

MEETING: 10 DECEMBER 2020

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 26 NOVEMBER 2020

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 26 November 2020, at 11.30am.

- PRESENT:** Christine Lester (Chair)
Andrew Cowie
Sophie Flemig (not present for items 7 and 8)
Tim McKay
Elma Murray
Stephen Moore
- IN ATTENDANCE:** Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Michelle Borland, Business Manager, PABV (Item 4)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 9)
Morag Campsie, Senior Manager, Audit Services and PABV (Item 8)
Antony Clark, Audit Director, PABV (Items 4 and 7)
Graeme Greenhill, Senior Manager, PABV (Item 6)
Mark MacPherson, Senior Manager, PABV (Item 5)
Tricia Meldrum, Senior Manager, PABV (Items 5 and 7)
Bernadette Milligan, Audit Manager, PABV (Item 8)
Beverley Oakman, Audit Manager, PABV (Item 7)
Mark Roberts, Audit Director, PABV (Items 4 and 8)
Richard Robinson, Senior Manager, PABV (Item 6)
Rebecca Seidel, Senior Manager, PABV (Item 5)
Owen Smith, Senior Manager, AQA (Item 9)

| <u>Item no.</u> | <u>Subject</u> |
|-----------------|--|
| 1. | Apologies for absence |
| 2. | Declarations of interest |
| 3. | Minutes of meeting of 27 August 2020 |
| 4. | Work programme update |
| 5. | Policy briefing: Justice, Education and Lifelong Learning (JELL) cluster |
| 6. | Policy briefing: Public Finances, Investment and Economic Development (PIE) cluster |
| 7. | Performance audit: Improving outcomes for young people through school education: scope – update following Covid 19 |
| 8. | Digital in local government update |
| 9. | * Audit quality interim report 2020/21 |
| 10. | Any other business |

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

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 27 August 2020

The minutes of the meeting of 27 August 2020 were noted, having previously been approved as a correct record by the Commission, subject to noting that Tim McKay was not present at the meeting.

Arising therefrom, the Committee:

- In relation to item 3, first bullet point (second sub-bullet point) (Strategic Scrutiny Group consideration of the development of good practice guidance in relation to policy for women and girls), noted advice from Elma Murray that this remained under consideration by the Group, upon which she would report further in due course.
- In relation to item 3, second bullet point (seventh sub-bullet point) (Public Health Scotland), noted advice from the Director of PABV that he would include a report of the progress of Public Health Scotland in the next cluster briefing from the Health, Care and Communities policy cluster.

Action: Director of PABV

4. Work programme update

The Committee considered a report by the Director of PABV providing an update on the progress of the Commission's work programme.

During discussion, the Committee:

- In relation to paragraph 7 (council audits currently expected to be completed after the deadline of 30 November), noted advice from the Controller of Audit that he would report further on the progress of the three council audits expected to go beyond this target (namely Clackmannanshire, Glasgow and Highland councils).
- In relation to paragraph 11 (reporting of final tranche of Best Value Assurance Reports), noted advice from the Director that he would be reporting on this matter to the Commission at its December meeting.

Action: Director of PABV

- In relation to paragraph 19 ((Covid-19 guidance for auditors compiled by Audit Scotland's Professional Support team), noted advice from the Director, in response to a query from Andrew Cowie, on the relationship between the reporting of 'going concern' and financial sustainability.

Following discussion, the Committee noted the report.

5. Policy briefing: Justice, Education and Lifelong Learning (JELL) cluster

The Committee considered a report by the Director of PABV introducing a briefing for the Justice, Education and Lifelong Learning (JELL) policy cluster.

During discussion, the Committee:

- Noted advice from the Committee Chair that she would welcome, as part of the ongoing review of the Commission's committees, views from members on the approach to policy cluster briefing and reporting and its role in managing and shaping the Commission work programme.
- Noted advice from the Director, in response to a query from Andrew Cowie on progress with broadband rollout, that currently no further work was included in the proposed refreshed work programme, to be considered by the Commission next in January 2021.
- Noted advice from Mark MacPherson, in response to a point from Stephen Moore about the impact of court case backlogs, that the matter was being monitored closely.
- Further in this regard, noted advice from Mark MacPherson, in response to a query from Sophie Flemig about citizen experience of this matter, that he would report further at the next meeting.

Action: Director, PABV

- Noted advice from Tricia Meldrum, in response to a query from Stephen Moore on the progress of the provision of laptops and tablets to digitally excluded children and young people as part of the Covid-19 response, that this matter was being discussed with stakeholders as part of ongoing fieldwork for the performance audit on Education Outcomes, the draft report of which would be considered by the Commission in January 2021.
- Noted advice from Tricia Meldrum, in response to a query from Sophie Flemig on policy cluster consideration of matters around transition between early learning and childcare settings and primary education, that while there is currently no specific monitoring in this regard, the matter would be considered in the planned performance audit on the impact of the expansion in funded early learning and childcare.

Following discussion, the Committee noted the briefing.

