

# Minutes

Thursday 9 May 2024, 09.45am

Audit Scotland offices, 102 West Port, Edinburgh, and  
online via Microsoft Teams  
510<sup>th</sup> meeting of the Accounts Commission

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## Present:

Jo Armstrong (Chair)  
Malcolm Bell  
Nichola Brown  
Andrew Burns  
Andrew Cowie  
Carol Evans  
Jennifer Henderson  
Angela Leitch  
Christine Lester  
Ruth MacLeod  
Mike Neilson (Virtual)  
Derek Yule

## In attendance:

Allan Campbell, Secretary to the Accounts Commission  
Helena Gray, Controller of Audit  
Antony Clark, Executive Director of Performance Audit and Best Value  
Joe Chapman, Policy Manager to the Accounts Commission (item 5)  
Joanna Mansell, Communications Adviser (items 5 and 13)  
Kenneth Lawrie, Chair of the LGBF Board (item 7)  
Emily Lynch, LGBF Programme Manager, Improvement Service (item 7)  
Carol Calder, Audit Director, PABV (items 10 and 12)  
Blyth Deans, Senior Manager, PABV (items 10 and 12)  
Lucy Jones, Audit Manager, PABV (item 10)  
Becki Lancaster, Senior Auditor, PABV (item 10)  
Kenny Oliver, Executive Director, Innovation and Quality (I&Q) (item 11)  
Gemma Diamond, Director of Innovation and Transformation, I&Q (item 11)  
Michelle Borland, Head of Organisational Improvement, I&Q (item 11)  
Fiona Mitchell-Knight, Audit Director, Audit Services (item 12)  
Simon Ebbett, Communications Manager (item 13)  
Owen Smith, Senior Manager, Audit Quality and Appointments (item 16)  
John Gilchrist, Manager, Audit Quality and Appointments (item 16)

## 1. Apologies for absence

There were no apologies for absence noted.

## 2. Declaration of connections

There were no declarations of interest. Jennifer Henderson declared a connection to item 16 as the Chief Executive of an audited body, who completed the related survey. It was agreed the connection did not preclude Jennifer from participating in discussions.

## 3. Order of business

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

Items 8 to 17, as they required the Commission to consider confidential policy matters.

## 4. Minutes of meeting of 18 April 2024

The Commission considered a report by the Secretary presenting the minutes of the meeting of 18 April 2024, including a summary of matters arising from the minutes.

With no comments, the minutes of the meeting were approved as a correct record.

## 5. Local Government policy update report

The Commission considered a report by the Secretary to the Accounts Commission providing an update on significant recent activity relating to local government.

During discussion:

- The Secretary agreed to circulate the draft response to the Housing Bill consultation to members next week.

**Action – Secretary**

- Derek Yule discussed paragraph 9 and the issue of equal pay. Helena confirmed this is a long-standing issue in local government and is covered in the current audit issues report presented quarterly to the FAAC (Financial Audit and Assurance Committee) and will be presented later in the month.

Following discussion, the Commission noted the report.

## 6. Any other public business

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

The Commission was informed of the death of former member Alan Campbell, who served as a member from January 2011 to December 2018. Members expressed their condolences to Alan's family and friends.

## 7. LGBF National Benchmarking Overview Report 2022/23

The Commission held a discussion on the Local Government Benchmarking Framework (LGBF) National Benchmarking Overview Report 2022/23 with Kenneth Lawrie, Chair of the LGBF Board & Emily Lynch, LGBF Programme Manager, Improvement Service. Kenneth and Emily gave a presentation before answering questions from members.

During discussion:

- Kenneth Lawrie discussed accountability and assurance and emphasised the three areas where improvement is needed – rationalisation, ring-fencing and proportionality of scrutiny. Additionally, Kenneth advised ring-fencing of funding is stifling local government's ambitions of transforming.
- Emily highlighted the large volume of data that is collected, some 430 returns with millions of data points, on top of other statutory reporting and transparency requirements. She advised much of the data is not being used for any meaningful analysis and is a manual process and extremely resource-intensive.
- Emily confirmed the Data Platform project (3-5 year project) is in its discovery phase and will be entering phase 2 at the end of 2024.
- Antony Clark confirmed a forthcoming overview product will provide an independent commentary on the LGBF focus and the importance of data.
- Kenneth Lawrie acknowledged that many councils accept that their performance reporting may not be clear enough for both elected members and the public, and highlighted capacity related issues within councils to carry out proper analysis and extract meaningful.
- Mike Neilson highlighted the increased focus on self-evaluation in the revision of the SPI direction and Kenneth confirmed he would be keen to explore good examples of self-assessment with the Commission.
- Emily Lynch confirmed the Improvement Service is working in collaboration with ten councils to use a selection of LGBF data linked to local priorities as part of their performance management reporting to create their own local narrative.
- Kenneth Lawrie advised the Commission is often a more influential voice, given its independence, It was agreed overview reports are really helpful in terms of overall analysis from a neutral perspective, although it wasn't sure whether these carried impact at government level.

