



**Financial Audit and Assurance
Committee minutes**

2022

FINANCIAL AUDIT AND ASSURANCE COMMITTEE**MEETING: 26 MAY 2022****REPORT BY: SECRETARY TO THE COMMISSION****MINUTES OF PREVIOUS MEETING**

Introduction

1. This paper provides updated information on the previous minute of the Committee.

Updated information

2. At its meeting on 10 March 2022, the Commission approved the attached minute as a correct record.
3. The Commission also agreed the Committee's recommendations thus:
 - That the Commission's approach to its self-evaluation be considered as part of the Strategy Seminar (paragraph 3 of the minute).
 - That the Commission respond to the emergency consultation by the Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee Local Authority Accounting Code Board (CIPFA/LASAAC) on proposals by the Department for Levelling Up, Housing and Communities (DLUHC) on accounting requirements in the light of continuing delays in competing local audits in England (paragraph 6).
 - That the Commission response reflect that:
 - It does not agree with the proposal from CIPFA/LASAAC that accounts preparers should have the option to pause professional revaluation of property, plant and equipment.
 - It does not agree with the CIPFA/LASAAC proposal that preparers should have the option to pause revaluation and adopt an indexation approach.
 - It does not support further deferral of implementation of International Financial Reporting Standard 16 on lease accounting, as proposed by CIPFA/LASAAC.
 - That the Commission encourage appointed auditors to liaise with their audited body to draw attention to the emergency consultation.

Conclusion

4. The Committee is asked to note:
 - The attached minute.
 - Any other updates provided at today's meeting.

Paul Reilly
Secretary to the Commission
13 May 2022

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE
OF 24 FEBRUARY 2022**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 24 February 2022 at 9.15am.

PRESENT: Tim McKay (Chair)
Andrew Cowie
William Moyes
Geraldine Wooley

OTHER COMMISSION
MEMBERS IN ATTENDANCE: Christine Lester

IN ATTENDANCE: Paul Reilly, Secretary to the Account Commission
Antony Clark, Interim Controller of Audit
Fiona Kordiak, Director of Audit Services (item 5)
Anne MacDonald, Senior Audit Manager, Audit Services
(item 4)
Paul O'Brien, Senior Manager, Performance Audit and Best
Value (PABV) (items 5 and 6)
Gillian Woolman, Audit Director, Audit Services (item 6)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 25 November 2021
4. Current issues from the local authority audits
5. Accounting and auditing developments
6. Accounting code implications arising from delays in local audit in England
7. Risk assessment and implications for the work programme
8. Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Sharon O'Connor.

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in items 5 and 6, as a member of Fife Valuation Appeals Committee and as a member of the Royal Institution of Chartered Surveyors, in relation to references to non-domestic rates.

3. Minutes of meeting of 25 November 2021

The minutes of the meeting of 25 November 2021 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

The Committee noted that at that meeting, the Committee Chair had thanked Pauline Weetman for her service to the Committee as a Chair and member.

Arising therefrom, the Committee:

- In relation to paragraph 5 (second and third bullet points), noted advice from the Secretary that information on (i) decisions taken by the Standards Commission in relation to Fife Council; and (ii) analysis of intelligence covering the current elected council term, would be provided in the intelligence report scheduled for the next meeting of the Committee.
- In relation to paragraph 6 (sixth bullet point), noted advice from Andrew Cowie on the importance to the Commission of ensuring that it can provide assurance to stakeholders on its approach to self-evaluation, to show consistency with its requirements on councils in this regard as set out in the Statutory Performance Information Direction.
- Agreed further in this regard to recommend to the Commission that this matter be considered as part of the Strategy Seminar.

Action: Secretary

4. Current issues from the local authority audits

The Committee considered a report by the Interim Controller of Audit providing a summary of emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Noted advice from the Interim Controller of Audit on his monitoring and ongoing liaison with the appointed auditor of South Ayrshire Council in relation to concerns raised in whistleblowing correspondence about additional responsibility allowances and severance packages paid to two former employees, upon which he would report further.
- Noted advice from the Interim Controller of Audit on his monitoring and ongoing liaison with the appointed auditor of Comhairle nan Eilean Siar in relation to correspondence received about the process through which senior council officers were appointed as Depute Monitoring Officers under the Local Government and Housing Act 1989, upon which he would report further.
- Noted, in response to a point made by Geraldine Wooley, the Commission's

interest in capacity in councils and associated workforce planning issues, including in particular relating to finance staff, to be considered in the context of its work programme.

Action: Interim Director of PABV

Following discussion, the Committee:

- Noted the report, taking assurance that the auditors' responses detailed in the report recognises the scope of the risk identified and reflects the impact on planned audit work.
- Agreed in particular not to recommend to the Commission to direct the Interim Controller of Audit on any matters arising.
- Noted that it would consider under item 7 matters and issues arising from this paper which affect either the business risks of the Commission or audit risk (and thus the planned audit response set out in the work programme).

5. Accounting and auditing developments

The Committee considered a report by the Director of Audit Services on accounting and auditing developments since the previous meeting of the Committee.

Following discussion, the Committee:

- Noted the report, in particular minor wording changes to the model form of Independent Auditor's Reports to be used by appointed auditors for 2021/22 audits, the technical guidance on which will be made to members once available.

Action: Senior Manager, PABV (Paul O'Brien)

- Noted that it would consider under item 7 matters and issues arising from this report which affect either the business risks of the Commission or audit risk (and thus the planned audit response set out in the work programme).

6. Accounting code implications arising from delays in local audit in England

The Committee considered a report by the Audit Director, Audit Services Group advising of continuing significant delays in completing local audits in England and how this is impacting on the work of the Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee Local Authority Accounting Code Board (CIPFA/LASAAC), on which Audit Scotland is represented, and in particular advising of an emergency consultation by CIPFA/LASAAC in this regard.

Following discussion, the Committee:

- Noted the commitment by CIPFA/LASAAC to maintain a high standard of financial reporting for local government that secures a true and fair view in accounts.
- Agreed to recommend to the Commission that it respond to the CIPFA/LASAAC emergency consultation reflecting that:
 - It does not agree with the proposal from CIPFA/LASAAC that accounts preparers should have the option to pause professional revaluation of property, plant and equipment.
 - It does not agree with the proposal from CIPFA/LASAAC that preparers

should have the option to pause revaluation and adopt an indexation approach.

