

# Minutes

Thursday 06 November 2025 10.00am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN, and online via Microsoft Teams  
526th 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  
Joe Chapman – Policy Manager for the Commission  
Alison Cumming – Executive Director of Performance Audit and Best Value (PABV)  
Helena Gray – Controller of Audit  
Vicki Bibby, Chief Operating Officer  
Claire Gardiner – Audit Director, Audit Services (Items 5 & 12)  
Adam Haahr – Senior Audit Manager, Audit Services (Items 5 & 12)  
Carol Calder – Audit Director, PABV (Items 9 & 10)  
Blyth Deans – Audit Director, PABV (Item 9)  
Mark MacPherson – Audit Director, PABV (Item 9)  
Kathrine Sibbald – Senior Manager, PABV (Items 9 & 10)  
Christopher Lewis – Senior Audit Manager, PABV (Item 10)  
Paul O'Brien – Director of Quality and Support (Item 13)  
Kenny Oliver – Executive Director of Innovation and Quality (Item 13)  
Sally Thompson – Future Public Audit Model Project Manager (Item 13)  
Waqas Sanawar – Head of Finance (Item 14)

## 1. Apologies for absence

Apologies were received from Andrew Cowie.

## **2. Declarations**

Ruth MacLeod declared a connection to items 5 and 12 by way of a family connection to the Chief Executive of Comhairle nan Eilean Siar. Having taken advice from the Director and Ethics Partner in relation to the connection, it was agreed that Ruth would not need to recuse herself from discussion of these items.

Malcolm Bell, Carol Evans, Angela Leitch and Jennifer Henderson declared connections to item 13 due to their roles within audited bodies. Having taken advice from the Director and Ethics Partner, they did not consider their respective connections material and therefore would remain in the meeting and participate in the discussion of these items.

## **3. Order of business**

It was agreed that items 9 to 16 would be considered in private, for the reasons stated on the agenda.

## **4. Minutes and matters arising from previous meetings**

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

- UK Government 'Pride in Place' funding – an update on the methodology for fund distribution is included in today's policy manager update
- Audit delivery – the Controller of Audit (CoA) report will provide an update on audit delivery, including in relation to Clackmannanshire Council.

## **5. Section 102 report: Comhairle nan Eilean Siar**

The Commission considered a statutory Section 102 report by the Controller of Audit (CoA) on the 'Cyber-attack affecting operations and services' at Comhairle nan Eilean Siar, produced following the 2023/24 audit of the council.

The discussion explored the following themes:

- Governance, risk management and audit
  - Monitoring and reporting – pre-attack, cyber risk monitored by a committee at high level; a detailed risk register existed but lacked clear ownership or timescales. Post-attack, committee oversees implementation of recommendations; still work to be done to improve the risk register.
  - Business continuity – auditors have flagged weaknesses in business continuity and disaster recovery plans since 2016/17. A plan was approved in June 2023 and updated in 2024 following the attack.

- Audit opinion – disclaimer opinion for 2023/24 audit due to loss of evidence, modified opinion expected for 2024/25 due to issues with opening balance. Target to return to unqualified opinion is 2026/27. A new finance system was implemented in October 2024 which strengthens controls.
- Preparedness:
  - Control weaknesses – reviews identified gaps in controls despite systems being considered adequate. No indicators of compromise found.
  - Resource and resilience – 30% of IT posts were vacant at time of attack, but almost all now filled, and recruitment ongoing for one remaining vacancy. Cannot say whether this contributed to the likelihood and impact of the attack.
  - Back-up systems - not 'air gapped' i.e. isolated from the main system, this allowed back up systems to be targeted by the attack. Funding for this final part of their response was due to be approved in September 2025.
- Service, staff and financial impacts:
  - Impact on staff morale – increased work volume due to manual processes; some departments impacted more than others; no formal review of staff impact but employee satisfaction survey had a return of 35% and demonstrated a stable picture.
  - Staff sickness – non-teaching staff absence rates for 2024/25 are below Scottish average.
  - Internal communications – business continuity communications plan has not yet been updated since lessons learned exercises undertaken, auditors note this needs to be reviewed.
  - Service performance reporting – 63% of Local Government Benchmarking Framework (LGBF) indicators have improved, 28% have declined; reporting was disrupted by the attack but overall, no marked shift in performance, testament to staff
  - Wider community impact – council recognised that a delay in welfare payments would impact the most vulnerable, council worked closely with DWP to ensure payments were made
  - Staff cyber security training – no formal reporting, 67% uptake as at September 2025, with ongoing actions to chase those yet to receive training, and to establish when refresher training will be due. Members requested figures related to senior leadership uptake on training.
- Improvement actions and lessons to learn:
  - 'Building back better' – priority, building resilience into systems. Direct costs associated with attack were £0.95 million, including £0.3 million of ongoing costs; funding to focus on upgrading what they have to more robust systems.
  - Sharing lessons – auditors not aware of a formal plan to share with other councils, but working with the Scottish Government, National Cyber Security Centre and Cyber and Fraud Centre.

