

MEETING: 7 MAY 2020

REPORT BY: SECRETARY TO COMMISSION

NOTE OF MEETING OF COMMISSION MEMBERS, 9 APRIL 2020

Purpose

1. This report presents for the Commission's endorsement a note of a meeting of Commission members on 9 April 2020.

Background

2. As a result of the extraordinary measures taken by the Government in response to the Covid-19 emergency, the Chair in consultation with the Deputy Chair and Secretary cancelled the meeting of the Commission scheduled for 9 April. It was agreed instead to hold an informal meeting of members in its place. The note of the meeting is attached.
3. At the meeting, members dealt with a range of aspects of Commission business and reached positions on various matters to allow Commission business to proceed and thus continue to allow it to fulfil its responsibilities at this time. The business discussed related to:
 - A set of principles on which the Commission will base its response to the current Covid-19 emergency
 - Revisions to the work programme and publications schedule, including the annual audit, Best Value auditing, Overview reporting and performance audits
 - A revised approach to the Commission Strategy, work programme and annual report
 - An approach to Commission meetings
 - The position with the Code of Audit Practice and new audit appointments
 - The position with various aspects of internal Commission business
 - The position with strategic scrutiny
 - An approach to ongoing Commission communications
 - The position with emergency Scottish legislation in relation to the Covid-19 crisis
4. The note is therefore presented today for formal endorsement by the Commission. Some of the item referred to will be discussed further at today's meeting.

Conclusion

5. The Commission is invited to consider for endorsement the attached note of the meeting of members on 9 April.

Paul Reilly
Secretary to Commission
14 April 2020



Note of meeting of members

9.30am, 9 April 2020

By Skype video and audio conferencing

Participating:

Graham Sharp (in the chair)
Andrew Burns
Andrew Cowie *
Sophie Flemig
Sheila Gunn
Christine Lester
Tim McKay
Stephen Moore
Elma Murray
Sharon O'Connor
Pauline Weetman
Geraldine Wooley
Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value

Observing:

Jillian Elgin, Executive Assistant
Graeme Samson, Senior Auditor, Commission Support Team *
Peter Worsdale, Audit Manager, Commission Support Team *

All participants and observers used video conferencing except those marked * who used audit conferencing.

1. Introduction

The Chair welcomed members to the meeting which had been called to discuss the Commission's response to the Covid-19 outbreak. He advised that the meeting was to be a 'virtual' meeting because of the government response arrangements in place.

Members expressed their appreciation of the approach taken by Audit Scotland management team in directing the response of Audit Scotland. They were particularly appreciative of the updates from the management team which had been issued to members at the same time as to Audit Scotland staff.

2. Commission business

Members considered a paper by the Secretary providing an update on Commission business and seeking members' views on various aspects of Commission business.

It was noted that the positions reached by members in discussion would help guide Commission business in coming weeks, and would be formally agreed by the Commission as appropriate at its next formal meeting.

(a) Principles

Members agreed the following principles as a basis for the Commission's approach to its work in responding to the Covid-19 outbreak:

- To communicate as appropriate to stakeholders that the Commission will continue to fulfil (and adapt appropriately) its role as public watchdog for local government in responding to the Covid-19 outbreak. In doing so, the Commission underlines the importance for local government of strong financial management, good governance and support for communities in this response, while recognising the severe strain which may be placed on their resources.
- To suspend publication of the work programme and Commission Strategy. (Given that these were due to be published on 26 March, the Chair and Deputy Chair had previously agreed to suspend this publication in advance of discussion by members.)
- That the Commission takes a pragmatic and flexible approach in publishing reports on a report-by-report basis, taking into account the current state of that work and the readiness of audited bodies and the public to digest messages therein.
- To take the time to review and thus try and firm up what our work programme may look like.
- Meantime, to prioritise in conjunction with Audit Scotland the reporting of business to the Commission which will help support this overall approach.

In discussion, members noted the following points of relevance:

- A working assumption is in place in government that public bodies continue to fulfil their functions and fulfil their statutory duties but taking cognisance of the extraordinary circumstances in which we find ourselves.
- Accordingly, the Commission's response should be proportionate, being sensitive to the mood of the public and the capacity of audited bodies to digest and respond to our reports.
- That such an approach will be a basis for shaping the Commission's relationship with local government and citizens in the foreseeable future.
- That as part of reshaping its work programme, the Commission may wish to consider future work on emergency planning, response and resilience arrangements in local government.

(b) Work programme

Members discussed the implications of these principles for the work programme, and agreed the following:

i. Annual audit

Members noted the updated position as set out in the paper. They noted in particular:

- The option available to the Commission under statute of making recommendations to ministers and to local authorities on matters associated with accounts and audit, and advising ministers on any matter relating to the accounting of local authorities which he may refer to them for advice.

