

# **Accounts Commission**

**Financial Audit and Assurance Committee minutes**

**2013**

**ACCOUNTS COMMISSION**

**MEETING 14 MARCH 2013**

**MINUTES OF PREVIOUS MEETING OF FINANCIAL AUDIT AND ASSURANCE  
COMMITTEE OF 28 FEBRUARY 2013**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 28 February 2013, at 10.30am.

PRESENT: Bill McQueen (Chair)  
John Baillie  
Sandy Cumming  
Colin Duncan  
Linda Pollock  
Graham Sharp  
Douglas Sinclair

IN ATTENDANCE: Russell Frith, Assistant Auditor General  
Fiona Kordiak, Director, Audit Services  
Fraser McKinlay, Controller of Audit  
Paul Reilly, Secretary and Business Manager  
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement (BVSI) [Item 8]  
Anne MacDonald, Senior Audit Manager, Audit Services Group (ASG) [Item 6]  
Alasdair Craik, Senior Audit Manager, Audit Services Group (ASG) [Item 7]  
Gordon Neill, Portfolio Manager, BVSI [Item 8]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 29 November 2012
4. Current audit issues in councils
5. 2011/12 Local government pension Fund Accounts
6. Briefing: Aberdeen City Council local authority trading company
7. Measuring the impact of Audit Services Group work: local government, 2011/12
8. Joint report by Accounts Commission and Auditor General for Scotland: emerging messages – managing early departures in the Scottish public sector
9. Any other business

1. Apologies

It was noted that there were no apologies for absence.

2. Declarations of interest

The Committee noted a declaration of interest by Douglas Sinclair in item 5, as a member of Fife Council Pension Fund.

3. Minutes of meeting of 29 November 2012

The minutes of the meeting of 29 November 2012 were approved.

Arising therefrom, the Committee:

- In relation to item 4, second bullet point, noted advice from the Controller of Audit that the make-up of audit committees would feature in the local government overview report 2013.
- In relation to item 4, fifth bullet point:
  - Noted advice from the Director of Audit Services on the ownership of Dundee Energy Recycling Limited.
  - Agreed that the Director provide further information on the non-council share of the ownership.
- In relation to item 4, noted advice from the Controller of Audit on the data loss case in Scottish Borders Council.
- In relation to item 5, second bullet point, noted advice from the Controller of Audit that he would engage in early course with COSLA on ensuring dialogue on issues arising from the local government overview report.

4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils and joint boards.

During discussion it was agreed:

- In relation to Appendix 1 of the report:
  - to include some reference to pro-rata costs or budgets
  - to include some reference to size of ALEOs associated with each council.

*Action: Director of Audit Services*

- To ask COSLA to consider how to address ALEOs in its Staffing Watch initiative.

*Action: Controller of Audit*

- That the Controller of Audit report to the Commission on the current use of ALEOs in local government.

*Action: Controller of Audit*

- To note advice from the Assistant Auditor General that he would be involving the Commission in the ongoing project on the expectations of audit, which he is leading.
- In relation to paragraph 6 of the report, to note advice from the Assistant Auditor General that he would report to the Commission on the outputs from his survey of all councils on their preparedness for welfare reform.
- To note advice from the Controller of Audit that he would consider how to provide an overview of issues associated with council budget consultations.
- That the Controller of Audit provide information on the progress of the Highland Change Plan for reshaping the care of older people.

*Action: Controller of Audit*

- To note advice from the Assistant Auditor General that it would be intended that there would be future audit activity around the tax incremental finance initiative.

Thereafter the Committee noted the report.

#### 5. 2011/12 Local Government Pension Fund Accounts

The Committee considered a report by the Director of Audit Services summarising information from 2011/12 Local Government Pension Scheme ('LGPS') annual reports and annual audit reports.

During discussion the Committee:

- In relation to sharing the information with stakeholders:
  - Noted advice from the Director that a member of Audit Scotland's audit strategy team would be attending the next meeting of the Scottish Local Government Pensions Advisory Group.
  - Noted advice from the Director that she would be liaising with the Local Government Directors of Finance Group.
  - Agreed that the Director give further thought to how to engage with chairs of pension authorities.

*Action: Director of Audit Services*

- Noted advice from the Director that information on investment management costs would be part of instructions to auditors for the next financial year.
- Agreed that the Director and Controller of Audit provide further information on the number of admitted bodies in each local government pension fund.