- It does not support further deferral of implementation of International Financial Reporting Standard 16 on lease accounting, as proposed by CIPFA/LASAAC.

Action: Secretary

- Agreed to recommend to the Commission that it encourage appointed auditors to liaise with their audited body to draw attention to the emergency consultation.

Action: Secretary

- Noted advice from the Secretary that given the short timescale involved in the consultation, the Commission Chair will implement these recommendations on the Commission's behalf, to be agreed retrospectively by the Commission thereafter at its March meeting.

Action: Secretary

Following discussion, the Committee noted the report.

7. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an updated assessment on business and audit risk.

Following discussion, the Committee:

- Agreed the assessment of the controls in place in relation to business risk, subject to:
 - Noting developments in relation to the Commission member development programme, and agreeing that the risk assessment updated accordingly (point raised by Andrew Cowie).
 - Noted further in this regard advice from the Commission Chair on the importance he places in the member development programme in relation to the future shaping of the Commission.
 - Increasing the level of risk assessment in relation to Commission strategy and in particular reporting on Best Value in relation to health and social care and in particular integration joint boards, thus reflecting the Scottish Government's plans for a National Care Service (Christine Lester).
 - Noted further in this regard advice from the Interim Controller of Audit of forthcoming discussions by the Best Value Working Group on this matter.
 - Noting advice from the Secretary, in response to a query from Geraldine Wooley, that he would consider how to refine the reporting of changes to levels of risk.

Actions: Secretary

- Agreed the assessment of the audit response in place in relation to audit risk, subject to:
 - Noting developments in relation to the ongoing consultation by the Scottish Government on its plans for a National Care Service, and how these developments increase risk in the audit response in this regard, particularly on risks around collaborative working and service redesign (Andrew Cowie).

- Increasing the risk assessment in relation to workforce planning and ensuring clear reference to council capacity, in line with item 4 (third bullet point) above. (Geraldine Wooley)
- Increasing the risk assessment in relation to council leadership both in the run-up to and after the forthcoming local government elections (Geraldine Wooley).
- Agreed that more consistency be applied between the structure of reports to the Committee, particularly item 4, and audit risks (William Moyes).

Action: Secretary

- Noted further in this regard from the Secretary that he would be discussing further with Audit Scotland how to have more consistency between the risk categorisation approach by Audit Scotland and by the Commission.
 - Noted further in this regard advice from the Interim Controller of Audit on risks and proposals included in his Annual Assurance and Risks Report, to be considered by the Commission at its March meeting.
- Agreed that there was no specific action required to inform the next refresh of the work programme at the Commission's March meeting.
 - Agreed nevertheless that the Interim Director of PABV reflect on the audit risk reassessments set out above in relation to the work programme.

Action: Interim Director of PABV

8. Any other business

The Committee Chair advised that this would be last meeting of the Committee attended by Fiona Kordiak, Director of Audit Services, who would be leaving Audit Scotland in March. He thanked her for her work with the Committee and the Commission as a whole, and conveyed best wishes to her. In turn, Fiona thanked the Committee for their engagement with her.

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

Close of meeting

The meeting finished at 10.50am.

MEETING: 9 JUNE 2022

REPORT BY: SECRETARY TO THE COMMISSION

MINUTES OF MEETINGS OF COMMISSION COMMITTEES OF 26 MAY 2022

Introduction

1. This paper presents for the Commission's approval the draft minutes of the meetings of the Commission's two committees on 26 May 2022.
2. The Commission is also asked to consider approving the recommendations made by both committees to the Commission, as detailed below.

Minutes

3. The minutes attached are as follows:
 - Financial Audit and Assurance Committee (FAAC) Appendix 1
 - Performance Audit Committee (PAC) Appendix 2
4. The Commission is asked to approve these minutes and consider any matters arising.

Recommendations

5. In approving the minutes of the committees, the Commission is deemed to be endorsing the decisions reached by the committees, subject to approving any specific recommendations.

Financial Audit and Assurance Committee

6. The FAAC agreed to make the following specific recommendations to the Commission:
 - Item 4: that matters in relation to the appointment of Depute Monitoring Officers by Comhairle nan Eilean Siar be considered for reporting publicly by the Commission following publication of the annual audit report for 2021/22.

Performance Audit Committee

7. The PAC agreed to make the following specific recommendations to the Commission:
 - Item 4:
 - It consider how contingency planning features in its work programme (point raised by Sheila Gunn).
 - It seek advice from the Improvement Service on what activities it is planning for councils in relation to this matter, including the scope for joint working with the Commission.
 - The Executive Director of PABV report, as part of the Commission's consideration of the work programme, on how audit work and reporting reflect:
 - the experience of vulnerable people (Stephen Moore)

- the experience of the third sector in its engagement with local government and provision of services (Sophie Flemig)
- how to present a concept of a 'post-pandemic council' including an acknowledgement of risks around the sustainability of councils after the exhaustion of the additional resources received to respond to the pandemic (Stephen Moore).
- To demonstrate the Commission's leading role in providing independent assurance in this regard, the work programme feature more blogs and opinion pieces.
- It consider how to make use of previous published Commission reports on arm's-length external organisations to help highlight the financial pressures faced by such bodies (Stephen Moore).
- The Chair and Secretary give further thought to how the Commission's position in this regard is more effectively communicated and promoted, including:
 - how the paper could be used in published format
 - how such matters feature in stakeholder engagement events.

Conclusion

8. The Commission is asked to:
- a) Approve the attached minutes and consider any matters arising.
 - b) Agree the committee recommendations in paragraphs 6 to 7.
 - c) Note any other updates provided at today's meeting.

Paul Reilly
Secretary to the Commission
1 June 2022

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE
OF 26 MAY 2022**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 26 May 2022 at 9.15am.