- Shared services – no evidence that collaboration may open councils up to greater risk, but the council acted quickly to alert their networks and prevent spread
- Other comments:
  - Audit recommendations – responsible officers must be assigned to all accepted recommendations to ensure accountability, implementation is an area of focus for audit teams
  - Commission members commended the council in its efforts and timeliness in addressing the attack, and for the punctual completion of its 2024/25 accounts, and ensuring readiness for the annual audit.

## **6. Local government policy update**

The Commission considered a report by Joe Chapman, Policy Manager for the Commission, providing an update on significant recent activity relating to local government. Joe highlighted the following items:

- Budgets – speculation about the UK Budget in three weeks' time and its impact on Scottish budget and available funding. Scottish budget bill timetable published, confirming a six-week timescale from announcement to the bill passing stage three.
- General Power of Competence – Cabinet Secretary Shona Robison has written to the Local Government, Housing and Planning Committee noting that the consultation found no clear consensus so proposing interim measures instead, including amendments to the definition of the power to advance wellbeing as set out in the 2003 Local Government in Scotland Act.

During discussion, the following points were raised:

- Engagement rates for Commission reports – bots affecting reliability of figures, ceased quarterly reporting to reflect this, but figures for initial impact are generally reliable.
- Local government settlement – Cabinet Secretary has indicated there is no change to the plan to publish various documents, including a spending review which would include indicative 3-year figures, but that is subject to the information provided by the UK Government.
- UK Government Regeneration funding – community boards in Scottish towns to produce local regeneration plans, unlikely to involve the Local Authority or SG as funding comes from UK Government direct to each community board. Discussion around how well the UK, Scottish and local regeneration schemes are joined up in terms of defining local areas and funding projects.

Following discussion, the Commission noted the report.

## **7. Chair's update**

The Commission considered an update by Jo Armstrong on recent and upcoming activity.

Jo highlighted the following:

- 6-monthly check-in meetings with Commission members are progressing well, good opportunity to understand issues and concerns that members have.
- Recent meeting with Permanent Secretary – discussed desire to look at Commission's role in public service reform and ensure that audit is not, and is not perceived to be, a barrier.
- Upcoming meeting with Ariane Burgess, Convener of the Local Government, Housing and Planning (LGHP) Committee – keen to forge a stronger relationship with this committee, share the Commission's work programme and where it relates to the Committee's scrutiny work.

## 8. Any other business

There being no further business, the Chair closed the public session of the meeting.

## 9. Accounts Commission work programme proposals

Alison Cumming, Executive Director of Performance Audit and Best Value (PABV) presented the report which sets out the proposals for the Commission's work programme for 2026/27.

The discussion covered three key areas, with key discussion points noted below each:

- Proposed Performance Audit programme for 2026/27
  - The schedule of publication very full, scoping will provide more detail on timing.
  - Members agreed that the proposed focus on financial outputs, local services and thematic reviews feels appropriate given these are core areas of local government spend.
  - Consider earlier involvement of sponsors for work programme, how many should be involved, and frequency of sponsor check-ins. Sponsor guidance perhaps needs reviewed.

### **Action: Executive Director of PABV and Director for Commission**

- On the proposed work in relation to 'Digital Innovation' – members feel this is not the right term, highlighted this work is to support better use of digital, including tools already in place. PABV will look at this when scoping the work.
- Several members expressed interest in sponsoring each area, and Alison will follow up in due course.
- Best Value 'Transformation' thematic report – proposal to bring publication forward to spring 2026, with the report to be based on a representative sample of councils due to timing of completion of thematic audit work.