*Action: Director of Audit Services and Controller of Audit*

Thereafter the Committee noted the report.

#### 6. Briefing: Aberdeen City Council local authority trading company

The Committee considered a report by the Director of Audit Services providing a briefing on Aberdeen City Council's plans to establish a local authority trading company for adult social care services.

During discussion the Committee noted advice from the Director that since the report was drafted, the council have approved the plans.

Thereafter the Committee noted the report.

7. Measuring the impact of Audit Services Group work: local government, 2011/12

The Committee considered a report by the Director of Audit Services advising of the impact Audit Scotland's Audit Services Group has had as a consequence of audit work conducted on the 2011/12 financial statements of local government in Scotland.

During discussion the Committee:

- Agreed that the report be submitted to the Commission for its interest.

*Action: Director of Audit Services*

- Agreed that the Director and Controller of Audit consider how to compile such information for all auditors of local government.

*Action: Director of Audit Services and Controller of Audit*

- Noted advice from the Controller of Audit that issues associated with the Prudential Code for Capital Finance would be part of the local government overview report 2013.

Thereafter the Committee noted the report.

8. Joint report by Accounts Commission and Auditor General for Scotland: update report on managing early severance in the Scottish public sector

The Committee considered a paper by the Controller of Audit providing an update of progress on the audit of early severances in the Scottish public sector and an outline of the emerging issues.

During discussion the Committee:

- Noted advice from the Chair that the Performance Audit Committee had approved the emerging messages and agreed that a draft report be submitted to the Commission.
- Endorsed the emerging messages.

Thereafter the Committee noted the report.

9. Any other business

The Committee noted that there was no other business to be considered.

**ACCOUNTS COMMISSION**

**MEETING 30 JUNE 2013**

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE  
OF 30 MAY 2013**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 30 May 2013, at 2pm.

**PRESENT:** Bill McQueen (Chair)  
John Baillie  
Sandy Cumming  
Colin Duncan  
Linda Pollock  
Graham Sharp  
Douglas Sinclair

**IN ATTENDANCE:** Russell Frith, Assistant Auditor General  
Fiona Kordiak, Director, Audit Services  
Fraser McKinlay, Controller of Audit  
Paul Reilly, Secretary and Business Manager  
Gillian Woolman, Assistant Director, Audit Services [Item 4]  
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement [Items 6 and 7]  
Owen Smith, Senior Manager, Audit Strategy [ Item 5]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 28 February 2013
4. Current audit issues in councils
5. A review of current audit plans
6. How councils work: project brief – Option appraisal
7. How councils work: project brief – Charging for council services
8. Any other business

1. Apologies

It was noted that there were no apologies for absence.

2. Declarations of interest

There were no declarations of interest.

3. Minutes of meeting of 30 May 2013

The minutes of the meeting of 30 May 2013 were approved.

Arising therefrom, the Committee:

- In relation to item 3, second bullet point (Dundee Energy Recycling Limited), noted advice from the Director of Audit Services on the ownership of Dundee Energy Recycling Limited.

Following discussion, the Committee noted advice from the Director that the local auditor would continue to monitor the situation.

- In relation to item 3, fourth bullet point (Local government overview report - COSLA), noted advice from the Controller of Audit that he had engaged with COSLA in relation to issues arising from the local government report.

The Committee also noted advice from John Baillie that the Local Government and Regeneration Committee had on 29 May considered a briefing from him on the local government overview report.

- In relation to item 4, second bullet point (Arm's length external organisations – COSLA), noted advice from the Controller of Audit that he had yet to liaise with COSLA on how it addresses arm's length external organisations (ALEOs) in its Staffing Watch initiative, but that the issue would feature in the forthcoming performance audit on reshaping Scotland's workforce.

- In relation to item 4, third bullet point (ALEOs – report to Commission), noted advice from the Controller of Audit that he would present a briefing on ALEOs to the Commission at its June meeting.

The Committee also noted advice from John Baillie that he had written to the Cabinet Secretary for Finance requesting a meeting on various issues, including ALEOs.