Following discussion, the Commission noted the report.

## **8. Chair's update report**

The Commission considered an update by the Chair providing an update on recent and upcoming activity.

- The Chair provided an update on discussions at the Audit Scotland Board, Audit Committee and Remco specifically the issue of variance and performance and quality across Audit Scotland and external audit firms. Vicki Bibby provided reassurance around how AS is overseeing improvements through AQA.
- It was agreed that the Audit Scotland Board would have an early discussion with the Commission in late 2024, once a new Board Chair is in place to discuss the audit environment, ahead of the next Code of Audit Practice

- Jo Armstrong highlighted the current strain on capacity in Audit Scotland referencing the quantity and quality of work and requested members to consider this when/if seeking additional work from colleagues.
- The Chair discussed recent media training, mentioning how useful she found it, and advised this would be available to other members in the coming months.

#### **Action – Commission Support Team**

Following discussion, the Commission noted the update.

### **9. Controller of Audit's update report**

The Commission considered a verbal update by the Controller of Audit on recent and upcoming activity, which included the following:

- Highlighted the upcoming attendance at a meeting with Scottish Government colleagues later in the month to discuss the Verity House Agreement and the monitoring and accountability framework.
- Discussed the previously flagged audits that are outstanding for 22/23 and provided reassurance that Helena is in close contact with the relevant appointed auditors. Additionally, Helena advised the likelihood of the outstanding BV reports for year 1 (West Dunbartonshire and Clackmannanshire) being completed is low and will follow up with the local government team on how these can be accommodated in the programme.
- Helena attended the Local Government Sector forum to support her update to the FAAC later in May and working on proposals for taking forward the current issues reporting in the future.
- Confirmed to members the update on statutory report on school accommodation in Dargavel will be presented at the June Commission meeting.

Following discussion, the Commission noted the update.

### **10. Council budget analysis: Draft output**

The Commission considered a report by the Executive Director of PABV on the Council budget analysis: Draft output.

During discussion:

- Antony Clark introduced the paper and confirmed this output has evolved from a blog to a briefing as the work and scope have increased. Further it was confirmed the work program update due at the June Commission meeting will reconsider the sequencing of future overview outputs.
- Commission members Michael Neilson and Derek Yule thanked the audit team for the work on the briefing, confirming it had been a valuable process to get to this stage. Both placed emphasis on councils now delivering the savings identified in the balanced budgets and the need for greater transparency in the budget setting process for the public and what effects on services it will have.

- Members requested some further detail on the Highland Council's figures. The audit team advised the council had provided very clear figures in comparison to some other councils, so it was easier to understand their position fully.
- Members discussed the promotion plan for the work and agreed it should be pushed out to stakeholders and the public to promote transparency. It was confirmed Derek Yule would be the media lead.
- Members requested further thought be given to introducing the topic of Equality Impact Assessments (EIAs) to the key messages section due to the failure of some councils to carry them out as part of the budget setting process.

**Action – Executive Director PABV**

After discussion, the Commission noted the recommendations in the report.

## **11. Strategy and work programme: Impact monitoring and evaluation report**

The Commission considered a report by the Executive Director of Innovation and Quality (I&Q) on the Strategy and work programme: Impact monitoring and evaluation

During discussion:

- Members agreed the report reflects that the audit work being carried out is having an impact. Additionally, the potential to see some trend analysis was raised and the team responded this will be possible after an initial period of time.
- In response to a query around paragraph 6 in the report around less recommendations focusing on financial sustainability/management Gemma Diamond confirmed auditor's feedback is that financial management is sound in audited bodies. Additionally, it was advised recommendations around financial sustainability need to be realistic and achievable rather than aspirational.
- Members highlighted the low level of Stakeholder feedback for performance audits and asked how further feedback could be achieved. Michelle Borland confirmed follow up plans to audits are now issued, as well as new guidance for audit recommendations which was issued last year.
- It was agreed the report would be published, to promote transparency that lessons are being learnt.

After discussion, the Commission noted the progress the team have made implementing the impact monitoring, evaluation and reporting framework.

## **12. Year 3 Best Value theme - Transformation**

The Commission considered a report by the Controller of Audit on the Year 3 Best Value theme – Transformation.

