

**MEETING: 8 OCTOBER 2020**

**MINUTES OF PREVIOUS MEETING**

Minutes of the 471<sup>st</sup> meeting of the  
Accounts Commission held via online meeting  
on Thursday 10 and 24 September 2020, at 9.30am.

**PRESENT:** Elma Murray (Chair)  
Andrew Burns  
Andrew Cowie  
Sophie Flemig  
Christine Lester (24 September only)  
Tim McKay  
Stephen Moore  
Sharon O'Connor  
Pauline Weetman  
Geraldine Wooley

**IN ATTENDANCE:** Paul Reilly, Secretary to the Commission (24 September only)  
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Aileen Campbell, Auditor, PABV (Items 7 and 15)  
Bruce Crosbie, Senior Audit Manager, Audit Services (Items 7 and 15)  
Zahrah Mahmood, Senior Auditor, Audit Services (Items 7 and 15)  
Fiona Mitchell-Knight, Audit Director, Audit Services (Items 7 and 15)  
Mark Roberts, Audit Director, Audit Services and PABV (Items 10 and 18)  
Richard Smith, Senior Audit Manager, Audit Services (Item 7 and 15)  
Mark Taylor, Audit Director, Audit Services (Item 10)  
Rikki Young, Business Manager, PABV (Item 9)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Order of business
4. Minutes of meeting of 13 August 2020
5. Minutes of Financial Audit and Assurance Committee of 27 August 2020
6. Minutes of Performance Audit Committee of 27 August 2020
7. Best Value Assurance Report: Dundee City Council
8. \* Committee update
9. Work programme update
10. Financial devolution and constitutional change update
11. Secretary's update report
12. Interim Chair's update report
13. Controller of Audit's update report
14. Audit Scotland Board update
15. Best Value Assurance Report: Dundee City Council
16. Commission support review
17. \* Best Value Working Group update
18. \* Strategic Scrutiny Group update

\* These items were considered on 24 September.

1. Apologies for absence

It was noted that apologies had been received from Christine Lester (10 September only) and Sheila Gunn.

2. Declarations of interest

The following declarations of interest were made in relation to items 7 and 15:

- Andrew Cowie as a former Chief Officer in Police Scotland.
- Geraldine Wooley as a member of the Scottish Housing and Property Chamber.

3. Order of business

It was agreed that items 15 to 18 be considered in private because:

- Item 15 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the appropriate council of its decisions, which the Commission does before making the decision public.
- Item 16 is likely to require consideration of policy matters in relation to staff terms and conditions.
- Items 17 and 18 require the Commission to discuss confidential policy matters.

4. Minutes of meeting of 13 August 2020

The minutes of the meeting of 13 August 2020 were approved as a correct record.

Arising therefrom, the Commission noted advice from the Chair on correspondence between the Chair of Audit Scotland Board and the previous Chair of the Commission relating to minutes of Audit Scotland Board earlier in the year, and agreed that the matter was now closed.

5. Minutes of meeting of Financial Audit and Assurance Committee of 27 August 2020

The minutes of the meeting of the Financial Audit and Assurance Committee of 27 August 2020 were approved as a correct record.

6. Minutes of meeting of Performance Audit Committee of 27 August 2020

The minutes of the meeting of the Performance Audit Committee of 27 August 2020 were approved as a correct record.

7. Best Value Assurance Report: Dundee City Council – Controller of Audit report

The Commission considered a report by the Secretary presenting the Controller of Audit's Best Value Assurance Report for Dundee City Council.

The Commission raised several questions and points of clarification from the Controller of Audit on his report in the following areas:

- Political and officer leadership; the impending retirement of the current Chief Executive; and committee structures and governance.
- Workforce planning in relation to the council's capacity to manage its aspirations

- Performance of services and the Council's use of comparators and its approach to improvement
- Regeneration work (including the City Deal) and its impact on poverty
- Children's services, including education attainment
- Sustainability of the integration joint board; progress of the Drugs Partnership; links to mental health; and associated risks
- The Council's use of long-term financial planning
- Capital investment; options appraisal; gateway reviews

Following discussion, the Commission agreed to consider in private how to proceed.

#### 8. \* Committee update

The Commission considered a report by the Secretary proposing a review of the Commission's committees.

Following discussion, the Commission agreed:

- That Tim McKay assume the Chair of Financial Audit and Assurance Committee (FAAC) and Christine Lester assume the Chair of the Performance Audit Committee (PAC)
- The proposal to review the Commission's committees, to be led by a working group convened by the Interim Deputy Chair and comprising the PAC Chair and former FAAC Chair
- The proposed change to the committee meeting schedule for the rest of 2020
- To note advice from the Chair that she would be reviewing the Commission's working groups, including how the Commission reviews terms of reference on a regular basis, upon which she would report to the Commission.