6. Policy briefing: Public Finances, Investment and Economic Development (PIE) cluster

The Committee considered a report by the Director of PABV introducing a briefing for the Public Finances, Investment and Economic Development (PIE) policy cluster.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Sophie Flemig on how the work programme may reflect matters in relation to the United Nations climate change conference (COP26), that the matter would be part of a briefing on climate change to be considered by the Commission at its January meeting.
- Further in this regard, noted advice from Graeme Greenhill, in response to a point from Andrew Cowie on the climate change implications of the Scottish Government's Infrastructure Investment Plan, that he would plan a briefing - including proposals for further work in this regard - for a forthcoming meeting of the Commission.

Action: Director of PABV

- Noted advice from Richard Robinson, in response to a query from Stephen Moore on the accounting of extra Covid-19 related funding to public bodies, on how such funding will be accounted for, and that the matter would be part of a Scottish budget briefing to the Commission in early 2021.

Following discussion, the Committee noted the briefing.

7. Performance audit: Improving outcomes for young people through school education: scope – update following Covid 19

The Committee considered a report by the Director of PABV proposing the approach to the performance audit *Improving outcomes for young people through school education*, including an updated scope and accompanying documents.

During discussion, the Committee:

- Noted advice from the Committee Chair that, to reflect the tight timescales for reporting of this performance audit, Commission members had provided comments previously on the scope of the audit, which had been reflected in the updated scope.
- Noted advice from the Commission Chair that the arrangements for the reporting of the draft report to the Commission would be confirmed in early course.

Action: Secretary

- Noted advice from the Director, in response to a query from Stephen Moore about the applicability to health and social care audit work of the analysis methodology in this audit (particularly in relation to additional public money provided to mitigate Covid-19 impact on young people), that such an approach could be considered for future proposed performance audit work in health and social care integration.

Following discussion, the Committee:

- Endorsed the updated scope for the performance audit *Improving outcomes for young people through school education*, including the issues and investigations matrix and flyer for the audit which reflect previous feedback from Commission members.
- Endorsed the proposed approach and timetable for considering the emerging messages and draft report for the audit.

Actions: Director of PABV

8. Digital in local government update

The Committee considered a report by the Director of PABV seeking approval of the proposed format and style of the performance audit *Digital progress in local government*.

During discussion, the Committee:

- Noted comments from the audit sponsors, Andrew Cowie and Christine Lester, on the proposed approach to the reporting of the audit.
- Noted advice from Morag Campsie, in response to a query from Elma Murray about the accessibility and shape of the report, that the aim was to provide balance in size and profile of the various messages in the report.

- Noted advice from the Director, in response to a point made by Stephen Moore about sensitivity in messages about user focus in the context of Covid-19, that such matters will be reflected appropriately.

Following discussion, the Committee:

- Approved the proposed style and format of the audit report for its target audience and to reflect the core aim of the audit to facilitate improvement in local government.
- Noted that the performance audit report will be presented to the December meeting of the Commission, with a publication date of mid-January 2021.

Actions: Director of PABV

9. * Audit quality interim report 2020/21

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA) presenting the result of AQA's work from 1 April to 30 September 2020 to monitor the quality of audit across all audit providers.

During discussion, the Committee:

- Noted advice from the Associate Director that the extended audit deadlines in NHS and local government sectors coupled with revisions to performance audit reporting meant that the audit quality indicator relating to delivery against deadlines, usually reported in this interim paper, will now be reported in an update paper to the Commission's committees in February 2021 and also in the *Quality of Public Audit in Scotland* report, to be reported to the Commission in mid-2021.
- Further in this regard, noted advice from the Senior Manager, AQA, on the audited bodies who were not expected to meet the audited accounts deadline of 30 November.
- Noted advice from Elma Murray that the Audit Scotland Board had met on 25 November and had discussed, as part of consideration of Audit Scotland's budget, increased resourcing of the AQA team.
- Noted advice from the Associate Director, in response to a query from Elma Murray, that the Auditor General had been provided with a copy of the report, and had expressed his satisfaction with its conclusions.
- Noted advice from the Associate Director, in response to a query from Elma Murray, that the timing of a proposed review of the audit quality framework to reflect the new Code of Audit Practice would reflect the timescale for the new Code, so currently scheduled for November 2021.

Following discussion, the Committee noted the report and its conclusions, particularly the conclusions of the Associate Director that:

- The report provides assurance to the Auditor General for Scotland and the Accounts Commission that auditors are preparing high quality audit plans.
- The arrangements for reviewing and reporting on audit quality under the Audit Quality Framework are driving improvement in audit quality with clear evidence that previous recommendations are being implemented.

- Work still needs to be done by auditors to communicate the Best Value work planned in their annual audit plans at other local government bodies.
- Public audit in Scotland is well placed to meet the challenges arising from current reviews of the auditing profession.

10. Any other business

The Secretary advised that Sophie Flemig had not taken part in consideration of items 7 and 8 because of remote connection difficulties, and he would therefore seek her comments and convey these to the Director and audit teams as appropriate.

Action: Secretary

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