotland's environment; an overview – draft report
12.	Proposed changes to the local government pension scheme and possible changes to the audit arrangements
13.	Audit charges 2009/10 audits
14.	Proposed programme of meetings 2010
15.	Any other business

1. Apologies for absence

There were no absences and therefore no apologies.

2. Declarations of interest

Christine May referred to item 11 on the agenda (environment overview) and informed the meeting that her consultancy work involves advising clients on public policy developments, including on environmental matters.

3. Minutes of meeting of 16 September 2009

The minutes of the meeting of 16 September 2009 were submitted and approved.

4. Chair's introduction

The Chair reported on a number of items:

- Meetings of the scrutiny coordination strategic group: meeting on 24 September; meeting on 6 October with representatives of SOLACE, COSLA with the Cabinet Secretary for Finance & Sustainable Growth.
- Mary Pitcaithly (Chair of SOLACE Scotland) and Jon Harris (Director of Policy and Legislation, COSLA) have been invited to join the scrutiny coordination strategic group as observers.

The Chair congratulated Douglas Sinclair on his appointment as Deputy Chair and Colin Duncan, Christine May, Colin Peebles, Linda Pollock and Graham Sharp on their appointments to the Commission. The Chair then invited the new members to give short introductions.

The Chair also welcomed Ronnie Cleland, Non-executive Director of Audit Scotland, and explained that Mr Cleland was attending to observe Commission business.

5. Update report by the Controller of Audit

There was submitted a report by the Controller of Audit providing an update on the following matters:

- The completion of the 2008/09 local authority audits
- Parliamentary committees
- Audit Commission reports.

The report was noted.

6. West Dunbartonshire Council – response to Best Value follow-up audit

There was submitted a letter from the Chief Executive of West Dunbartonshire Council, summarising the Council's response to the Best Value follow-up audit.

The Commission noted that the Council was developing a revised Best Value Improvement Plan and that this would be monitored through the shared risk assessment process.

The Commission requested the Acting Secretary & Business Manager to write to the Council confirming its ongoing interest in the Council's progress in addressing the Commission's findings.

Action: Acting Secretary & Business Manager to write to the Council.

7. Single Outcome Agreements - briefing

There was submitted a report by the Controller of Audit summarising the initial analysis of the second set of Single Outcome Agreements covering the period 2009 -2011. A briefing paper containing a more detailed analysis was attached for the Commission's interest.

The Commission welcomed the report and briefing and in discussion noted that SOAs are part of councils' wider arrangements for managing and reporting performance which will be considered during the Best Value audits.

Thereafter the report and the briefing paper were noted.

8. Update on Best Value development

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of Best Value 2 and other Best Value developments

The report was noted.

9. Forming and reporting the two new BV2 audit judgements

There was submitted a report by the Controller of Audit building on the Commission's previous considerations of how audit judgements might be expressed as part of the BV2 audits.

The Commission welcomed the paper and in discussion:

- Approved the use of the two new BV2 judgements for testing in the pathfinder audits.
- Approved the proposal that the term 'needs to improve more quickly' is used in preference to 'improving adequately' in the pace and direction of travel judgement.
- Requested that descriptions underpinning the judgements and the judgements themselves are tested with citizen focus groups.
- Requested that good governance features more explicitly in the performance descriptors.
- Noted that further refinement of the framework and descriptors would be informed by the pathfinder work.
- Confirmed that the means for councils to challenge BV2 judgements will be to make views known to the Commission. A related point is the need in due course to develop further the criteria and protocols for Commission hearings.

Thereafter the report was noted.

Action:

- *Director of Public Reporting (Local Government) to ensure (i) that descriptions underpinning the BV2 judgements are tested through citizen focus groups and (ii) that good governance features more explicitly in the performance descriptors.*
- *Acting Secretary & Business Manager to develop further the criteria and protocols for Commission hearings.*

10. Local Government scrutiny co-ordination update report

There was submitted a report by the Controller of Audit updating the Commission on developments in respect of the scrutiny coordination work.

In discussion the following points were noted:

- The frequency of scrutiny co-ordination group meetings will be reviewed in due course.
- The draft joint Code of Practice is a significant development.
- It is important to ensure that all MSPs are briefed on developments.

Thereafter the report was noted.

11. Protecting and improving Scotland's environment: an overview – draft study report

There was submitted a report by the Director of Public Reporting (Health and Central Government) inviting the Commission to approve the draft overview report on protecting and improving Scotland's environment. The reported noted that this is a joint study report by the Accounts Commission and the Auditor General for Scotland.

During discussion the following points were made:

- Councils have a significant role in areas such as waste management, and the recommendation at the end of the chapter on waste management should be strengthened.
- Sustainable development is a key issue and the importance of the environment in economic development needs to be highlighted.
- This is an overview and points to potential study topics which may be examined in future.
- Cultural and behavioural change will be necessary to make progress in protecting and improving the environment.

Thereafter the report was approved. It was agreed that the study team would provide the study sponsors with a summary of the changes to the report.

Action: Director of Public Reporting (Health and Central Government) to provide study sponsors with a summary of changes to the report.

12. Proposed changes to the Local Government Pension Scheme and possible changes to audit arrangements

There was submitted a report by the Director of Audit Strategy intimating changes proposed by the Scottish Government to the investment provisions and administration of the Local Government Pension Scheme in Scotland. Following discussions at the FAA Committee on 2 September a draft response had been prepared and the matter has been discussed with COSLA.

After discussion, the Commission approved the draft consultation response.

13. Audit charges 2009/10 audits

There was submitted a report by the Director of Audit Strategy seeking the Commission's agreement to the proposed audit charges for the 2009/10 audits as set out in Appendix 1 to the report. The Director informed the Commission that he had discussed the matter with COSLA.

Following discussion, the Commission approved the charging proposals for 2009/10 and noted the provisional estimate for 2010/11 audit charges.

14. Proposed dates for 2010

A list of proposed dates in 2010 for meetings of the Accounts Commission, the Performance Audit Committee and the Financial Audit and Assurance Committee was submitted by the Acting Secretary & Business Manager.

In discussion, the Commission considered whether all meetings should be moved from Wednesdays to Thursdays. The Acting Secretary & Business Manager was requested to submit a revised timetable on that basis.

Action: Acting Secretary & Business Manager to submit a revised timetable for meetings on Thursdays in 2010 to the November Commission meeting.

15. Any other business

The Commission agreed to revised meeting dates in November. As a result the FAA Committee will now meet on 11 November and the Accounts Commission will meet on 18 November.