ACCOUNTS COMMISSION

Minutes

Thursday 17 September 2026 10:00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams
535th meeting of the Accounts Commission

Present:

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

In attendance:

Sarah Watters – Director for the Accounts Commission
Helena Gray – Controller of Audit
Joe Chapman – Policy Manager for the Commission
Tom Reid – Partner, Forvis Mazars *(Items 5 & 9)*
John Cornett – Executive Director of Audit Services *(items 11 & 14)*
Paul O'Brien – Director of Quality and Support *(items 12 & 13)*
Anne Cairns – Manager, Innovation and Quality *(Item 14)*

1. Apologies for absence

There were no apologies received or required from members.

2. Declarations

Malcolm Bell, Nichola Brown, Carol Evans, Jennifer Henderson and Angela Leitch declared connections with item 13 due to their respective roles at audited public bodies. Having sought advice from the Director and Ethics Partner they did not consider their connections material and therefore would remain in the meeting and participate in the discussion of this item.

3. Order of business

It was agreed that items 9 to 15 would be considered in private, for the reasons stated on the agenda.

4. Minutes and matters arising from previous meeting

The minutes of August's meeting were agreed as an accurate reflection and approved as final. Sarah Watters, Director for the Commission, provided the following updates on actions:

- Consultation on the 2027/28 Code of Practice for Local Authority Accounting in the UK – item 12 on today's agenda addresses this
- Clackmannanshire Council audit recovery plan – the council discussed resourcing at a special Council meeting on 10 September, and an update will be provided during the Controller of Audit's report on today's agenda

5. Best Value: West Dunbartonshire Council

The Commission considered the Controller of Audit's Best Value report on West Dunbartonshire Council. Discussion explored the following themes:

- Financial sustainability
  - Medium-term financial planning – assumptions include flat-cash Scottish Government funding, a 3 per cent pay award, pension contributions, inflation, and fees and charges. No assumption is currently made in relation to council tax
  - Transformation – activity is captured and embedded within the council's medium-term planning. Savings are reported through financial updates to full Council. Reporting focuses on individual projects at service level; no consolidated overview of activity
  - Integration Joint Board (IJB) – effective budget control, 93 per cent of planned savings and service redesign efficiencies either achieved or on track. Unearmarked reserves increased to £4.8 million, exceeding 2 per cent target. Forecast budget gap of £8.6 million in 2027/28 and £12.4 million in 2028/29 after planned savings and management actions have been applied
  - Reserves – unaudited 2025/26 accounts indicate an increase, largely attributed to lower than forecast loan charges and increased income from council tax and government funding
  - Savings – strong track record of planning and delivering savings. Regular reporting to elected members, with savings proposals in advance of budget-setting meetings
  - Borrowing – higher than average, council closely monitors associated risks, including borrowing costs and interest rates, to assess affordability and viability of capital projects
  - Housing Revenue Account (HRA) – just under 50 per cent of council's borrowing. Internal review concluded borrowing level is affordable based on interest rate projections. Work underway with external support to develop 30-year HRA business plan
  - Audit and scrutiny – Audit Committee chaired by an opposition member. Previous concerns about senior officer attendance have been addressed – senior managers now regularly attend
- Transformation

  - Delivery – transformation activity is embedded throughout the council. Reporting largely focuses on financial savings and efficiencies rather than wider outcomes
  - Capacity – auditors recommended increased capacity to support delivery of transformation objectives. The council subsequently secured Scottish Government Invest to Save funding to provide additional transformation resource
  - Member oversight – reporting to elected members focuses on budgets and savings. The council has committed to reviewing transformation reporting to provide a clearer overview of activity

- Workforce
  - Sickness absence – 2025/26 data shows improved attendance and reduced absence across most categories. Council focusing on return-to-work processes and has commissioned an internal audit review of sickness absence management for 2026/27
  - Hybrid working – the council reviews employee feedback to assess the impact of hybrid and flexible working on staff satisfaction. Service outcomes are monitored through wider performance reporting arrangements
  - Savings – impact on services would be monitored through performance reporting. Services have reviewed workforce requirements and opportunities to deliver services differently, including staff redeployment and Fit for the Future reviews, which incorporate community engagement