- That the shape of audit risk can be expected to change.
- Nevertheless, the Commission will wish to continue to uphold and promote the importance of the quality of audit.
- Changes to accounting and annual audit reporting, coupled with changing audit risk, may have an implication on the reporting of the wider scope audit.

Members noted that further updates on the matter would be provided as appropriate, with a view to a formal position being reached by the Commission as necessary.

ii. **Best Value work**

Members noted the updated position set out in the paper in relation to ongoing Best Value auditing work, particularly on BVARs. In discussion they agreed in particular:

- To consider the Argyll and Bute BVAR at the May meeting.
- To get an update from the Controller at the May meeting on other ongoing BVARs.
- To consider carefully the formal consideration, publication and promotion arrangements for each BVAR, taking into account the view of the council and the mood of the public.

iii. **Overview reporting**

Members noted the position in the paper, particularly that the Chair and Deputy Chair had agreed that given the pressure currently faced by stakeholders, the scheduled publication date for the Local Government Overview on 16 April was not appropriate.

Members agreed meantime that a new publication date would be agreed once the response to the current emergency becomes clearer. They also noted that such a changed timescale will likely have a knock-on effect for overview reporting next year (i.e. financial and wider overview reporting).

iv. **Performance audits**

Members endorsed the position in the paper, particularly in relation to the following forthcoming publications:

Performance audit: affordable housing (to publish 9 April)	Publish as planned, with minimal promotion
Housing benefits administration: overpayments (23 April)	Delay publication with view to rescheduling in summer
Equal pay impact report (21 May)	Consider at May meeting and publish as planned
Performance audit: improving outcomes through school education (9 June)	Suspend publication until further notice

Members also agreed that:

- The Director propose to the May meeting a timetable for the review of the work programme, both in terms of publications for the remainder of the current year, and also the shape of the five-year programme (which had been agreed at the March meeting of the Commission).
- Reporting to the Commission on a monthly basis the shape of the work programme would be helpful.
- Meantime, publication of the work programme would be suspended.

(c) Commission strategy and annual reporting

Members agreed to suspend publication of the Commission strategy (incorporating the work programme) and annual report - due to be published on 26 March and 29 May respectively – until further notice.

(d) Commission meetings

There was no time to discuss this item in any detail. Members gave general agreement to the following:

- That the Commission meets formally in May, virtually and in public (by way of making a recording available to the public and inviting specifically representatives of Argyll and Bute Council to observe the meeting on a 'live' basis).
- That the scheduled member activities for 23 April – involving team development and convening to consider any urgent committee business – had been cancelled and would be rescheduled.
- Given the time limitations of such virtual meetings, as well as the capacity of Audit Scotland staff to be reporting to the Commission, that agenda planning be based upon the fifth principle set out in paragraph 2(b) above, namely to prioritise in conjunction with Audit Scotland the reporting of business to the Commission which will help support this overall approach, thus:
 - priority given to work that is ready (or near so) for publication
 - for other internal matters such as briefings, providing members with this work outwith formal meetings (where the work is already completed) or delaying consideration of such work (where work is less complete at this stage).

(e) New audit appointments and new Code of Audit Practice

Members noted the updated position in the paper and in particular:

- Noted that the Commission would consider a formal proposal at its May meeting to extend current audit appointments by a year.
- Noted that the Deputy Chair would work with the project Steering Group meantime to develop a revised timetable for the project, to be considered by the Commission at a forthcoming meeting.

- Agreed that the Deputy Chair consider how to implement a regular means of updating the Commission on progress of the project and matters considered by the Steering Group.

(f) Internal Commission business

There was no time to discuss this item in any detail, so members were encouraged by the Chair to raise any specific matters of concern with the Secretary, and meantime to note the current position.

(g) Strategic scrutiny

There was no time to discuss this item in any detail, so members were encouraged by the Chair to raise any specific matters of concern with the Secretary, and meantime to note the current position.

(h) Communications

There was no time to discuss this item in any detail, so members were encouraged by the Chair to raise any specific matters of concern with the Secretary, and meantime to note the current position, and in particular that the Secretary would circulate a weekly update to members, and the Audit Scotland Chief Operating Officer would continue to provide members with updates from the incident management team.

3. Close and next meeting

The Chair confirmed that the next formal meeting of the Commission would be on 9 May. He asked members meantime to keep the option open of a further member catch-up meeting on 23 April, upon which the Secretary would advise as soon as possible.

The meeting finished at 11.40am.

PR
14/4/20