- Members agreed to the proposal. Discussion about the most appropriate timing after the election, and whether it would be feasible to publish the report before the pre-election period. Alison and the team will work to establish a realistic and optimal time for publication.

**Action: Executive Director of PABV**

- Local Government (LG) and Integration Joint Boards (IJB) Financial Bulletin scopes
  - Sections reflecting the latest Scottish Budget, usually included in the LG Financial Bulletin, will be published separately later, due to the timing of the Budget.
  - LG Financial Bulletin expected to feature more detail on borrowing and debt, analysis against financial sustainability indicators, and initial analysis of the fiscal framework.
  - IJB Chief Financial Officers (CFOs) roundtable – intended to be in depth conversation with a small number of individuals, for practical reasons. The team regularly engage with the IJB CFOs already. Suggested considering Chief Officers with finance backgrounds too, to bring a strategic view.
  - IJB data tool – report tabs – suggestion to add tabs for financial sustainability, transformation, and investments to make searches more effective.

Following discussion, the Commission:

- Noted the contents of the report
- Approved the proposed performance audit work programme for 2026/27
- Considered and approved the proposal to bring forward the publication of the Best Value thematic overview on transformation.
- Approved the proposed scope of work and governance arrangements for the local government and IJB financial bulletin outputs

## **10. Community health and social care performance 2025: draft briefing**

The Commission considered a draft briefing presented by Alison Cumming and her team which accompanied the Integration Authority performance data tool approved at September's Accounts Commission meeting. Alison noted it is expected the Public Audit Committee will consider this briefing and the data tool alongside the Delayed Discharge report, at a future date.

During discussion, the following points were raised:

- Discussion around making recommendations to Public Health Scotland (PHS) – subject to clearance process – and PHS's dual mandate from local and national government; PHS is considered well-placed, given the data it has, to act on the report.

- Limited evidence for reasons or causation behind trends such as higher mortality rates or higher emergency admissions rates in some areas
- Data is drawn from a range of sources including IJBs' own performance reports, and the intent is for local authorities to review trends and investigate them – members suggested clearer messaging on what stakeholders are expected to do with the data
- National and local indicators – suite of local indicators through partnership with Public Health Scotland, agreed what data is needed but acknowledge there are gaps, setting national indicators would be a larger piece of work – reporting environment is not as well-integrated as LGBF is for councils.
- Eligibility criteria – no underlying data to determine whether trends in performance are as a result of changing eligibility requirements
- Discussion about Highland 'lead agency' model – members suggested that auditors could review this approach and share learnings, including trends in performance and any good practice to share

Following discussion, the Commission:

- Considered and approved the draft briefing, key messages and recommendations.
- Agreed to delegate to the sponsors approval of any required final amendments resulting from the Commission's considerations and the clearance processes.
- Agreed to the proposed publication arrangements.

## **11. Controller of Audit's report**

The Commission considered an update by Helena Gray on recent and upcoming activity, including the following:

- 2023/24 audit delivery
  - One late running council audit was signed off on 31 October, with work underway to plan the 2024/25 audit. The council and auditor will write to the CoA shortly to set out plans.
  - One council is experiencing an ongoing issue with ledger migration, which impacts the audit. For the auditor, these delays have an impact on other audits. Council has met with the auditor to agree next steps. Will continue to monitor progress before considering necessary escalation.
  - Clackmannanshire Council's audit has been delayed due to a change of engagement lead in the audit firm. The Commission Chair has written to the auditors regarding this issue to seek assurances around ongoing continuity for the remainder of the audit appointment period. The audit is now at partner review stage which is expected to complete by the end of November.
- 2024/25 audit delivery



- No progress on council sign offs since October Commission meeting, including those expected at end of October.
- Four more IJBs, and a number of audits of other local government bodies including joint boards and a pension fund have completed since October's report.
- Scrutiny Coordination Group (SCG)
  - Focus of August's meeting was on data and performance analytics – Improvement Service attended to present developments to the Local Government Benchmarking Framework and data reporting tool. Food Standards Scotland presented their approach.
  - Discussion on SCG role in reducing data burden, and how the IS tool can be used by other scrutiny bodies
  - Community Planning Partnerships – not a focus of scrutiny partners going forward, no current engagement
  - His Majesty's Inspectorate of Education gave an update on the establishment of the new education inspectorate, and their focus on seeking stakeholder views on shaping their framework, and reduction of scrutiny burden.
- Helena provided an update on her recent engagement with Pippa Milne, incoming Solace chair and Chief Executive of Argyll & Bute Council and discussed upcoming SOLACE priorities and engagement opportunities.

