

MEETING: 13 MAY 2021

MINUTES OF PREVIOUS MEETING

Minutes of the 478th meeting of the
Accounts Commission held via online meeting
on Thursday 15 April 2021, at 9.00am.

PRESENT: Elma Murray (Interim Chair)
Andrew Burns
Andrew Cowie
Sophie Flemig
Sheila Gunn
Christine Lester
Tim McKay
Stephen Moore
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Antony Clark, Interim Controller of Audit and Director of Performance
Audit and Best Value (PABV)
Fraser McKinlay, Controller of Audit and Director of PABV (Item 20)
Michelle Borland, Business Manager, PABV (Item 10)
Elaine Boyd, Associate Director, Audit Quality and Appointments
(AQA) (Item 17)
Susan Burgess, Assistant Human Resources Manager (Item 14)
Carol Calder, Senior Manager, PABV (Item 12)
Lucy Carter, Policy Manager, Accounts Commission (Item 9)
Lynn Conway, Policy and Information Officer, PABV (Item 13)
Blyth Deans, Audit Manager, PABV (Item 12)
Gemma Diamond, Audit Director, PABV (Item 10)
John Gilchrist, Manager, AQA (Item 17)
Fiona Kordiak, Director of Audit Services (Item 18)
David Love, Senior Auditor, PABV (Item 12)
Diane McGiffen, Chief Operating Officer (Item 20)
Erin McGinley, Correspondence Officer, PABV (Item 14)
Carolyn McLeod, Chair of Audit Scotland Equalities and Human Rights
Steering Group (Items 13 and 14)
Bernadette Milligan, Audit Manager, PABV (Item 13)
Ross Reid, Auditor, Audit Services (Item 13)
Owen Smith, Senior Manager, AQA (Item 17)
Claire Tennyson, Audit Officer, PABV (Item 12)
Martin Walker, Associate Director, Corporate Performance and Risk
(Item 20)

<u>Item</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Order of business
4.	Minutes of meeting of 11 March 2021
5.	Audit Scotland Board update
6.	Interim Chair's update report
7.	Controller of Audit's update report
8.	Any other public business
9.	Work programme: stakeholder consultation feedback 2021 (in private)
10.	Strategy and work programme: joint work programme proposals (in private)
11.	Local Government Benchmarking Framework: National Benchmarking Overview Report 2019/20 (in private)
12.	Local government in Scotland: overview 2021 – draft report (in private)
13.	Mainstreaming equalities: progress – draft report (in private)
14.	Equality outcomes 2021-25 (in private)
15.	Best Value update (in private)
16.	New audit appointments update (in private)
17.	Draft Code of Audit Practice (in private)
18.	Addendum to Audit Planning Guidance (in private)
19.	Secretary's update report (in private)
20.	Audit Scotland update (in private)
21.	Any other private business

Fraser McKinlay

The Chair advised the Commission that this would be its last meeting before the end of Fraser McKinlay's term as Controller of Audit and Director of Performance Audit and Best Value. She thanked Mr McKinlay for his exceptional service to and support of the Commission during his term, and conveyed to him the best wishes of the Commission for his future career, noting that Commission members would have an opportunity to express their personal thanks in private later that day.

1. Apologies for absence

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

2. Declarations of interest

Geraldine Wooley declared an interest in items 13 and 14 as a consultant in diversity and equalities.

3. Order of business

It was agreed that items 9 to 21 be considered in private because:

- Item 9 reports on the outcome of a stakeholder consultation which includes matters which may affect the forthcoming Scottish Parliamentary election.
- Item 10 proposes a draft work programme which includes matters which may affect the forthcoming Scottish Parliamentary election.
- Item 11 includes discussion with representatives of the Local Government Benchmarking Board which includes matters which may affect the forthcoming Scottish Parliamentary election.
- Item 12 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 13 proposes a draft report which the Commission is to consider in private before publishing.
- Item 14 proposes a draft report which the Commission is to consider in private before publishing.
- Item 15 requires the Commission to consider confidential policy matters.
- Item 16 requires the Commission to consider confidential commercial and contractual matters.
- Item 17 requires the Commission to discuss confidential policy matters.
- Item 18 requires the Commission to discuss confidential policy matters.
- Item 19 includes reference to public policy matters which may affect the forthcoming Scottish Parliamentary election.
- Item 20 requires the Commission to consider confidential business matters.
- Item 21 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Interim Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The Interim Chair advised that there was no business to be considered in private for item 21.