PRESENT: Tim McKay (Chair)
Andrew Cowie
William Moyes
Sharon O'Connor
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Account Commission
Antony Clark, Interim Controller of Audit
Adam Bullough, Audit Manager, Performance Audit and Best Value (PABV) (item 5)
Fiona Caffyn, Audit Officer, PABV (item 5)
Anne MacDonald, Senior Audit Manager, Audit Services Group (item 4)
Dharshi Santhakumaran, Correspondence Manager, PABV (item 5)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 24 February 2022
4. Current issues from the local authority audits
5. Intelligence report
6. Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 24 February 2022

The minutes of the meeting of 24 February 2022 were noted, the Commission having previously approved them as a correct record, and agreed the recommendations therein.

Arising therefrom, the Committee:

- In relation to item 5, noted advice from the Secretary, in response to a query from Tim McKay, that the technical guidance for the revised model form of Independent Auditor's Reports had been made available to members via email and SharePoint.
- In relation to item 7, noted advice from the Secretary that he was redesigning the regular risk assessment paper, to be part of the agenda of the next meeting of the Committee.

Action: Secretary

4. Current issues from the local authority audits

The Committee considered a report by the Interim Controller of Audit providing a summary of emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Noted advice from the Secretary and Interim Controller of Audit, in response to a query from Willian Moyes, that matters in relation to the appointment of Depute Monitoring Officers by Comhairle nan Eilean Siar were to be reported in the annual audit report for 2021/22.
- Further in this regard agreed to recommend to the Commission that this matter be considered for reporting publicly by the Commission following publication of the annual audit report.

Action: Interim Controller of Audit & Secretary

- Noted advice from the Interim Controller of Audit that he had liaised with the appointed auditor of City of Edinburgh Council in relation to the reporting of progress of the actions being taken by the Council in response to the publication of the conclusion of the independent inquiry into complaints about the conduct of the late Sean Bell.
- Noted advice from the Interim Controller of Audit, in response to a query from Andrew Cowie, that he will report further on the implications for audit, inspection and scrutiny of the outcome of an investigation by City of Edinburgh Council's independent whistleblowing service provider which found serious failings in the operation of Edinburgh Secure Services.

Action: Interim Controller of Audit

- Noted advice from the Interim Controller of Audit that he had liaised with the appointed auditor of Scottish Borders Council in relation to how the auditor will report progress of the actions being taken by the Council in response to the publication of the conclusion of the independent inquiry into its handling of school assault allegations.

Action: Interim Controller of Audit

- Noted advice from the Secretary, in response to a query from Geraldine Wooley in relation to how workforce planning and shared services feature in the Commission's work programme, that there was opportunity for the matter to be discussed when the Commission updates the work programme at its June meeting.
- Noted advice from the Interim Controller of Audit, in response to query from Andrew Cowie, that he would liaise with the appointed auditor of Highland Council in relation to risks around the resilience of the Council following the announcement of the resignation of the Council's Executive Chief Officer – Resources and Finance.

Action: Interim Controller of Audit

Following discussion, the Committee:

- Noted the report, taking assurance that the auditors' responses detailed therein recognise the scope of the risk identified and reflects the impact on planned audit work.
- Agreed in particular not to recommend to the Commission to direct the Interim Controller of Audit on any matters arising.

5. Intelligence report

The Committee considered a report by the Secretary providing intelligence about councils from various sources including correspondence to Audit Scotland, the Scottish Public Sector Ombudsman, the Standards Commission for Scotland and the Scottish Information Commissioner.

During discussion, the Committee:

- Noted advice from the Secretary, in response to a query from William Moyes, that all of the information in his report is in the public domain.
- Noted advice from the Secretary, in response to a query from William Moyes, that he would consider how to provide pro-rata information in future reports.

Action: Secretary

- Noted advice from the Secretary, in response to a query from William Moyes, that he would consider further the clarity and accessibility of information and advice from the Commission and other appropriate bodies to citizens complaining about the public services.

Action: Secretary

- Noted advice from the Secretary, in response to a query from Tim McKay, that he would report back on the outcomes of investigations by the Scottish Public Sector Ombudsman on East Dunbartonshire Council.

Action: Secretary

Following discussion, the Committee

- Noted the report.
- Agreed that there were no matters requiring attention by the Commission.

Action: Secretary

6. Any other business

The Chair then, having advised that there was no further business for this item, closed

the meeting.

Close of meeting

The meeting finished at 10.20am.

**MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE
OF 26 MAY 2022**

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 26 May 2022, at 11.15am.

PRESENT: William Moyes (in the chair)
Andrew Burns
Sophie Flemig
Sheila Gunn
Stephen Moore

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Antony Clark, Executive Director of Performance Audit and Best Value (PABV)
Carol Calder, Audit Director, PABV (item 4)
Leigh Johnston, Senior Manager, PABV (item 5)
Mark MacPherson, Interim Audit Director, PABV (item 4)
Mark Roberts, Audit Director, PABV (item 4)
Eva Thomas-Tudo, Audit Manager, PABV (Item 5)
Catherine Young, Senior Manager, PABV (item 4)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 24 February 2022
4.	Policy cluster briefing: the impact of Covid-19 and the increasing cost of living on service delivery and the financial sustainability of councils
5.	Performance audit: scope and approach – Adult mental health
6.	Any other business

1. Apologies for absence

It was noted that Christine Lester and Tim McKay had submitted apologies for absence. It was further noted that William Moyes would assume the chairing of the meeting in the absence of Christine Lester.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 24 February 2022

The minutes of the meeting of 24 February 2022 were noted, the Commission having previously approved them as a correct record, and agreed the recommendations therein.

Arising therefrom, the Committee:

- In relation to item 4 (first and fourth bullet points), noted advice from Sophie Flemig that she and Andrew Burns were discussing with the report team how to feature human rights considerations and matters associated with United Nations Convention on the Rights of the Child in the planned briefing on child poverty, a draft of which would be considered by the Commission at its August meeting.
- In relation to item 4 (second bullet point), noted advice from the Secretary that a 'stress testing' approach to public services in relation to the financial and social impact of Covid-19 would be part of the paper at item 4.
- In relation to item 4 (third bullet point), noted advice from Sophie Flemig that she was liaising with Audit Scotland on how to further develop the approach to public involvement and participation in audit work
- In relation to item 4 (fourth bullet point), noted advice from the Executive Director of PABV that Audit Scotland were monitoring the effect of the planned reform of social care on relationships between local government, Scottish Government and the third sector.
- In relation to item 4 (fifth bullet point), noted advice from the Secretary that the effect of the planned reform of social care on relationships between local government, Scottish Government and the third sector was considered by the Commission at its May meeting when it approved an approach to auditing and reporting on social care.
- In relation to item 8, noted advice from the Secretary that he was redesigning the regular risk assessment paper, to be part of the agenda of the next meeting of the Committee.
- Further in this regard, in response to a query from Sheila Gunn, noted advice from the Secretary and William Moyes on how readiness of the Commission and the public sector to a future significant event like the Covid-19 pandemic featured in the Commission's risk reporting and in its work programme.

