

MEETING: 11 MARCH 2021

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 25  
FEBRUARY 2021**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 25 February 2021 at 9.15am.

PRESENT: Tim McKay (Chair)  
Andrew Burns  
Elma Murray  
Sharon O'Connor  
Pauline Weetman  
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Michelle Borland, Business Manager, Performance Audit and Best Value (PABV) (Item 4)  
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 6)  
John Cornett, Audit Director, Audit Services (Item 5)  
John Gilchrist, Manager, AQA (Item 8)  
Fiona Kordiak, Director of Audit Services (Item 5)  
Anne MacDonald, Senior Audit Manager, Audit Services (Item 5)  
Mark Roberts, Audit Director, PABV (Item 4)  
Owen Smith, Senior Manager, AQA (Item 6)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 26 November 2020
4.	Work programme update
5.	Current audit issues in councils
6.	* Audit delivery and quality update
7.	Any other business

\* This item was considered in a joint session with the Performance Audit Committee. Only points raised by members of the Financial Audit and Assurance Committee are contained in this minute.

1. Apologies for absence

It was noted that apologies for absence had been received from Sheila Gunn.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 26 November 2020

The minutes of the meeting of 26 November 2020 were noted, having previously been approved as a correct record by the Commission.

4. Work programme update

The Committee considered a report by the Audit Director, PABV, providing an update on the progress of the local government annual audit programme, the joint Commission and Auditor General for Scotland short-term work programme for 2020/21, Best Value assurance work, and wider Covid-19 development work.

During discussion, the Committee:

- Noted advice from the Director Audit Services on progress with the two outstanding local government financial statements audits (namely Falkirk Council and the West of Scotland Archaeology Service), meaning that all audits will have been signed off by the end of February.
- Noted advice from the Committee Chair that the Best Value Working Group had agreed at its 16 February meeting to recommend to the Commission a revised schedule of Best Value Assurance Reports taking account of continued restrictions and operational challenges.

Following discussion, the Committee noted the report.

5. Current audit issues in councils

The Committee considered a report by the Director of Audit Services on emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Noted advice from the Director, in response to a point made by Stephen Moore to the Committee Chair, on the close monitoring of an ongoing investigation into allegations of bullying within East Dunbartonshire Health and Social Care Partnership (i.e. the Integration Joint Board), upon which further progress would be reported to the Committee as appropriate.

*Action: Director of Audit Services*

- In response to a point by Andrew Burns, agreed that the Secretary liaise with the Electoral Management Board for Scotland to establish their views on relevant matters in relation to council capacity in connection with the forthcoming Parliamentary elections.

*Action: Secretary*

- Noted advice from the Director, in response to a point by Geraldine Wooley, that she would provide further information on ongoing CIPFA consultations on updates to the Prudential Code and the Treasury Management Code.

*Action: Director of Audit Services*

- In response to a query from Elma Murray, agreed that the Director provide further information on numbers of recipients of council tax reduction.

*Action: Director of Audit Services*

- Noted advice from the Director, in response to a query from Pauline Weetman, that close monitoring would continue of ongoing equal pay claims in Dundee City Council, reporting to the Committee as appropriate.

*Action: Director of Audit Services*

- Noted advice from the Director, in response to a query from Tim McKay, that she would consider the scope for councils learning from Dumfries and Galloway Council's review of its termination of its trunk road maintenance management contract which had been in place between 2013 and 2018.

*Action: Director of Audit Services*

- Noted advice from the Director, in response to a query from Pauline Weetman, that she would provide further information on the extent, understanding and use of loan repayment 'holidays'.

*Action: Director of Audit Services*

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.

#### 6. \* Audit delivery and quality update

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA) on audit delivery for 2019/20 audit work and progress by AQA on actions agreed at previous Accounts Commission meetings.

During discussion, the Committee:

- Noted advice from the Associate Director and the Director of Audit Services on ongoing consideration of revised annual audit deadlines to reflect pressures associated with the Covid-19 pandemic, which the Commission will consider further in due course.
- Noted advice from the Associate Director that she would be proposing to the Commission at its March meeting a draft audit quality complaints procedure and reporting on ongoing audit quality development work.
- Noted further advice in this regard from the Associate Director, in response to a query from Pauline Weetman, that she would include in her report any legal or regulatory matters associated with the proposed procedure.

*Action: Associate Director AQA*

- Noted advice from the Associate Director that she would be reporting to the Commission at its May meeting on the annual audit quality report, as well as further updates on audit quality development work.
- Noted advice from John Gilchrist, in response to a query from Geraldine Wooley, that further consideration would be given to how new audit appointment tender evaluation can address contextual matters relating to audit service providers' conduct in the audit market.

*Action: Associate Director AQA*

- Noted advice from the Associate Director, in response to a query from Pauline Weetman, that her assessment of audit quality would cover matters beyond timescale and completion of audit work.

Following discussion, the Committee noted the report, including:

- The results of audit delivery for 2019/20 audits.
- The updated position on AQA actions arising from previous Commission consideration of AQA business.

7. Any other business

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

Close of meeting

The meeting finished at 11.40am.