- Community engagement
  - Open Forum – enables public to submit questions ahead of full council meetings, and receive a response from the relevant elected member
  - Citizens Panel – over 1,000 members engaged with twice a year, provides comparative data on service satisfaction and the experience of living in West Dunbartonshire
  - Telephone survey – the council conducts an established telephone survey with residents. Members noted the positive satisfaction levels reported

- Performance and improvement
  - Good practice sharing – senior officers are part of the range of professional networks where they can share good practice with other councils
  - Pace of improvement – good track record of delivering savings and improvement activity, but now needs to set out how it will address future budget gaps and the decisions required to do so
  - Partnership working – positive examples include anti-poverty initiatives, shared internal audit with Inverclyde and East Dunbartonshire, and net zero collaboration with Glasgow City Council, but auditors highlighted opportunities to build on these in other service areas

- Annual accounts and audit
  - Accounts delays – 2024/25 financial statements were signed off August 2026, audit adjustments were high in first two years of

the audit cycle but by 2024/25 these were greatly reduced to isolated adjustments
- Capacity and capability – auditors have no concerns over capacity or capability of finance team, early audit adjustments reflected the challenges of a new audit cycle. Financial statement quality and reporting have improved over the course of the audit appointment
- Timescales – 2025/26 Annual Audit Plan has been presented to the council's Audit and Scrutiny Committee; target of February 2027 for sign-off of the accounts and annual audit report.

Following discussion, the Commission **agreed** to decide in private how it wishes to respond to the report.

6. Local government policy update

The Commission considered a report by Joe Chapman, Policy Manager for the Commission, which provided an update on recent major publications relating to local government.

The following points were raised during discussion:

- Public Service Reform (PSR) – ongoing Scottish Government engagement on PSR, with further updates expected at the October meeting
- Devolution and local government reform – Developments in devolution proposals and local government reform in England were highlighted as areas of strategic interest
- Education policy developments – ongoing financial implications for councils of national policy commitments, including teacher numbers, breakfast clubs and after-school care.

Following discussion, the Commission **noted** the report.

7. Chair's update

The Commission considered an update by the Chair, Jo Armstrong, on recent and upcoming activity. Jo highlighted the following items of note:

- Clackmannanshire Council follow up visit – resourcing for its audit recovery plan was approved by the council prior to the Commission's follow-up visit to Clackmannanshire on 14 September. Assurances were received from the council and auditors regarding progress on the 2024/25 audit
- Solace conference – this provided an opportunity to engage with key stakeholders, including Chief Executives, and gain insights into challenges facing local government and their views on PSR
- Member recruitment – shortlisting for new Commission members has been completed, with interviews scheduled for early October

- Deputy First Minister – an introductory meeting is scheduled to take place on 23 September

Following discussion, the Commission **noted** the report.

8. Any other public business

There being no other business, the Chair closed the public session.

9. Best Value in West Dunbartonshire Council

The Commission considered its response to the Controller of Audit's report on Best Value in West Dunbartonshire Council.

Members agreed to issue findings in response to the report, to be drafted by the Director and the Chair and circulated to members next week.

Commission members discussed and agreed upon a number of points, which will be included within the findings in the report, which will be published on 06 October 2026.

10. Controller of Audit's update

The Commission considered an update by Helena Gray, Controller of Audit (CoA), on recent and upcoming activity.

Helena gave an overview of her audit delivery update, noting that many of those which are late are due to be signed off by the end of 2026.

During discussion, the following points were raised:

- Clackmannanshire Council - work is well underway to get 24/25 unaudited accounts to auditors by October as set out in the audit recovery plan
- Audit adjustments – noting the adjustments required to accounts that are given an unqualified opinion, and consideration of the volume and scale of adjustments required
- Delayed audit timelines – delays are less significant this year than last year, there is potential to include a recovery timeline in future audit delivery updates

Following discussion, the Commission **noted** the report.