- In relation to item 5, sixth bullet point (council budget consultations), noted advice from the Controller of Audit that the issue of council budget consultations would feature in the local government overview report.
- In relation to item 5, seventh bullet point (Highland Change Plan for reshaping the care of older people), noted advice from the Controller of Audit that the Auditor General would be considering the Highland Change Plan in her report on NHS financial performance.
- In relation to item 7 (Prudential Code for Capital Finance), the Committee agreed that the Controller of Audit, in collecting information on application of the Prudential Code for Capital Finance, advise auditors that such research had been requested by the Commission.

*Action: Controller of Audit*

#### 4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils and joint boards.

The Committee also noted a paper tabled by the Director setting out additional information on the expenditure of councils.

During discussion it was agreed:

- That the Director give further thought to how to present information on ALEOs in relation to
  - Which councils have ALEOs
  - Size (expenditure and staff)
  - Types of ALEOs.
- That a group of Committee members, namely Douglas Sinclair, Bill McQueen and one other to be confirmed, work with the Director to this end.

*Actions: Director of Audit Services*

- To note advice from the Controller of Audit that issues around the headcount of staff would feature in the forthcoming performance audit on Reshaping Scotland's workforce.
- That the Controller of Audit liaise with the Commission Chair on the relationship between the headings used in the report and the Commission's strategy.

*Action: Controller of Audit*

- That the Controller of Audit and Assistant Auditor General consider how to ensure more consistency in the quality and amount of information from all auditors.

*Action: Controller of Audit and Assistant Auditor General*

- In relation to paragraph 13, noted advice from the Director on the updated position with the statutory finance officer in Aberdeen City Council.
- In relation to paragraph 15, agreed that the Assistant Auditor General report to the next meeting of the Commission on the audit of charitable trusts.

*Action: Assistant Auditor General*

- In relation to the Appendix to the report:
  - In relation to East Ayrshire Council (effect of UK pension changes on council liability for national insurance payments), noted advice from the Controller of Audit that he would investigate the impact of this issue elsewhere in Scottish local government.
  - In relation to Highland Council (Inverness West Link Road), noted advice from the Controller of Audit that he would be further investigating the issues surrounding the Inverness West Link Road.
  - In relation to Midlothian Council (progress of improvement plan), noted advice from the Director about concerns expressed by the local auditor on the progress being made by the Council in relation to its Best Value improvement plan.

The Committee agreed to keep a watching brief on this matter.



- In relation to Perth and Kinross Council, noted that there is no statutory requirement for local policing and fire and rescue plans to be approved by the council.

Thereafter the Committee noted the report.

5. A review of current audit plans

The Committee considered a report by the Assistant Auditor General outlining the findings of a review of the annual audit plans of the 32 councils in Scotland.

During discussion the Committee:

- Agreed that the Assistant Auditor General consider how to feedback the information in the report to councils.

*Action: Assistant Auditor General*

- In relation to various issues in the report on risks around lack of capacity, noted advice from the Controller of Audit that this issue would feature in the forthcoming performance audit on Reshaping Scotland's workforce.
- That the Assistant Auditor General share with Committee members his information on a council-by-council analysis of the issues raised in the report.
- That the Assistant Auditor General consider how to feature in next year's report risks in relation to continuous improvement and option appraisal.
- That the Assistant Auditor General consider how to feature in next year's report analysis against Audit Scotland and private firm auditors.

*Actions: Assistant Auditor General*

- Endorsed the report.
- Agreed that it would like to receive similar reports in the future.

*Action: Assistant Auditor General*

6. How councils work: project brief – Option appraisal

The Committee considered a report by the Controller of Audit seeking approval of the approach to the *How Councils Work* (HCW) report on option appraisal as set out in the accompanying project brief.

During discussion the Committee:

- Noted advice from the Committee Chair on the decision of the Performance Audit Committee in relation to the report.
- Agreed to endorse the decision of the Performance Audit Committee.

*Action: Controller of Audit*

7. How councils work: project brief – Charging for council services

The Committee considered a report by the Controller of Audit seeking approval of the approach to the *How Councils Work* (HCW) report on charging for services as set out in the accompanying project brief.

During discussion the Committee:

- Noted advice from the Committee Chair on the decision of the Performance Audit Committee in relation to the report.

- Agreed to endorse the decision of the Performance Audit Committee.

*Action: Controller of Audit*

8. Any other business

The Committee noted that there was no other business to be considered.

**ACCOUNTS COMMISSION**

**MEETING 17 OCTOBER 2013**

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE  
OF 26 SEPTEMBER 2013**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 26 September 2013, at 2pm.