4. Minutes of meeting of 11 March 2021

The minutes of the meeting of 11 March 2021 were approved as a correct record.

Arising therefrom, the Commission:

- In relation to item 7, fourth bullet point, noted advice from the Secretary, in response to a query from Sophie Flemig, that he would liaise with the Communications Manager to provide further information on how messages from the Annual Assurance and Risks Report be promoted in as accessible language as possible, as part of the Commission's communications strategy.

Action: Secretary

- In relation to item 17, noted advice from the Interim Chair that she had written to the Associate Director, AQA to confirm that the Commission had agreed the recommendation of the New Audit Appointments Steering Group regarding future tendering arrangements.
- In relation to Item 18, noted advice from the Interim Chair that the Minister for Local Government, Housing and Planning had approved the appointment of Antony Clark as Controller of Audit on an interim basis for a period of 12 months forthwith, in accordance with Section 97(4) of the Local Government (Scotland) Act 1973.

5. Audit Scotland Board update

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

During discussion, the Commission:

- Noted advice from the Interim Chair, in response to a query from Tim McKay on item 8 of the Board minute of 27 January (Governance arrangements: Review of Standing Orders), that the Board would be considering at a future meeting longer term options for increasing public access to Board meetings, including the Commission practice of making video recordings of the meetings available.
- Agreed, in response to a point by Tim McKay, that further information be provided on the European Charter of Local Government (Incorporation) (Scotland) Bill.

Action: Secretary

- Noted advice from the Chair, in response to a query from Sheila Gunn, that the Board considered financial monitoring and performance reports on a quarterly basis, which were available publicly, and that the Interim Chair had made the financial reports available on the Commission's SharePoint site.

Following discussion, the Commission agreed to note the report.

6. Interim Chair's update report

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

7. Controller of Audit's update report

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

8. Any other public business

The Interim Chair, having advised that there was no business for this item, closed the

public part of the meeting.

9. Work programme: stakeholder consultation feedback 2021 (in private)

The Commission considered a report by the Secretary summarising the key messages from the Commission's consultation on its work programme for 2021/22 and beyond and outlining how Audit Scotland considered the responses as it developed its proposals.

During discussion, the Commission:

- Agreed that the next quarterly refresh of the work programme consider the impact of the Covid-19 pandemic on the sustainability of 'people-facing' council services (point raised by Stephen Moore).

Action: Interim Director of PABV

- Agreed that further thought be given in future refresh exercises to the emergency responses of audited bodies to the Covid-19 pandemic (Stephen Moore).

Action: Interim Director of PABV

- Agreed that the Commission continue to give thought to how the third sector features in Commission stakeholder engagement activity on its work programme (Sophie Flemig and Elma Murray).

Action: Secretary

- Agreed that the Commission give further thought to a human rights-based approach to auditing, with a view to considering its profile in Commission principles (Sophie Flemig and Stephen Moore)

Action: Audit Scotland Equalities and Human Rights Steering Group

- Agreed, in relation to specific questions in the paper on which the Commission's view was sought:

- On audit work on specific council service areas facing challenges, to note that Audit Scotland policy clusters and audit teams will consider this matter as the work programme is developed.

Action: Interim Director of PABV

- In light of its strategic alliance with the Improvement Service, to publish a summary of best practice examples, under each of the Best Value statutory themes, upon completion of the current phase of Best Value Assurance Reports.

Action: Interim Director of PABV

- That such a proposal be discussed further with the Improvement Service.

Action: Secretary & Interim Director of PABV

- To note that while there are no proposals in the current work programme in relation to the *How Councils Work* series, to keep the matter under review as part of future work programme refresh activity and in light of any discussion at the forthcoming Commission Strategy Seminar.