4. Policy cluster briefing: the impact of Covid-19 and the increasing cost of living on service delivery and the financial sustainability of councils

The Committee considered a report by the Executive Director of PABV providing an update on key risks relating to the impact of Covid-19 and the increasing cost of living on service delivery and the financial sustainability of councils and summarising how these risks are being considered as part of the work programme.

During discussion, the Committee agreed to recommend to the Commission that:

- It consider how contingency planning features in its work programme (point raised by Sheila Gunn).

Action: Executive Director of PABV & Secretary

- It seek advice from the Improvement Service on what activities it is planning for councils in relation to this matter, including the scope for joint working with the Commission.

Action: Executive Director of PABV & Secretary

- The Executive Director of PABV report, as part of the Commission's consideration of the work programme, on how audit work and reporting reflect:

- the experience of vulnerable people (Stephen Moore)
- the experience of the third sector in its engagement with local government and provision of services (Sophie Flemig)
- how to present a concept of a 'post-pandemic council' including an acknowledgement of risks around the sustainability of councils after the exhaustion of the additional resources received to respond to the pandemic (Stephen Moore).

Action: Executive Director of PABV

- To demonstrate the Commission's leading role in providing independent assurance in this regard, the work programme feature more blogs and opinion pieces.

Action: Executive Director of PABV

- It consider how to make use of previous published Commission reports on arm's-length external organisations to help highlight the financial pressures faced by such bodies (Stephen Moore).

Action: Executive Director of PABV & Secretary

- The Chair and Secretary give further thought to how the Commission's position in this regard is more effectively communicated and promoted, including:

- how the paper could be used in published format
- how such matters feature in stakeholder engagement events.

Action: Secretary

Following discussion, the Committee noted the report.

5. Performance audit – scope and approach – Adult mental health

The Committee considered a report by the Executive Director of PABV proposing an approach to the performance audit, joint with the Auditor General, on adult mental health.

During discussion, the Committee:

- Noted advice from the audit team around likely challenges associated with the availability and adequacy of data.

Following discussion, the Committee:

- Agreed that the audit team further discuss with the audit sponsors, William Moyes and Christine Lester, the scope of the audit.
- Agreed that the audit team also consider in conjunction with the audit sponsors the matters raised in discussion, with a view to the Committee considering for ratifying at its August meeting the audit scope (including audit flyer and issues and investigations matrix).
- Agreed the process for further development of the audit, including emerging messages being considered by the sponsors and Auditor General in October 2022 and draft report considered by the Accounts Commission in Spring 2023.

Action: Executive Director of PABV

6. Any other business

The Commission Chair noted that this would be Mark Roberts' last meeting with the Committee before he left Audit Scotland, and thus conveyed the thanks of the Commission to Mark and its best wishes to him for his future career.

He then, having advised that there was no business for this item, closed the meeting.

7. Close of meeting

The meeting finished at 12.05pm.

MEETING: 8 SEPTEMBER 2022

REPORT BY: SECRETARY TO THE COMMISSION

MINUTES OF MEETINGS OF COMMISSION COMMITTEES OF 25 AUGUST 2022

Introduction

1. This paper presents for the Commission's approval the draft minutes of the meetings of the Commission's two committees on 25 August 2022.
2. The Commission is also asked to consider approving the recommendations made by both committees to the Commission, as detailed below.

Minutes

3. The minutes attached are as follows:
 - Financial Audit and Assurance Committee (FAAC) Appendix 1
 - Performance Audit Committee (PAC) Appendix 2
4. The Commission is asked to approve these minutes and consider any matters arising.

Recommendations

5. In approving the minutes of the committees, the Commission is deemed to be endorsing the decisions reached by the committees, subject to approving any specific recommendations.

Financial Audit and Assurance Committee

6. The FAAC agreed to make the following specific recommendation to the Commission (in relation to item 4):
 - That workforce planning in Scottish local government be considered for inclusion in the work programme.

Performance Audit Committee

7. The PAC agreed to make the following specific recommendations to the Commission (all in relation to item 4):
 - That future audit and audit reporting work in relation to social care ensure:
 - That promotion of work include being directed at legislators and policymakers
 - That service user focus and involvement be given high priority.
 - That opportunities to articulate and promote the Commission's position on social care be maximised.
 - That it seek opportunities to engage with the Scottish Parliament's Health and Sport Committee Committee (and other Parliamentary committees as appropriate) on the National Care Service Bill.

Conclusion

8. The Commission is asked to:

- a) Approve the attached minutes and consider any matters arising.
- b) Agree the committee recommendations in paragraphs 6 and 7.
- c) Note any other updates provided at today's meeting.

Paul Reilly
Secretary to the Commission
31 August 2022

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE
OF 25 AUGUST 2022**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts
Commission held via online meeting on Thursday 25 August 2022 at 9.15am.

PRESENT: Tim McKay (Chair)
Andrew Cowie
William Moyes
Sharon O'Connor
Geraldine Wooley

OTHER COMMISSION
MEMBERS IN ATTENDANCE: Christine Lester

IN ATTENDANCE: Paul Reilly, Secretary to the Accounts Commission
Antony Clark, Interim Controller of Audit
John Cornett, Executive Director, Audit Services Group
(ASG) (item 4)
Brian Howarth, Audit Director, ASG (item 4)
Anne MacDonald, Senior Audit Manager, ASG (item 4)
Paul O'Brien, Senior Manager, Professional Support (item
5)

Item No Subject

1. Apologies for absence
2. Declarations of connection or conflict
3. Minutes of meeting of 26 May 2022
4. Current audit issues in councils
5. Accounting and auditing developments
6. Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of connection or conflict

No declarations of connection or conflict were made.