PRESENT:                      John Baillie (Chair)  
                                      Colin Duncan  
                                      Linda Pollock

OTHER COMMISSION  
MEMBERS PRESENT:        Christine May

IN ATTENDANCE:            Fiona Kordiak, Director, Audit Services  
                                      Fraser McKinlay, Controller of Audit  
                                      Paul Reilly, Secretary and Business Manager  
                                      Gordon Smail, Portfolio Manager, Performance Audit and Best  
                                      Value (PABV) [Item 5]  
                                      Fiona Selkirk, Project Manager, PABV [Item 6]  
                                      Peter Worsdale [Item 7]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 30 May 2013
4. Current audit issues in councils
5. Local government overview report – project brief
6. *How councils work*: draft report – Option appraisal
7. *How councils work*: draft report – Charging for council services
8. Any other business

1. Apologies

It was noted that apologies for absence had been received from Bill McQueen, Sandy Cumming, Douglas Sinclair and Graham Sharp.

2. Declarations of interest

Christine May declared an interest in item 4 as an adviser to opencast mining companies and as Vice-Chairman of Fife Cultural Trust.

3. Minutes of meeting of 30 May 2013

The minutes of the meeting of 30 May 2013 were approved.

Arising therefrom, the Committee:

- In relation to the third bullet point of item 2 (Staffing Watch initiative), noted advice from the Controller of Audit that the Staffing Watch initiative had yielded information for the most recent quarter of the year, but he would investigate further as to any intentions for the future maintenance of the initiative.
- In relation to the fourth bullet point of item 2 and the first bullet point of item 4 (ALEOs), noted advice from the Controller of Audit that a report on ALEOs – including what information can be gathered and made available for the Commission and its committees – would be considered by the Commission at its next meeting.
- In relation to the second bullet point of item 4 (group of members to discuss ALEOs), noted advice from the Controller of Audit that another member was yet to be nominated.
- In relation to the fourth bullet point of item 4 (report style), noted advice from the Controller of Audit that a new style would be reflected in future reports.
- In relation to the fifth bullet point of item 4 (auditor information), noted advice from the Director of Audit Services that a firm had apologised for an oversight in the amount and quality of information provided in the 'current issues' report to the previous meeting.
- In relation to the sixth bullet point of item 4 (Aberdeen City Council), noted advice from the Director of Audit Services that she was assured that the role of the statutory finance officer was not being compromised by the current changes in senior management.
- In relation to the seventh bullet point of item 4 (audit of charitable trusts), noted advice from the Controller of Audit that a report had been submitted by the Assistant Auditor General to the Commission at its June meeting, and the issue also featured in the report at this meeting on current audit issues in councils.
- In relation to the eighth bullet point of item 4:
  - first sub-bullet (effect of UK pension changes on council liability for national insurance payments), noted advice from the Controller of Audit that the issue would feature in annual audit reports if significant.
  - Second sub-bullet (Inverness West Link Road), noted advice from the Director of Audit Services that the issue was being investigated by the local audit team, further information on which would be forthcoming in due course.

- In relation to the first bullet point of item 5 (review of annual audit plans – feedback to councils), noted advice from the Controller of Audit that the information had been shared with local auditors, and sharing with councils would be done after the completion of this year’s annual audit process.
- In relation to the third bullet point of item 5 (council-by-council analysis), noted advice from the Controller of Audit that the Assistant Auditor General would share this information with members in early course.

#### 4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils and joint boards.

During discussion it was agreed:

- That for future reports, a column be added to the appendix setting out the action being taken in relation to each issue.  
*Action: Director of Audit Services*
- In relation to paragraph 4 of the covering report (2012/13 financial statements), to note advice from the Director of Audit Services that she anticipated that all audits of 2012/13 financial statements would be signed off by the deadline of 30 September.
- In relation to paragraph 8 (equal pay), to note advice from the Controller of Audit that the issue was included in the proposed Performance Audit programme, to be considered by the Commission at its next meeting.
- In relation to paragraph 9 (open cast mining):
  - to note advice from the Director that this issue would remain a substantial one worthy of close attention, including for example the revenue implications thereof, and to this end she would continue to update the Committee as appropriate.
  - to note advice from the Controller of Audit that he would include this issue in his regular update report to the next meeting of the Commission.
- In relation to paragraph 13 (Public service network), to note advice from the Director that this issue would remain a substantial one worthy of close attention, and to this end she would continue to update the Committee as appropriate.
- In relation to paragraph 14 (Integrated health and social care – Highland), to note advice from the Director that she would investigate the availability – or prospect – of an evaluation paper in this regard.
- In relation to paragraph 15 (charitable trusts), to note advice from the Controller of Audit that issues around council influence and board composition were being monitored by the Assistant Auditor General.
- In relation to the Appendix to the report:
  - In relation to the City of Edinburgh Council (trams project), to note advice from the Controller of Audit that the Commission would consider further work in relation to the trams project after the proposed public enquiry in this regard.