During discussion:

- Helena advised members that Option 1 was the preferred choice and provided reassurance that whatever option is chosen there is a need to clearly define what is meant by ‘transformation’, to avoid getting drawn into the area of ‘efficiencies’.
- Angela Leitch stressed the focus should not just about the existence of transformation programmes, but transformation needs to transcend that, with changes in culture, across whole councils not just in a few specific areas, and demonstrating impact in terms of improved outcomes.
- Andy Cowie suggested the scope could be widened to consider the barriers to transformation and how they could be removed. It was agreed Helena, and the team would consider this and advised the Improvement Service has previously done some work in this area.

#### **Action – Controller of Audit**

- Members discussed the importance of the example requested to councils should be current and not past practice. Carol Calder advised the focus will be on current examples of transformation and will complement the next Local Government Overview report on the sectors response.
- Jennifer Henderson raised a query around learning from past transformation work where it potentially hasn’t worked well and how it would feature.

After discussion, the Commission agreed to progress with option 1 as outlined in the paper.

### **13. Accounts Commission Communications and Engagement Strategy 2024-28: draft**

The Commission considered a report by the Communications Manager on the Accounts Commission Communications and Engagement Strategy 2024-28: draft.

During discussion, the following was highlighted:

- The Chair requested sight of the overall engagement plan that is discussed at the monthly communications operational group meeting.

#### **Action – Communications Manager**

- Ruth MacLeod agreed the outlined strategy included all the factors required to be considered as part of an overall communications and engagement strategy.
- Additionally, Ruth requested clarity over the balance between reactive, proactive and longer-term planning. Simon Ebbett and Joanna confirmed much consideration is given to each product and its desired impact and outcomes, using the Moray BV and Digital exclusion performance audit as recent examples where a proactive approach has been used to increase impact.

After discussion, the Commission agreed in principle to the communications and engagement strategy, subject to minor amendments.

### **14. Commission business risk management update**

The Commission considered an update by the Secretary on risk management.

During discussion:

- Members welcomed the work done so far on the risk register and risk management approach and agreed further consideration should be given to the scores allocated.

**Action – Secretary**

- The Chair advised she was unsure about owning the risks as an individual as Chair, rather than a Commission as a whole. It was agreed consideration would be given to the allocations, and support for risk owners, before becoming operational.

**Action - Secretary**

- Members discussed the risk relating to the risk to the reputation of the Commission. It was agreed it would remain but would be reframed to make it more explicit that reputation referred to whether the public can have trust in the Accounts Commissions and its work.
- Mike Neilson discussed whether the AC11 could now be removed from the register. It was agreed it should remain on the register as it has not been a year since the PWF was implemented and can be considered a live risk. Following the planned review after one year of the PWF it was agreed this could be evaluated.

After discussion, the Commission agreed:

- The risk register should now become operational, subject to amendments.
- This should be presented quarterly with additional reporting by exception and deep dive at Strategy Seminars (business and audit risks) to consider new risks, risk appetite changes, etc.

## **15. Committees and governance**

The Commission considered an update by the Secretary, Controller and Executive Director of Performance Audit and Best Value, on Committees and governance.

During discussion:

- Members supported the proposal to disband committees with the alternative governance and procedures outlined.
- In relation to the 'emerging messages' stage of a performance audit which is usually presented at a PAC meeting, Christine Lester advised she felt these could be valuable as a sponsor to get other Commission members input at that stage. Antony Clark outlined the extra resource that bringing emerging messages to the PAC can create on audit teams, and provided reassurance that the option remains open where sponsors feel it is necessary.
- Additionally, Andrew Cowie suggested papers presented are excellent but could be shorter which could reduce resources required.
- Members requested an overview of the annual cycle of Commission business following the changes outlined.

**Action – Secretary**

After discussion, the Commission accepted the proposals to disband the FAAC and PAC with a 6- and 12-month review to assess the changes.

## **16. Quality of Public Audit in Scotland: draft report**

The Commission considered a report by the Senior Manager of Audit Quality and Appointments (AQA) on Quality of Public Audit in Scotland.

- During discussion, Owen Smith advised the low timeliness performance score for local government was in part due to the indicator is Yes/No question regarding whether the target date was met.
- Additionally, it was confirmed many were completed quickly after that, and timeliness has improved year-on-year; shortened timescales and year 1 of the audit appointments are also factors. It was advised plans are in place to recover but it will take time to return to pre-covid delivery.
- Owen discussed the need for review of audit work to be independent, and advised it is carried out ICAEW. It was advised there albeit there is no obligation for that review to be undertaken. ICAEW are not the only providers of the review, but they were chosen through a full procurement process. In addition to this Innovation & Quality also carry out hot and cold reviews internally.

After discussion, the Commission noted the report and its findings.

## **17. Any other private business**

The Chair, having advised that there was no further business, closed the meeting.

## **Close of meeting**

The meeting closed at 13.20.