Actions: Secretary & Interim Director of PABV

Following discussion, the Commission noted the report and the future plans for

developing the Commission's strategy.

10. Strategy and work programme: joint work programme proposals (in private)

The Commission considered a report by the Interim Director of PABV setting out the proposed Accounts Commission and Auditor General for Scotland joint work programme and proposing an approach to managing a dynamic work programme.

During discussion, the Commission:

- Agreed that as part of a new approach to dynamic work programming, that it continue to consider how to develop a person-centred approach in audit work and reporting (Sophie Flemig and Stephen Moore).

Action: Interim Director of PABV

- Agreed further that this matter be also considered in terms of promotion and communication of Commission work (Sophie Flemig).

Action: Secretary

- Agreed to note advice from the Director, in response to points made by Andrew Burns and Tim McKay, that the approach to engaging with the Commission on a quarterly basis on the work programme was still being developed, and thus will be the subject of further discussion with the Commission.

Action: Interim Director of PABV

- Agreed to note advice from the Director, in response to queries from Pauline Weetman, that a new dynamic approach to work programming will include:
 - How the Commission engages with its stakeholders on the work programme.
 - Proposed options for the Commission in prioritising work, reporting and products, linked to use of resources.
 - A role for sponsors in the management of the work programme.

Action: Interim Director of PABV & Secretary

- To note, in response to a point made by Andrew Cowie, its continued focus on the core areas of financial management, financial sustainability, governance and accountability, and value for money as well as priority cross-cutting policy areas of climate change, inequalities and human rights and citizen and community engagement in public services.
- Agreed that the role of the third sector in delivering public services have more prominence in the work programme (Elma Murray).

Action: Interim Director of PABV

Following discussion, the Commission:

- Approved the proposed Accounts Commission and Auditor General for Scotland joint work programme, including Accounts Commission specific audit products, subject to the points raised in discussion.

Action: Interim Director of PABV

- Agreed that approval of the final draft of the work programme be delegated to the Chair subject to further discussion between her and the Auditor General.

Action: Chair

- Agreed that in promoting the work programme, it be presented to underline the principle that it contains the two distinct programmes of work of the Commission and the Auditor General.

Action: Secretary and Interim Director of PABV

- Agreed a new approach to a dynamic work programme, with more regular Commission input and endorsement of the work programme throughout the year.

Action: Interim Director of PABV

- Noted to this end that a first quarterly refresh of the work programme will be prepared for the Commission and the Auditor General for Scotland in the summer.

Action: Interim Director of PABV

11. Local Government Benchmarking Framework: National Benchmarking Overview Report 2019/20 (in private)

The Commission considered a report by the Secretary introducing the Local Government Benchmarking Framework (LGBF) National Benchmarking Overview Report 2019/20 and introducing Kenneth Lawrie, Chair of the LGBF Board and Chief Executive of Falkirk Council, and Emily Lynch, Programme Manager at the Improvement Service, who presented the draft report.

The Interim Chair welcomed Kenneth Lawrie and Emily Lynch to the meeting, who undertook a presentation setting out messages from the National Overview Report and progress against the LGBF Board's strategic objectives.

During discussion, the Commission:

- Noted advice from the LGBF representatives, in response to queries from Commission members, in the following areas:
 - How the framework reports on the financial sustainability of councils (point raised by Andrew Burns).
 - How the project features the Commission's requirements in its Statutory Performance Information Direction as a strategic priority (Andrew Cowie).
 - How the LGBF Board is considering how to feature councils' response and recovery in relation to the Covid-19 pandemic. (Christine Lester and Sharon O'Connor).
 - How the project continues to strengthen its ten-year evidence base (Pauline Weetman).
- Noted that LGBF representatives would provide the Commission with further information on the Covid-19 dashboard being used by councils.