3. Minutes of meeting of 26 May 2022

The minutes of the meeting of 26 May 2022 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

Arising therefrom, the Committee:

- In relation to item 3, noted advice from the Secretary that the revised regular risk assessment paper would be part of the agenda of the next meeting.
- In relation to item 5, noted advice from the Secretary, in response to a query from Tim McKay, that the outcomes of investigations by the Scottish Public Sector Ombudsman (SPSO) on East Dunbartonshire Council will be reported as part of his regular report to the Committee on SPSO matters at its next meeting.

Action: Secretary

4. Current audit issues in councils

The Committee considered a report by the Interim Controller of Audit providing a summary of emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Agreed that a paper be submitted on how other scrutiny body assessments are used in Commission reporting.

Action: Interim Controller of Audit & Secretary

- Agreed, following a point made by Geraldine Wooley, that the Interim Controller report at the next meeting on any audit implications of the appointment by Dundee and Angus College, Angus Council, Dundee City Council and Perth College of a period dignity officer.

Action: Interim Controller of Audit

- Agreed, following a point made by Geraldine Wooley, to recommend to the Commission that workforce planning in Scottish local government be considered for inclusion in the work programme.

Action: Executive Director of Performance Audit and Best Value

- Agreed, following a query by Tim McKay, that the Committee be kept updated on progress by Fife Council in relation to year end bank reconciliation procedures.

Action: Interim Controller of Audit

Following discussion, the Committee:

- Noted the report, taking assurance that the auditors' responses to matters detailed therein recognised the scope of the risk identified and reflected appropriately the impact on planned audit work.
- Agreed in particular not to recommend to the Commission to require the Interim

Controller of Audit on any matters arising.

5. Accounting and auditing developments

The Committee considered a report by the Executive Director of Innovation and Quality informing members of accounting and auditing developments.

During discussion, the Committee:

- Agreed, following a query from Tim McKay, that it be kept updated on proposed revisions to the Code of Practice on Local Authority Accounting in the UK in respect of the accounting treatment of roads and other associated infrastructure assets, particularly in relation to the Commission's position on the matter and any implications for its statutory reporting responsibilities.

Action: Executive Director of Innovation and Quality

- Agreed to note advice from the Secretary and Senior Manager, Professional Support, that requirements on auditors in relation to reporting on sustainability and climate change would be included in the draft 2022/23 planning guidance for auditors, which the Commission will consider at its September meeting for approval.

Following discussion, the Committee noted the report.

6. Any other business

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

Close of meeting

The meeting finished at 10.35am.

**MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE
OF 25 AUGUST 2022**

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 25 August 2022 at 11.15am.

PRESENT: Christine Lester (Chair)
Andrew Burns
Sophie Flemig
Sheila Gunn
Tim McKay
Stephen Moore
William Moyes
Geraldine Wooley (item 5)

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Antony Clark, Executive Director of Performance Audit and Best Value (PABV)
Angela Canning, Audit Director, PABV (item 6)
Gemma Diamond, Audit Director, PABV (items 4 and 7)
Leigh Johnston, Senior Manager, PABV (items 4 and 6)
Mark MacPherson, Interim Audit Director, PABV (item 5)
Jillian Matthew, Senior Manager, PABV (item 4)
Tricia Meldrum, Senior Manager, PABV (item 5)
Kathrine Sibbald, Senior Manager, PABV (item 4)
Rebecca Smallwood, Audit Manager, PABV (item 5)
Eva Thomas-Tudo, Audit Manager, PABV (item 6)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of connection or conflict
3.	Minutes of meeting 25 August 2022
4.	Cluster briefing: Social care reform
5.	Performance audit: scope – Early learning and childcare: progress on delivery of the 1,140 hours expansion
6.	Performance audit: scope – Adult mental health services
7.	Data gaps roundtable scope
8.	Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of connections or conflict

No declarations of connections were made.

3. Minutes of meeting of 25 August 2022

The minutes of the meeting of 25 August 2022 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

4. Policy cluster briefing: Social care reform

The Committee considered a report by the Executive Director of PABV outlining the current risks in the social care sector, updating the Committee on social care reform, in particular the National Care Service Bill, and summarising how these risks are being considered as part of the work programme

During discussion, the Committee agreed to recommend to the Commission that future audit and audit reporting work in relation to social care ensure:

- That promotion of work include being directed at legislators and policymakers (Andrew Burns)

Action: Executive Director of PABV

- That service user focus and involvement be given high priority (Andrew Burns and Sophie Flemig).

Action: Executive Director of PABV

Following discussion, the Committee:

- Agreed to recommend to the Commission that opportunities to articulate and promote the Commission's position on social care be maximised.
- Noted the current scrutiny of the National Care Service Bill by the Scottish Parliament's Health and Sport Committee.
- Accordingly, agreed to recommend to the Commission that it seek opportunities to engage with the Committee (and other Parliamentary committees as appropriate) in this regard.

Action: Executive Director of PABV and Secretary

- Noted the briefing.

5. Performance audit – scope - Early learning and childcare: progress on delivery of the 1,140 hours expansion

The Committee considered a report by the Executive Director of PABV proposing the scope of the performance audit, joint with the Auditor General, of progress with delivery of the early learning and childcare expansion.

During discussion, the Committee:

- Noted advice from the Executive Director in response to a query from Stephen Moore that the work programme includes a proposed audit – the fourth in the series in this policy area - that will look at the impact of the expansion on the intended outcomes in this regard.

Following discussion, the Committee:

- Approved the scope of the performance audit, subject to the audit team addressing, in conjunction with the sponsors Geraldine Wooley and Sophie Flemig, the points raised in discussion.

Action: Executive Director of PABV

- Agreed the planned timescale for the audit, with a draft report to the Accounts Commission for consideration in March 2023 and publication in June 2023.

6. Performance audit: scope – Adult mental health services

The Committee considered a report by the Executive Director of PABV asking the Committee to ratify the scope of the performance audit, joint with the Auditor General, on adult mental health services and providing an update on progress with the audit to date.

During discussion, the Committee:

- Noted advice from the Executive Director that the proposed publication date of the performance audit was June 2023.

