

**ACCOUNTS COMMISSION**

**MEETING 16 JUNE 2011**

**MINUTES OF PREVIOUS MEETING – 19 MAY 2011**

---

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 19 May 2011, at 10am

**PRESENT:** John Baillie (Chair)  
Michael Ash  
Alan Campbell  
Sandy Cumming  
Colin Duncan  
James King  
Christine May  
Bill McQueen  
Colin Peebles  
Linda Pollock  
Graham Sharp  
Douglas Sinclair (Deputy Chair)

**IN ATTENDANCE:** Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVS)  
Fiona Kordiak, Director of Audit Services  
Gordon Smail, Acting Secretary & Business Manager  
Russell Frith, Assistant Auditor General [Items 8 and 9]  
Dave Beveridge, Senior Manager, Audit Strategy [Items 8 and 9]  
Carol Calder, Portfolio Manager, BVS [Item 10]  
Fiona McCall, Communications Officer [Item 12]  
Martin Walker, Assistant Director, BVS [Item 14]  
Peter Worsdale, Project Manager, BVS [Item 14]  
Lynn Russell, Project Officer, BVS [Item 14]  
Barbara Hurst, Director of Performance Audit Group (PAG) [Item 15]  
Angela Canning, Assistant Director, PAG [Item 15]  
Claire Sweeney, Portfolio Manager, PAG [Item 15]

<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 14 April 2011
5.	Minutes of the Performance Audit Committee of 7 April 2011
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Appointment of auditors for 2011/12 to 2015/16
9.	Audit certificates
10.	National Scrutiny Plan for Local Government 2011/12
11.	Accounts Commission Digest
12.	Accounts Commission Annual Report
13.	Accounts Commission strategy seminar
14.	'How Councils Work' report on Arm's-length external organisations (ALEOs)
15.	Performance audit on Transport for Health and Social Care

1. Apologies for absence

There were no apologies.

2. Declarations of interest

No declarations of interest were made.

3. Decisions on taking business in private

The Commission agreed to take items 12 and 13 in private to allow discussion on its draft annual report which will be published in June (Item 12) and in relation to the Commission's annual strategy event (Item 13). The Commission also agreed to take items 14 and 15 in private to allow deliberations on draft audit reports.

4. Minutes of meeting of 14 April 2011

The minutes of the meeting of 14 April 2011 were submitted and approved.

5. Minutes of the Performance Audit Committee of 7 April 2011

The Commission noted the minutes of the meeting of the Performance Audit Committee of 7 April 2011.

6. Chair's introduction

The Chair reported that:

- Mark Brough has completed his secondment with Audit Scotland. The Commission will thank Mark for his excellent contribution as Secretary & Business Manager following the June meeting. Gordon Smal is covering the role in the interim.
- along with Colin Peebles and Graham Sharp, he had attended a meeting with North Ayrshire Council on 18 May to discuss the recent Best Value audit. A note of the meeting will be tabled at the June meeting.
- he and the Deputy Chair were meeting SOLACE to discuss its benchmarking project and related issues that afternoon.
- Mike Ash will represent the Commission at the forthcoming ACPOS conference.

7. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on recent activity in relation to the audit of local government.

During discussion the Commission:

- noted that the Shetland Charitable Trust has published a Counsel's Opinion on the constitution of the Trust.
- noted that The Highland Council is to terminate the Caithness Heat and Power project and that it would receive a further report from the Controller of Audit in due course.
- noted further developments in relation to the Edinburgh trams project and that the local audit team is monitoring developments
- noted that correspondence had been received regarding publicity expenditure incurred by Glasgow City Council.

8. Appointment of Auditors for 2011/12 – 2015/16

The Commission considered a report by the Assistant Auditor General seeking formal approval of the local government audit appointments.

Following discussion, the Commission agreed:

- to approve the final allocation of local government audits
- to note that Audit Scotland will now proceed with the final steps in the tender and appointment process.

In concluding this item, the Commission noted that this was Dave Beveridge's last attendance at a Commission meeting before taking early retirement. Dave has worked for the Accounts Commission then Audit Scotland for a total of 36 years. The Commission acknowledged Dave's substantial and excellent contribution to the Commission's work over that period and wished him well for the future.

9. Audit certificates

The Commission considered a report by the Assistant Auditor General seeking approval to the revised form of Auditor's Report for local government bodies and the new Auditor's Report for local authority pension funds.

In discussion, the Commission sought clarification on the structure of the wording in the final paragraphs of the Audit Reports headed 'Matters on which I am required to report by exception'. The Assistant Auditor General undertook to review the matter.

Thereafter, the Commission agreed to approve the model audit reports for local authorities and local authority pension funds as set out in the appendices to the report.

10. National Scrutiny Plan for Local Government 2011/12

The Commission considered a report from the Director of Best Value and Scrutiny Improvement introducing the National Scrutiny Plan for Local Government 2011/12 and the associated commentary report on findings and implications this year.

During discussion, the Commission sought clarification from the Director of Best Value and Scrutiny Improvement and the team on a number of points in the commentary. Thereafter the Commission agreed to endorse the plan and commentary report.

11. Accounts Commission Digest

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

12. Accounts Commission Annual Report (In private)

The Commission reviewed and commented on the draft text for its Annual Report 2010/11. In discussion, the Commission identified issues requiring greater emphasis and other improvements.

13. Accounts Commission strategy seminar (In private)

The Commission considered a summary of the main points from its strategy event in March and agreed to carry this forward for further discussion at its meeting in June.

14. Arm's-length external organisations (ALEOs) (In private)

The Commission considered a report by the Director of Best Value and Scrutiny Improvement inviting it to consider and approve the draft 'How Councils Work' report '*Arm's-length external organisations: are you getting it right?*'. The Director's report also invited the Commission to consider options for promoting the report

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion. The Commission also considered options for promoting the report's key messages following its publication.

15. Performance audit on Transport for Health and Social Care (In private)

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit report on '*Transport for health and social care*', prepared on behalf of the Commission and the Auditor General.

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion, and agreed that the key messages should be finalised accordingly.