During discussion, the Commission raised:

- Audit delivery – question on how many councils submitted unaudited accounts by the 30 June deadline. Helena referred to her briefing to members in July including those which had not completed their accounts; no new issues or delays since then. Timelines are recovering; there have been improvements in 2024/25. One council has not yet completed annual accounts, and this will be closely monitored.

## **12. Section 102 report: Comhairle nan Eilean Siar**

The Commission considered its response to the Controller of Audit's s102 report on Comhairle nan Eilean Siar. Members agreed to issue findings in response to the report, which will be drafted by the Director and the Chair and circulated to members next week.

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

## **13. Future Public Audit Model: Discussion paper 2**

The Commission considered the Future Public Audit Model Project's Discussion Paper 2 on the theme of Best Value and wider scope in local government, presented by Paul O'Brien, Director of Quality & Support and Sally Thompson, Future Public Audit Model Project Manager.



The report sets out a number of questions for consideration by the Commission, and the Commission agreed its preferred options

#### **14. Accounts Commission 2026/27 budget proposal**

Vicki Bibby, Chief Operating Officer, and Waqas Sanawar, Head of Finance presented the 2026/27 budget proposal which asks the Commission to agree the draft budget.

During discussion, a number of points were raised:

- The Commission's sub-group had reviewed the proposal for transparency.
- Employers' National Insurance contributions – baselined this year, built into costs
- Travel and subsistence – no increase to budget for next year
- Salaries – assuming a 3% uplift, but know there is a pressure there as this has already been rejected by PCS as part of SG pay negotiations. We are unlikely to get a formal pay claim in until January 2026 so this is the most up to date working assumption in terms of public sector pay.
- Member remuneration – the uplift is linked to the Scottish Government's public sector pay policy, as was agreed by Commission members last year.

Following discussion, the Commission:

- Noted the engagement process in relation to the Accounts Commission and Audit Scotland budget proposals for 2026/27
- Noted the current position in respect of the draft Audit Scotland 2026/27 budget proposal
- Agreed the Accounts Commission and Support budget for 2026/27

#### **15. Chief Operating Officer update**

Vicki Bibby, Chief Operating Officer, delivered a verbal update to the Commission. During discussion, the following points were raised:

- Audit Planning Conference highlights:
  - independent auditors from Audit Scotland and firms attended, collaborative space, chance to review what has gone well and any issues arising from 2024/25 audit
  - Audit planning guidance issued for 2025/26 audits
  - Auditor General, Commission Chair and Controller of Audit spoke
  - Key themes – auditor's role, identifying good practice, impact, repetition of recommendations and the expectations on governance to manage these, clarity in recommendations, accountability, sharing and escalation of issues, public service reform, leadership capability, and upcoming political change

- Audit Quality and Appointments – interviews underway for Interim Director role, with Senior Manager interviews following later in the month. Director for the Commission is on the interview panels.
- Paul O'Brien gave an update on the CIPFA LASAAC meeting this week (the body responsible for preparing, maintaining, and issuing the Code of Practice on Local Authority Accounting in the UK), discussions focused on:
  - Consultation on 2026/27 UK accounting code – 19% of responses came from Scotland including Audit Scotland, Directors of Finance, and several councils.
  - General support for proposals, changes mainly expected in 2027/28
  - Proposals for improving presentation of local government accounts, which are currently subject to statutory adjustments and as such, very complex
  - Proposal that accounts would be based on International Financial Reporting Standards (IFRS), potential separate accountability report – full update expected in February 2026. Commission members raised that this approach may be resource intense, IFRS accounts have highest area of errors.
  - Simplification of pensions accounts
  - Infrastructure assets – not prioritised in consultation but respondents raised as priority, long term solution needed
  - Sustainability – general support but concerns raised over burden on practitioners

The Commission noted the update.

## **16. Any other private business**

There being no further private business, the Chair closed the meeting.

## **Close of meeting**