*Actions: Secretary*

*Action: Interim Chair*

#### 9. Work programme update

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

During discussion, the Commission:

- agreed the short-term work programme proposals over the next 12 months

*Action: Director of PABV*

- noted that the Annual Planning Guidance would be considered at the October Commission meeting

*Action: Secretary*

- agreed to consider further at future meetings the risks associated with the Covid-19 pandemic as outlined in Appendix 2 of the report and noted that Audit Scotland will reflect on this in future work programme refresh proposals.

*Action: Secretary and Director of PABV*

Following discussion, the Commission noted the report.

10. Financial devolution and constitutional change update

The Commission considered a report by the Audit Director, Audit Services, providing an update on key developments surrounding financial devolution and constitutional change.

During discussion, the Commission:

- Noted references in the report to the Scottish Crown Estate Act in line with the Commission's previous interest in the matter.
- Noted that the Commission will receive a six-monthly update on the Scottish budget.

*Action: Director of PABV*

Following discussion, the Commission noted the report.

11. Secretary's update report

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

The Commission:

- Noted advice from the Secretary that in line with the approach agreed with Commission members as part of new business arrangements in the light of the Covid-19 emergency, members comments on his report had been sought in advance of the meeting.
- Noted further advice from the Secretary, in response to a query from Geraldine Wooley, on the Scottish Government's '20-minute neighbourhood' initiative.
- Agreed in relation to paragraph 11, to convey its congratulations to Adam Haahr, Marta Kuźma, Sobhan Afzal and Wojciech Kuzma, who were named in the 2020 ICAS (the Institute of Chartered Accountants of Scotland) Top 100 Young Chartered Accountants list.

Thereafter, the Commission agreed to note the report.

12. Interim Chair's update report

The Commission considered a report by the Interim Chair providing an update on recent and upcoming activity.

The Commission agreed to note the report

13. Controller of Audit's update report

The Commission considered a report by the Controller of Audit providing an update on recent and upcoming activity.

The Commission agreed to note the report.

14. Audit Scotland Board update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

Arising therefrom, the Commission:

- Noted the inclusion of Audit Scotland's internal interim report on mainstreaming equality.
- Agreed that future Board papers be provided on the Member SharePoint as timeously as possible.

*Action: Interim Chair and Secretary*

Thereafter, the Commission agreed to note the report.

15. Best Value Assurance Report: Dundee City Council – Commission decision (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for Dundee City Council.

Following discussion, the Commission agreed to make findings to be published on 29 September.

16. Commission support review

The Commission considered a report by the Interim Chair providing the report of the review of support for the Accounts Commission.

Following discussion, the Commission agreed to:

- Accept the report
- Progress the recommendations and conclusions, in conjunction with Audit Scotland as appropriate.

*Action: Interim Chair and Secretary*

17. \* Best Value Working Group update

The Commission considered a report by the Secretary providing an update on the work of the Best Value Working Group.

Arising therefrom, the Commission:

- Endorsed the conclusions of the Best Value Working Group, and in particular:
  - To affirm several principles in relation to Best Value, namely:
    - To underline the Commission's commitment to the importance of Best Value as a basis for providing public assurance on local government as it deals with and recovers from Covid-19
    - Consequently, to reaffirm a commitment to the integrated audit, with the annual financial audit at the core complemented by the annual reporting of Best Value in each council
    - To reaffirm a commitment to the principle of reporting Best Value in health and social care integration joint boards (IJBs)
    - To consider how financial sustainability of audited bodies may impact on this reporting
    - To reaffirm a commitment to developing such an approach to auditing Best Value within current audit fees, subject to

reviewing the impact of the state of the audit market on the current audit model

- Noting the imminent need for further engagement with stakeholders around the Code of Audit Practice, including further consultation with audit firms and audited bodies.
- To proceed with the schedule of Year 5 Best Value Assurance Reports (i.e. Shetland Islands, Eilean Siar, East Dunbartonshire, South Ayrshire, Angus and Aberdeen City councils) and with a scheduled report on Falkirk Council from year 4, but that reporting could be done over years 5 and 6 of the current extended audit appointments.
- Noting that the Commission would be giving further consideration to auditing Best Value in IJBs and in smaller bodies.
- Agreed that the Best Value Working Group consist of the Commission Chair, Deputy Chair, PA Committee Chair, previous FAA Committee Chair (Pauline Weetman) and Geraldine Wooley.
- Agreed the terms of reference for the Best Value Working Group as proposed in the paper, subject to regular review by the Commission.

*Actions: Secretary*

The Commission agreed to note the report.

#### 18. Strategic Scrutiny Group update

The Commission considered a report by the Audit Director, Audit Services and Performance Audit and Best Value, providing an update on the work of the Strategic Scrutiny Group.

During discussion, the Commission:

- Noted advice from the Audit Director that he was collating responses from Group members on their position in relation to Covid-19, upon which he would report further to the Commission.

*Action: Audit Director, Audit Services and Performance Audit and Best Value*

- Noted advice from the Chair that the Group would be taking forward work on inequalities, upon which she would report further to the Commission.

*Action: Interim Chair*

The Commission agreed to note the report.

#### Close of meeting

The meeting closed at 1.00pm on 10 September and at 10.30am on 24 September.