Following discussion, the Committee:

- Ratified the scope of performance audit, subject to the audit team addressing, in conjunction with the sponsors Christine Lester and William Moyes, the points raised in discussion.

Action: Executive Director of PABV

- Agreed the planned timescale for the audit, with a draft report to the Accounts Commission for consideration in April 2023 and publication in June 2023.

7. Data gaps roundtable: scope

The Committee considered a report by the Executive Director of PABV providing for information the scope of a 'roundtable' initiative by Audit Scotland on exploring data gaps.

During discussion, the Committee:

- Agreed to note that Commission members interested in attending the event could liaise with the team accordingly.

Following discussion, the Committee:

- Noted the planned approach to the roundtable exploring data gaps.
- Agreed to convey to Audit Scotland a number of points raised in discussion reflecting the Commission's interest in this regard.

Action: Executive Director of PABV

- Agreed that the Executive Director discuss with the Secretary the status of any planned output, to ensure reflection of the Commission's strategic interest in this regard.

Action: Executive Director of PABV

8. Any other business

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

Close of meeting

The meeting closed at 12.45pm.

MEETING: 8 DECEMBER 2022**REPORT BY: POLICY MANAGER, ACCOUNTS COMMISSION****MINUTES OF MEETINGS OF COMMISSION COMMITTEES OF 24 NOVEMBER 2022-**

Introduction

1. This paper presents for the Commission's approval the draft minutes of the meetings of the Commission's two committees on 24 November 2022.
2. The Commission is also asked to consider approving the recommendations made by both committees to the Commission, as detailed below.

Minutes

3. The minutes attached are as follows:
 - Financial Audit and Assurance Committee (FAAC) Appendix 1
 - Performance Audit Committee (PAC) Appendix 2
 - Joint meeting of committees Appendix 3
4. The Commission is asked to approve these minutes and consider any matters arising.

Recommendations

5. In approving the minutes of the committees, the Commission is deemed to be endorsing the decisions reached by the committees, subject to approving any specific recommendations.

Financial Audit and Assurance Committee

6. The FAAC did not make any specific recommendations that would require to be considered by the Commission.

Performance Audit Committee

7. The PAC agreed to make the following specific recommendation to the Commission (in relation to item 6):
 - 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.

Financial Audit and Assurance Committee and Performance Audit Committee

8. The FAAC and PAC, during their joint session, did not make any specific recommendations that would require to be considered by the Commission.

Conclusion

9. The Commission is asked to:

- a) Approve the attached minutes and consider any matters arising.
- b) Agree the committee recommendations in paragraphs 7.
- c) Note any other updates provided at today's meeting.

Martin McLauchlan
Policy Manager to the Commission
1 December 2022

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE
OF 24 NOVEMBER 2022**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 24 November 2022 at 9.15am.

PRESENT: Tim McKay (Chair)
Andrew Cowie
William Moyes
Geraldine Wooley

OTHER COMMISSION
MEMBERS IN ATTENDANCE: Christine Lester
Jennifer Henderson
Ruth MacLeod

IN ATTENDANCE: Antony Clark, Interim Controller of Audit and Executive Director of Performance Audit and Best Value (PABV)
John Cornett, Executive Director of Audit Services
Elaine Boyd, Director, Audit Quality and Appointments (AQA) (items 8, 9 and 10)
Blyth Deans, Audit Manager, PABV (item 6)
Fiona Caffyn, Correspondence Officer, PABV (item 5)
Carol Calder, Senior Manager, PABV (item 7)
John Gilchrist, Manager, AQA (items 8, 9 and 10)
Brian Howarth, Audit Director, Audit Services Group (ASG) (item 4)
Anne MacDonald, Senior Audit Manager, ASG (item 4)
Martin McLauchlan, Policy Manager, Accounts Commission
Kenneth Oliver, Executive Director of Innovation and Quality (items 8, 9 and 10)
Dharshi Santhakumaran, Correspondence Manager, PABV (item 5)
Owen Smith, Senior Manager, AQA (items 8, 9 and 10)
Lindsay Stother, Audit Officer, PABV (item 5)

Item No Subject

1. Apologies for absence
2. Declarations of connection or conflict
3. Minutes of meeting of 25 August 2022
4. Current audit issues in councils
5. Intelligence report
6. Risk assessment and implications for the work programme
7. Assurance statement: Use of other scrutiny body intelligence and findings
8. Interim audit quality report
9. Code of Audit Practice: Supplementary guidance – wider scope audit, less complex bodies and Best Value
10. Audit Quality Framework discussion
11. Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of connection or conflict

No declarations of connection or conflict were made.

3. Minutes of meeting of 25 August 2022

The minutes of the meeting of 25 August 2022 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

Arising therefrom, the Committee:

- In relation to item 4, it was noted further information was provided on Fife Council's bank reconciliation processes, coverage on workforce planning and issues around the appointment of a Period Dignity Officer by public bodies in the Dundee area. These matters can therefore be considered closed.
- In relation to item 4, it was noted that further information on accounting for infrastructure assets (including roads) is an ongoing issue.
- In relation to item 4, it was noted further information on East Dunbartonshire Council hearings held by the SPSO was requested and further detail does not appear within the November Intelligence Report. This will be circulated to the Committee by the Policy Manager.

Action: Policy Manager

4. Current audit issues in councils

The Committee considered a report by the Interim Controller of Audit providing a summary of emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Agreed, following a point made by Geraldine Wooley, that the Committee be kept updated on the impact of rent cap legislation on councils.

Action: Executive Directors of PABV and ASG

Following discussion, the Committee:

- Noted the report, taking assurance that the auditors' responses to matters detailed therein recognised the scope of the risk identified and reflected appropriately the impact on planned audit work.
- Noted that it would consider under item 6 matters and issues arising from this report which affect either the business risks of the Commission or audit risk (and thus the planned audit response set out in the work programme).
- Agreed in particular not to require the Interim Controller of Audit to report in detail on any other matters arising.

5. Intelligence report

The Committee considered a report by the Secretary providing intelligence about councils from various sources including correspondence to Audit Scotland, the Scottish

Public Sector Ombudsman, the Standards Commission for Scotland and the Scottish Information Commissioner.