- In relation to Falkirk Council (meetings of executive and scrutiny committees), to note advice from the Director that the issue of effectiveness of scrutiny was being investigated in the annual audit process.
- In relation to North Lanarkshire Council (general fund and reserves), to note advice from the Controller of Audit was noted that a review of reserves across all councils would feature in the local government overview report.
- In relation to Renfrewshire Council (earmarking of Housing Revenue Account for welfare reform support), to note advice from the Director that this was an issue being pursued in the annual audit process, and one which is generating interest from other councils.
- In relation to Scottish Borders Council (land transfer – Borders Railway), that the matter be investigated further.

*Action: Controller of Audit and Director of Audit Services*

Thereafter the Committee agreed to note the report.

5. Local government overview report – project brief

The Committee considered a report by the Controller of Audit introducing the draft project brief for this year's local government overview report.

During discussion the Committee agreed:

- That the project include a summary of significant events affecting local government in the year and a review of how councils have improved.
- That further thought be given to improving press interest in the published report.
- That a review be included of issues around councils withdrawing services, with examples if available.
- That representation of arm's length organisations be considered as a stakeholder for consultation.
- That prevention be included as an issue for review.
- That paragraph 15 be revised to make clear an expectation that councils discuss the report with their community planning partners.

*Actions: Controller of Audit*

Thereafter the Committee approved the approach outlined in the project brief, subject to addressing the points raised in the discussion.

6. How councils work: draft report – Option appraisal

The Committee considered a report from the Controller of Audit presenting a draft report in the *How Councils Work* series, on the subject of options appraisal.

Following discussion, the Committee approved the draft report as a basis for a final draft to be submitted to the Commission, subject to consideration being given to points raised in discussion and further discussion with the report sponsors.

*Action: Controller of Audit*

7. How councils work: draft report – Charging for council services

The Committee considered a report from the Controller of Audit presenting a draft report in the *How Councils Work* series, on the subject of charging for council services.

Following discussion, the Committee approved the draft report as a basis for a final draft to be submitted to the Commission, subject to consideration being given to points raised in discussion and further discussion with the report sponsors.

*Action: Controller of Audit*

8. Any other business

The Committee noted that there was no other business to be considered.

**ACCOUNTS COMMISSION**

**MEETING 12 DECEMBER 2013**

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 28 NOVEMBER 2013**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 28 November 2013, at 10.30am.

PRESENT: Bill McQueen (Chair)  
John Baillie  
Sandy Cumming  
Graham Sharp  
Douglas Sinclair

OTHER COMMISSION  
MEMBERS PRESENT: Christine May

IN ATTENDANCE: Fiona Kordiak, Director, Audit Services  
Fraser McKinlay, Controller of Audit  
Paul Reilly, Secretary and Business Manager  
Gillian Battison, Project Manager, PABV [Item 7]  
Paul O'Brien, Senior Manager, Audit Strategy [Items 5 and 6]  
Gordon Smail, Senior Manager, PABV [Item 7]  
Gillian Woolman, Assistant Director, PABV [Items 4 and 5]  
Martin Walker, Assistant Director, PABV [Item 4]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 26 September 2013
4. Current audit issues in councils
5. 2012/13 local government pension fund accounts
6. Accounting and auditing developments
7. Local government overview report - update
8. Any other business



1. Apologies

It was noted that apologies for absence had been received from Colin Duncan and Linda Pollock.

2. Declarations of interest

There were no declarations of interest.

3. Minutes of meeting of 26 September 2013

The minutes of the meeting of 26 September 2013 were approved.

