

**MEETING: 8 FEBRUARY 2018****MINUTES OF PREVIOUS MEETING**

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Minutes of the 442<sup>nd</sup> meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 11 January 2018, at 10.15am

**PRESENT:** Graham Sharp (Chair)  
Alan Campbell  
Sophie Flemig  
Sheila Gunn  
Tim McKay  
Stephen Moore  
Pauline Weetman  
Geraldine Wooley

**IN ATTENDANCE:** Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Gemma Diamond, Senior Manager, PABV [Item 9]  
Keith Macpherson, Head - Government & Public Sector Audit, Scotland, EY [Items 11 and 13]  
Martin McLauchlan, Audit Manager, PABV [Item 9]  
Tricia Meldrum, Senior Manager, PABV [Items 11, 13 and 15]  
Stephen Reid, Partner, EY [Items 11 and 13]  
Tom Reid, Senior Audit Manager, ASG [Items 12 and 14]  
Richard Robinson, Audit Manager, PABV [Items 12 and 14]  
Gordon Smail, Associate Director, PABV [Items 12 and 14]  
Mark Taylor, Assistant Director, ASG [Item 10]  
Tarryn Wilson-Jones, Senior Auditor, PABV [Item 9]

<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 FAA Committee of 30 November 2017
5.	Minutes of meeting of 8 December 2017
6.	Update report by the Secretary to the Accounts Commission
7.	Update report by the Controller of Audit
8.	Equalities Sub-Group update
9.	Briefing: Scottish Budget
10.	New financial powers update
11.	Audit of Best Value: follow-up audit report - Falkirk Council
12.	Best Value Assurance Report: Clackmannanshire Council
13.	Audit of Best Value: follow- up audit report: Falkirk Council
14.	Best Value Assurance Report: Clackmannanshire Council
15.	Scottish Government Consultation – Empowering Schools: Commission Response
16.	Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Ronnie Hinds, Christine May and Sandy Cumming.

2. Declarations of interest

The following declarations of interest were made:

- Geraldine Wooley, in item 6, as a member of Fife Valuation Appeal Committee, in relation to references to non-domestic rates, and in item 8, as a consultant on gender equality issues and because a close family member is an adviser to the Scottish Government and a media commentator on disability matters.

3. Decisions on taking business in private

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

- Items 13 and 14 require the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 15 is a draft response to a Scottish Government consultation on which the Commission may wish to discuss confidential policy matters.

No business was notified by members for item 16 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of Financial Audit and Assurance Committee of 30 November 2017

The Commission approved as a correct record the minutes of the meeting of the Financial Audit and Assurance Committee of 30 November.

5. Minutes of meeting of 8 December 2017

The Commission approved as a correct record the minutes of the meeting of 8 December.

6. Update report by the Secretary to the Accounts Commission

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

During discussion, the Commission:

- In relation to paragraph 25, agreed that the impact on councils of the joint delivery agreement between the Scottish Government and COSLA on council hosting of the new social security agency be monitored.

*Action: Director of PABV*

- In relation to paragraph 27, agreed that the Joseph Rowntree Foundation be invited to participant in a committee day lunchtime discussion session on their 'social impact tool'.

*Action: Secretary*

Following discussion, the Commission agreed to note the report.

7. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

8. Equalities Sub-Group update

The Commission considered a report by the Secretary on the progress of the work of its Equalities Sub-Group.

Following discussion, the Commission agreed:

- To continue to ensure that diversity and equalities issues features appropriately in the scoping of national performance audit work, with audit sponsors ensuring that this features in their liaison with audit teams.
- Further in this regard that targeting of messages to specific groups or communities be a part of the responsibilities of sponsors and audit teams in their reporting of draft reports to the Commission.
- To continue to monitor the prominence of diversity and equalities issues in the integrated approach to the annual audit and auditing Best Value.
- To this end, to note advice from the Controller of Audit that he will consider the coverage of protected characteristics (as defined by the Equality Act 2010) in his review activity around Best Value auditing.
- To specifically consider this matter as part of its consideration of the Controller of Audit's Annual Assurance and Risks report, to be considered at the February meeting of the Commission.
- Given the assurance that the Commission can gain on audit coverage of diversity and equalities issues, not to pursue at this time any dedicated national performance work in this regard.
- To refer to Audit Scotland's Diversity and Equality Steering Group further consideration of the following, with a view to it reporting back to the Commission in this regard:
  - socio-economic inequalities
  - progress against the equality outcome relating to 'supporting other public bodies in their scrutiny and diversity'
  - the robustness of equality impact assessment methodology in relation to the work programme.

*Actions: Secretary*

- To monitor national developments in relation to gender representation in local government, in particular whether a forthcoming Local Democracy Bill addresses issues around local government elected members, including make-up and terms and conditions.

*Action: Director of PABV*

- To endorse the approach set out in the report to the forthcoming recruitment round for new members.

- In general, to endorse the importance of the Commission considering progress against its obligations and interest in relation to equalities and diversity on an annual basis.

*Action: Secretary*

9. Briefing: Scottish Budget

The Commission considered a briefing by the Director of PABV on the Scottish Government's Draft Budget 2018/19, highlighting some of the key implications for local government finances.

During discussion, the Commission agreed that further information be provided on Scottish Government forecasts in relation to the recommendations of the Barclay Review of business rates.

*Action: Director of PABV*

Thereafter, the Commission agreed to note the report.

10. New financial powers update

The Commission considered a draft report by the Director of PABV providing an update on key developments surrounding further financial devolution and constitutional change.

Following discussion, the Commission agreed to note the report.

11. Audit of Best Value: follow up audit report - Falkirk Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's report of the Best Value follow-up audit of Falkirk Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

12. Best Value Assurance Report: Clackmannanshire Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report on Clackmannanshire Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

13. Audit of Best Value follow-up audit report: Falkirk Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the Best Value follow-up audit of Falkirk Council.

Following discussion, the Commission agreed to make findings, to be published on 1 February 2018.

*Action: Secretary*

14. Best Value Assurance Report: Clackmannanshire Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the Best Value Assurance Report on Clackmannanshire Council.

Following discussion, the Commission agreed to make findings, to be published on 25 January 2018, including that the Controller of Audit report back by June 2019, or earlier if required.

*Action: Secretary*

15. Scottish Government Consultation – Empowering Schools: Commission Response [in private]

The Commission considered a report by the Secretary to the Commission proposing a response to the Scottish Government's consultation 'Empowering schools: the provisions of the Education (Scotland) Bill'.

Following discussion, the Commission agreed to approve the terms of its response to the consultation.

*Action: Secretary*

Thereafter, the Commission noted the report.

16. Commission business matters and closing remarks

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