During discussion, the Committee:

- Agreed, following a query from Tim McKay, that further information be provided about the status and outcome of the two Standards Commission hearings that took place in October and November.

Action: Policy Manager

- Agreed that the Commission Support and Correspondence Teams consider the format, length and nature of the report ahead of it next being presented to the Committee, including consideration of further analysis down to individual council level.

Action: Policy Manager and Correspondence Manager

Following discussion, the Committee:

- Noted the report.

6. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an updated assessment on business and audit risk.

During discussion, the Committee:

- Noted advice from Blyth Deans about the revision of the report appendices to align them to the Commission's priorities and the most recent Annual Assurance and Risk Report.
- Noted advice from Carol Calder about developments around the Strategic Scrutiny Group.

Following discussion, the Committee:

- Requested further consideration be given to how the paper is presented, including consideration of providing more detail about the nature and rationale for specific risks levels being assigned.

Action: Secretary and Policy Manager

- Agreed the assessment of the controls in place in relation to business risk, subject to the issues raised above.
- Agreed the assessment of the audit response in place in relation to audit risk, subject to the issues raised above.
- Agreed that there was no specific action required to inform the next refresh of the work programme at the Commission's December meeting.

7. Assurance statement: Use of other scrutiny body intelligence and findings

The Committee considered a report by the Executive Director of PABV providing assurance on the use of other scrutiny body intelligence and findings.

Following discussion, the Committee:

- Noted the report.

8. Interim audit quality report

This item was subject of a joint meeting with the Performance Audit Committee and is contained in a separate minute.

9. Code of Audit Practice: Supplementary guidance – wider scope audit, less complex bodies and Best Value

This item was subject of a joint meeting with the Performance Audit Committee and is contained in a separate minute.

10. Audit Quality Framework discussion

This item was subject of a joint meeting with the Performance Audit Committee and is contained in a separate minute.

11. Any other business

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

Close of meeting

The meeting finished at 10.35 am.

**MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE
OF 24 NOVEMBER 2022**

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 24 November 2022 at 12.00pm.

PRESENT: Christine Lester (Chair)
Andrew Burns
Sophie Flemig
Sheila Gunn
Tim McKay
William Moyes

OTHER COMMISSION

MEMBERS IN ATTENDANCE: Jennifer Henderson
Ruth MacLeod

IN ATTENDANCE: Antony Clark, Executive Director of Performance Audit and Best Value (PABV)
Martin McLauchlan, Policy Manager, Accounts Commission
Blyth Deans, Audit Manager, PABV (item 4)
Elaine Boyd, Director, Audit Quality and Appointments (AQA) (items 8, 9 and 10)
Gemma Diamond, Audit Director, PABV (item 7)
John Gilchrist, Manager, AQA (items 8, 9 and 10)
Leigh Johnston, Senior Manager, PABV (item 7)
Mark MacPherson, Interim Audit Director, PABV (item 5)
Ashleigh Madjitey, Audit Manager, PABV (item 6)
Jillian Matthew, Senior Manager, PABV (item 7)
Carolyn McLeod, Audit Director, PABV (item 7)
Tricia Meldrum, Senior Manager, PABV (items 5 and 7)
Kenneth Oliver, Executive Director of Innovation and Quality (items 8, 9 and 10)
Richard Robinson, Senior Manager, PABV (item 6)
Kathrine Sibbald, Senior Manager, PABV (item 7)
Rebecca Smallwood, Audit Manager, PABV (item 5)
Owen Smith, Senior Manager, AQA (items 8, 9 and 10)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of connection or conflict
3.	Minutes of meeting of 25 August 2022
4.	Risk assessment and implications for the work programme
5.	Performance audit: Early learning and childcare: Progress on delivery of the 1,140 hours expansion – emerging messages
6.	Scotland's financial response to Covid-19: Data output appraisal
7.	Cluster briefing on the United Nations Convention on the Rights of the Child and transitions
8.	Interim audit quality report
9.	Code of Audit Practice: Supplementary guidance – wider scope audit, less complex bodies and Best Value

10. Audit Quality Framework discussion
11. Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of connections or conflict

No declarations of connections were made.

3. Minutes of meeting of 25 August 2022

The minutes of the meeting of 25 August 2022 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

Arising therefrom, the Committee:

- In relation to item 4, it was noted recent parliamentary engagement has increased and been considered successful.

4. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an updated assessment on business and audit risk.

During discussion, the Committee:

- Noted advice from Blyth Deans about the revision of the report appendices to align them to the Commission's priorities and the most recent Annual Assurance and Risk Report, and the potential to consider future reports at joint committee meetings.
- Noted advice from Blyth Deans, in response to a query from Sophie Flemig, that further consideration would be given to the risk information presented, including the potential to present numerical risk ratings.

Following discussion, the Committee:

- Requested further consideration be given to how the paper is presented, including consideration of providing more detail about the nature and rationale for specific risks levels being assigned.

Action: Secretary and Policy Manager

- Agreed the assessment of the controls in place in relation to business risk, subject to the issues raised above.
- Agreed the assessment of the audit response in place in relation to audit risk, subject to the issues raised above.
- Agreed that there was no specific action required to inform the next refresh of the work programme at the Commission's December meeting.

5. Performance audit: Early learning and childcare: Progress on delivery of the 1,140 hours expansion – emerging messages

The Committee considered a report by the Executive Director of PABV inviting the Committee to consider the emerging messages from the performance audit on Early learning and childcare: Progress on the delivery of the 1,140 hours expansion.

During discussion, the Committee:

- Agreed, in response to points made by the Executive Director and his team, that a number of issues raised (including expenditure, progress in ensuring the necessary infrastructure is in place, parental survey data and uptake/eligibility data) were live issues that would continue to be monitored.

Following discussion, the Committee:

- Endorsed the emerging messages set out in the report, subject to the audit team addressing in conjunction with the sponsors, Geraldine Wooley and Sophie Flemig, the points raised in discussion.
- Agreed that a draft audit report be brought to the Commission meeting in March 2023, prior to publication in June 2023.

6. Scotland's financial response to Covid-19: Data output appraisal

The Committee considered a report by the Executive Director of PABV providing an update on Audit Scotland's proposed approach to preparing a short data-driven output on Covid-19 finances to be published on Audit Scotland's website in March 2023.

