

MEETING: 12 MARCH 2020

MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 20 FEBRUARY 2020

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of West Port, Edinburgh on Thursday 20 February 2020 at 10.00am.

PRESENT: Pauline Weetman (Chair)
Sheila Gunn
Tim McKay
Elma Murray
Sharon O'Connor (by telephone)
Graham Sharp (from item 5 onwards)
Geraldine Wooley

**OTHER MEMBERS
ATTENDING:** Christine Lester

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit
John Cornett, Audit Director, Audit Services
Fiona Kordiak, Director, Audit Services
Anne MacDonald, Senior Audit Manager, Audit Services (item 5)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 28 November 2019
4.	Work programme update
5.	Current audit issues from local authority audits
6.	Intelligence report
7.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Andrew Burns.

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 5, as a member of Fife Valuation Appeals Committee (in relation to references to Fife Council).

3. Minutes of meeting of 28 November 2019

The minutes of the meeting of 28 November 2019 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee:

- In relation to item 5 (third bullet point), noted advice from the Controller of Audit that the report on the agenda on current issues from local authority audits contained information on the length of payback periods for council voluntary severance schemes.
- In relation to item 5 (seventh bullet point), noted advice from the Controller of Audit that the report on the agenda on current issues from local authority audits contained information on local authorities' budget-setting arrangements.
- In relation to item 6, noted advice from the Director of Audit Services that The Chartered Institute of Public Finance and Accountancy (CIPFA) had been made aware of the Commission's interest in its financial resilience index in England and Wales, and that she would continue to monitor the initiative, particularly regarding any prospect of any proposal for its introduction in Scotland.

4. Work programme update

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

During discussion, the Committee:

- In relation to a planned briefing on cyber security, and in response to a query from Tim McKay:
 - Noted advice from the Secretary that he would report on Cyber Security Week in his next update report to the Commission at its March meeting.
 - Noted advice from the Controller of Audit that the matter would feature in his report to the Commission at its March meeting on work programme refresh proposals.
- In relation to paragraph 13 (audit fees), noted advice from the Controller of Audit that he was liaising with chairs of integration joint boards on a letter received from them on the level of audit fees for 2019/20.
- In relation to paragraph 14 (Professional Support guidance):

- Noted advice from the Chair that, in line with the new Code of Audit Practice currently subject to stakeholder consultation, she envisages the Committee inputting to and developing its awareness of annual planning guidance as it is developed each year.
- Noted advice from the Controller that he would liaise with the Secretary to arrange access for Commission members to Professional Support resources.

Action: Secretary and Controller of Audit

- Agreed that the Best Value audit manual be shared with Commission members.

Action: Secretary and Controller of Audit

- Noted that it found the new feature in the report providing an update on the progress of annual audit and associated matters very useful.

Following discussion, the Committee noted the report.

5. Current audit issues from local authority audits

The Committee considered a report by the Controller of Audit on emerging issues and recurring themes, as well as individual issues of interest, in Scottish local authority audits.

During discussion, the Committee agreed:

- To note advice from the Secretary that his discussions with the Commission Chair on the reporting of risk to the Commission's committees was ongoing.
- To note the information in the report on the length of payback periods for council voluntary severance schemes.
- To note the information in the report on local authorities' budget-setting arrangements.
- Following a query from Elma Murray, that the Controller report on the progress of the ongoing review by Highland Council and NHS Highland of their lead agency model for health and social care services.

Action: Controller of Audit

- Following a query from Tim McKay, that the Controller provide more information on the removal from office by North Lanarkshire Council of directors of its arm's length external organisation Culture and Leisure NL Limited.

Action: Controller of Audit

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. Intelligence report

The Committee considered a report by the Secretary to the Commission providing intelligence about councils from various sources: correspondence to Audit Scotland,

the Scottish Public Sector Ombudsman, the Standards Commission for Scotland, and the Scottish Information Commissioner.

During discussion, the Committee agreed:

- Following a query from Christine Lester, that further information be provided on how the spread of subject areas of cases dealt with by the Scottish Public Sector Ombudsman in relation to councils is reflected in other parts of the public sector.

Action: Secretary

- Following a query from Christine Lester, that further information be provided on how the Scottish Public Sector Ombudsman, the Standards Commission for Scotland and the Scottish Information Commissioner report on integration joint boards.

Action: Secretary

Following discussion, the Committee noted the report.

7. Any other business

The Committee:

- Noted advice from the Committee Chair that the Performance Audit Committee had at its previous meeting discussed how it fulfils its role, and would be discussing at its next meeting how to take forward actions arising from that discussion, some of which affected the Commission as a whole.
- Agreed to maintain an interest in the matter
- Agreed to have a similar discussion at its next meeting.

Action: Secretary

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