Arising therefrom, the Committee:

- In relation to the first bullet point of item 3 (Staffing Watch initiative), noted advice from the Controller of Audit that the Staffing Watch initiative would be continuing.
- In relation to the third bullet point of item 3 (group of members to discuss ALEOs), noted advice from the Secretary and Business Manager that given that the Accounts Commission had considered a report on ALEOs at its meeting on 9 October, there was no need to convene a group of Commission members to examine the issue.
- In relation to the eighth bullet point of item 3 (Inverness Link Road), noted advice from the Director of Audit Services that development of the scheme was at a very early stage, and it would remain a matter of interest for the local audit team.
- In relation to the fourth bullet point of item 4 (Integrated health and social care – Highland), noted advice from the Controller of Audit that he intended updating the Commission on the issue at a future meeting [see also second bullet point in item 4 below].

*Action: Controller of Audit*

- In relation to the eighth bullet point of item 4 (Land transfer - Borders Railway), noted advice from the Director of Audit Services on the implications for Scottish Borders Council on the transaction, thus requiring no further investigation at this time.

4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils and joint boards.

During discussion it was agreed:

- In relation to paragraph 5 (annual audit reports), to note advice from the Director of Audit Services that all annual audit reports had now been received.
- In relation to paragraph 7 (integration of health and social care), to note advice from the Controller of Audit that he would provide an update report to the Commission at its meeting in January 2014.

*Action: Controller of Audit*

- In relation to paragraph 8 (off or on balance sheet liabilities), to note advice from the Director of Audit Services that extra work was being planned for the

annual audit in relation to environmental-related issues such as opencast or landfill sites.

- In relation to paragraph 13 (charitable trusts), to note advice from the Senior Manager, Audit Strategy that the Assistant Auditor General that he would provide an update report on the issue at a future meeting of the Commission.

*Action: Assistant Auditor General*

- In relation to the Appendix to the report:
  - In relation to East Dunbartonshire Council, to note advice from the Controller of Audit that he intended submitting a statutory report on the Council to the Commission at its meeting in December.

*Action: Controller of Audit*
  - In relation to City of Edinburgh Council, advice from the Director of Audit Services was noted that the progress of procurement savings remained under close monitoring as part of the annual audit.
  - In relation to North Lanarkshire Council, and in particular North Lanarkshire Leisure:
    - to note a correction in the text: delete “carry out” and replace with “consider” and add at the end of the sentence: “in the context of shared risk assessment work”.
    - to note advice from the Controller of Audit that the scope for the review work to be undertaken by North Lanarkshire Leisure’s external auditor had now been finalised.

Thereafter the Committee agreed to note the report.

#### 5. 2012/13 local government pension fund accounts

The Committee considered a report by the Director of Audit Services summarising information taken from the 2012/13 Local Government Pension Scheme annual reports and annual audit reports. This was supported by a summary of the main changes to the Local Government Pension Scheme taking effect from 1 April 2015.

During discussion the Committee:

- Noted advice from the Senior Manager, Audit Strategy that the vertical axis in Exhibit 1 showed total assets against total liabilities at the time of the last valuation (March 2011).
- Agreed a report be made to the Commission on possible options for publishing the information in the report and sharing with stakeholders such as citizens, pension authorities and trade unions.

*Action: Director of Audit Services*

- Agreed that the following be monitored and reported in future reports to the Committee:
  - pension fund member retention beyond auto-enrolment
  - numbers and proportions of contributing versus non-contributing members.

*Action: Director of Audit Services*

Thereafter the Committee agreed to note the report.

6. Accounting and auditing developments

The Committee considered a report by the Assistant Auditor General providing information on recent accounting and auditing developments affecting the public sector and, in particular, local government in Scotland.

Following discussion the Committee agreed to note the report.

7. Local government overview report - update

The Committee considered a report by the Controller of Audit providing an update on the local government overview report and emerging key messages.

During discussion the Committee:

- Agreed to ensure appropriate prominence for the following issues in the report:
  - Procurement
  - Ongoing and future impact of welfare reform
  - Reference to messages and themes in previous overview reports.
- Endorsed the proposed timeline for publication of the report.
- Endorsed the emerging key messages for more detailed drafting of the report.

*Action: Controller of Audit*

8. Any other business

The Chair asked the Committee to note that this would be the last meeting of the Committee attended by the Chair of the Accounts Commission John Baillie. He stated that he had appreciated the input and support of the Chair in the work of the Committee. He intimated his best wishes, and those of the Committee, to Mr Baillie for the future.