During discussion, the Committee:

- Noted advice from the Executive Director and his team, in response to queries from Sheila Gunn and Sophie Flemig in relation to previous performance audit work in this area, that there is potential value in considering how to comment on lessons learned, wider assessment of value for money assessment and ensuring accessibility of data.
- Discussed the potential for the output to be jointly published by the Commission and Audit Scotland and/or the Auditor General for Scotland.

Following discussion, the Committee:

- Noted Audit Scotland's plan to prepare a data-driven output on Covid-19 finances which will be published on Audit Scotland's website in March 2023, subject to further discussion between the Executive Director of Performance Audit and Best Value, the Chair and Sheila Gunn (as a sponsor of previous work in this area) about the nature and scope of the output.
- Requested these discussions include the opportunity for the Commission to be able to comment on the output as well as promote it, and how it will be badged.

Action: Executive Director of PABV and Chair

7. Cluster briefing on the United Nations Convention on the Rights of the Child and transitions

The Committee considered a report by the Executive Director of PABV providing an update on the impact of commitments by the Scottish Government in relation to the United Nations Convention on the Rights of the Child (UNCRC) on public bodies and highlighting the risks to outcomes for children and young people relating to points of transition between and across services.

Following discussion, the Committee endorsed and noted the report.

8. Interim audit quality report

This item was subject of a joint meeting with the Financial Audit and Assurance Committee and is contained in a separate minute.

9. Code of Audit Practice: Supplementary guidance – wider scope audit, less complex bodies and Best Value

This item was subject of a joint meeting with the Financial Audit and Assurance Committee and is contained in a separate minute.

10. Audit Quality Framework discussion

This item was subject of a joint meeting with the Financial Audit and Assurance Committee and is contained in a separate minute.

11. Any other business

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

Close of meeting

The meeting closed at 1.45 pm.

**MINUTES OF JOINT MEETING OF COMMISSION COMMITTEES
OF 24 NOVEMBER 2022**

Minutes of a joint meeting of the Financial Audit and Assurance and Performance Audit Committees of the Accounts Commission held via online meeting on Thursday 24 November 2022 at 10.45am.

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

IN ATTENDANCE: Antony Clark, Executive Director of Performance Audit and Best Value (PABV)
John Cornett, Executive Director of Audit Services
Elaine Boyd, Director, Audit Quality and Appointments (AQA) (items 8, 9 and 10)
John Gilchrist, Manager, AQA (items 8, 9 and 10)
Martin McLauchlan, Policy Manager, Accounts Commission
Blyth Deans, Audit Manager, PABV
Kenneth Oliver, Executive Director of Innovation and Quality (items 8, 9 and 10)
Owen Smith, Senior Manager, AQA (items 8, 9 and 10)

<u>Item no.</u>	<u>Subject</u>
1.	Interim audit quality report
2.	Code of Audit Practice: Supplementary guidance – wider scope audit, less complex bodies and Best Value
3.	Audit Quality Framework discussion

These item numbers are different from the item numbers on the agendas of both committees.

1. Interim audit quality report

The committees considered a report by the Director of Audit Quality and Appointments (AQA) presenting the Audit Quality Interim Report which summarised the results of AQA's work from 1 April 2022 to 30 September 2022 on the quality of audit planning.

During discussion, the committees:

- Noted advice from the Director AQA and Executive Director ASG on capacity and timings, including delays resulting from prior year work concluding later than planned and/or the timing of governance committees.
- Noted advice from the Director AQA and Executive Director ASG about a small number of delays being attributable to technical issues relating to the quality of accounts, including the impact of capacity issues at audited bodies.
- Noted advice from the Director AQA and Executive Director ASG that mitigations are in place to ensure consistency in how Best Value and wider scope work is presented within Annual Audit Plans, including the expectation that this issue will not arise in future years.
- Noted advice from the Director AQA, Executive Director ASG and Executive Director I&Q about progress with ensuring fraud is appropriately considered by auditors, including compliance with revisions to ISA 240.

Following discussion, the committees agreed to:

- Endorse the conclusions of the Director.
- Note the other conclusions in the report, namely:
 - the good level of compliance of AAPs with the relevant guidance whilst noting the areas for improvement by some auditors
 - the updated position on Audit Scotland's improvement plans and the recommendation to consolidate them into one quality action plan which should be subject to regular monitoring (including that Audit Scotland provide an update on progress of actions within their consolidated quality action plan early in the new year).

Action: Exec Directors ASG and I&Q

- the positive steps that have been taken by Audit Scotland to implement improvements and the need to increase the pace of the change to support audit staff deliver high quality audits
- the continuing need to closely monitor the delivery of 2021/22 audits
- the assurance provided by AQA and Professional Support's quality checks that the breach of ISA 700 (UK) found by ICAS in their quality review of the 2020/21 National Records of Scotland audit was an isolated issue
- the work done by AQA to monitor audit quality risks emerging from the wider audit profession and how they could impact upon the audit of the Scottish public sector.

2. Code of Audit Practice: Supplementary guidance – wider scope audit, less complex

bodies and Best Value

The committees noted the Supplementary guidance to the Code of Audit Practice on wider scope audit, less complex bodies and Best Value.

During discussion, the committees:

- Agreed to the Director AQA providing further contextual information related to Best Value reporting in Year 1 (paragraph 48 of the guidance).

Action: Director AQA

3. Audit Quality Framework discussion

The committees considered a report by the Director of Audit Quality and Appointments (AQA) prepared for discussions with stakeholders on the development of the next Audit Quality Framework (AQF).

During discussion, the committees:

- Discussed the nature and value of Key Performance Indicators (KPIs) in assessing quality, particularly the need to be clear about the rationale for any overall expansion in the number of KPIs. .
- Noted advice from Director AQA on the sequencing of approval as presented in the timeline and the role of the Audit Committee.
- Noted the importance of the Partnership Working Framework in ensuring the Commission's expectations are met.

Following discussion, the committees agreed to:

- Note the success of the AQF to date and the international comparison findings.
- Agree the proposed timeline and approval route, subject to further consideration and clarification on both the timing of Commission engagement and the role of the Audit Committee.

Action: Director AQA

Close of meeting

The meeting closed at 12.05 pm.