11. Audit Scotland corporate update (including update on Local Audit Office and reporting developments)

The Commission considered an update by John Cornett, Executive Director of Audit Services. John highlighted a number of key areas of interest:

- Local Audit Office (LAO) for England

  - Update on engagement with the LAO – including discussions on future collaboration with Audit Scotland, the Accounts Commission and Audit Wales, the transfer of regulatory responsibilities from the National Audit Office, and the importance of maintaining a consistent UK-wide approach to audit standards and guidance
  - Public audit – opportunities for sharing knowledge and expertise, improving transparency around contracting arrangements, and supporting the future development of public audit
  - Quality assurance – the LAO is considering the use of the Institute of Chartered Accountants in England and Wales (ICAEW) to provide their external assurance

- Local government financial reporting developments – John provided an update on work to simplify financial reporting, including engagement with Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC), the Ministry and Housing, Communities and Local Government and Scottish bodies to reduce the complexity of financial reporting and audit delivery.

The Commission **noted** the report.

12. Consultation on 2027/28 local authority accounting code

Paul O'Brien, Director of Quality and Support, provided an overview of a consultation on proposed changes to the Code of Practice on Local Authority Accounting (the accounting code) and invited the Commission to consider areas it would wish to respond to in addition to the Audit Scotland response. Paul highlighted the following areas of interest:

- some proposed reforms are intended to come into effect in future years but Audit Scotland's response pushes for the changes to come in for 2027/28 and is engaging with other consultees on the issue of the pace of changes
- proposal in the Audit Scotland response for the Commission to be recognised as a primary user of accounts in addition to elected members
- paper suggests areas that could be covered in a supplementary letter from the Commission to provide its perspective alongside the full response from Audit Scotland
- primary objective is not to save time in audit, but to improve financial reporting – although this is difficult to quantify.

During discussion a number of points were raised:

- Reporting reform – members expressed support for progressing financial reporting reform at pace and discussed the practical implications of proposed simplification measures for local authorities

- Accounts Commission response – members agreed that a supplementary response be prepared, supporting delivery, with pace, of the broader 'Better Reporting' project on simplification, of which the draft Code is the first stage
- The Chair and members requested a further discussion on the financial reporting simplification agenda to aid in informing the Commission's position.

Action: Director for the Commission to convene a sub-group in September with Paul O'Brien, John Cornett, Helena Gray, Jo Armstrong and Derek Yule to discuss an appropriate response from the Commission.

Following consideration, and subject to the outcome of the sub-group discussions (as per action above), the Commission:

- **Noted** the contents of the report
- **Agreed to** provide a Commission response and **delegated** sign off to the Accounts Commission Chair
- **Noted** that the Chair and Controller of Audit are separately providing feedback on CIPFA/LASAAC's performance and engagement with the sector.

13. Guidance on planning 2026/27 annual audits

Paul O'Brien presented a paper, which asked for the Accounts Commission's approval to formally consult with audit providers on guidance to assist them plan the 2026/27 annual audits.

A number of key points were raised during discussion:

- Best Value – members queried the table setting out Best Value themes and wider scope areas, including if transformation is adequately reflected across both areas. It was confirmed that the table reflects the current themes as set out in the Best Value Statutory guidance
- Data and Information Best Value Thematic – members discussed challenges associated with legacy digital systems. The thematic audit questions have been agreed by the Commission, and members were assured that systems are covered in the supplementary guidance.

Following discussion and consideration, the Commission:

- **approved** for consultation the draft of the guidance on planning 2026/27 annual audits
- **delegated authority** to the Commission Chair to approve the publication of the final guidance (assuming no significant changes arise from the consultation process)

14. Housing Benefit performance audit – future proposals

John Cornett and Anne Cairns, Manager, Innovation and Quality, presented a paper which considered Audit Scotland's specific housing benefit (HB) performance audit activity and recommends that this work is discontinued in its current form, given significant reductions in HB services due to reductions in caseload. Financial audit teams will continue to identify concerns as part of their annual audit work, and the Controller of Audit is able to undertake a statutory report where there is an area of concern identified.

Following discussion, the Commission **agreed** that Audit Scotland should discontinue Housing Benefit performance audit work.

15. Any other private business

Jo Armstrong raised the following points of interest:

- Jo welcomed Shania Fong to the role of Modern Apprentice in the Commission Support Team
- Jo acknowledged that Ruth MacLeod will now be departing the Commission when her first term ends at the end of October, and wished her well in her new full-time role.

Close of business

There being no further business, the meeting closed at 12:55pm.