Action: Secretary

- Agreed that members provide any further comment on the content of the National Overview Report with the Secretary for onward discussion with the LGBF Board.
- Noted advice from the Chair that as part of the next LGBF Board meeting on 16 April, the Secretary was discussing the Commission's forthcoming review of its Statutory Performance Information Direction.

- Noted further advice from the Chair that she was meeting SOLACE (Society of Local Government Chief Executives – Scottish Branch) representatives on 26 April on the LGBF project.

Following discussion, the Commission:

- Noted the LGBF National Benchmarking Overview Report 2019/20.
- Agreed to consider the implications of the report for its Local Government Overview report.
- Noted that further dialogue with the LGBF Board on the future development of the project will take place in the coming months.

The Interim Chair then thanked Kenneth Lawrie and Emily Lynch for attending the meeting.

12. Local government in Scotland: overview 2021 – draft report (in private)

The Commission considered a report by Interim Director of PABV proposing the draft report *Local government in Scotland: overview 2021* and the process for finalising, publishing and promoting the report.

Following discussion, the Commission:

- Approved the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report.
- Agreed the process for finalising the report.
- Agreed the proposals for publishing and promoting the report, including a publication date of 27 May.

Actions: Interim Director of PABV

13. Mainstreaming equalities: progress – draft report (in private)

The Commission considered a report by the Chair of Audit Scotland Equalities and Human Rights Steering Group seeking approval for the 2019-2021 Mainstreaming Equality and Equality Outcomes progress report.

Following discussion, the Commission:

- Approved the draft report, subject to the drafting team considering points raised in discussion in conjunction with the Interim Chair, Interim Deputy Chair and Secretary.
- Agreed the proposed publication and promotion arrangements for the report, with a publication date of 27 April.

Actions: Chair, Audit Scotland Equalities and Human Rights Steering Group

14. Equality outcomes 2021-25 (in private)

The Commission considered a report by the Chair of Audit Scotland Equalities and Human Rights Steering Group proposing updated Equality Outcomes for the Accounts Commission for the period 2021-2025.

Following discussion, the Commission:

- Approved its Equality Outcomes for the period 2021-2025, subject to the drafting team considering points raised in discussion in conjunction with the Interim Chair, Interim Deputy Chair, Geraldine Wooley and the Secretary.
- Agreed that the Equality Outcomes be published jointly with Audit Scotland.
- Agreed the proposed publication and promotion arrangements for the report, with a publication date of 27 April.

Actions: Chair, Audit Scotland Equalities and Human Rights Steering Group

15. Best Value update (in private)

The Commission considered a report by the Secretary providing an update on matters relating to Best Value.

Following discussion, the Commission:

- Noted the report, including the latest conclusions of the Best Value Working Group.
- Agreed a revised schedule of Best Value Assurance Reports for 2021/22.

16. New audit appointment update (in private)

The Commission considered a report by the Interim Chair providing an update on the progress made with the New Audit Appointments project.

Following discussion, the Commission noted the report.

17. Draft Code of Audit Practice (in private)

The Commission considered a report by the Secretary proposing an updated draft of the Code of Audit Practice which will form the basis of tendering for a new round of audit appointments from 2022.

Following discussion, the Commission:

- Endorsed the latest draft of the Code as a basis for its further consideration by the Best Value Working Group.
- Noted the next stages for the project, including consideration by the Commission of a final draft of the Code for approval at its May meeting.

Action: Interim Chair

- Agreed that the approach to auditing Best Value in IJBs, as set out in the draft Code, be notified appropriately to interested parties in the Scottish Parliament.

Action: Secretary

18. Addendum to Audit Planning Guidance (in private)

The Commission considered a report by the Secretary seeking the Commission's endorsement of an addendum to audit planning guidance for the 2021/22 audit year.

Following discussion, the Commission agreed:

- To note advice from the Director, Audit Services on the ongoing pressures on auditors and audited bodies.

- To endorse the addendum to audit planning guidance for the 2021/22 audit year, setting out a revised reporting timetable to reflect such pressures.

Action: Professional Support, Audit Scotland

19. Secretary's update report (in private)

The Commission considered and noted 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, members had been given the opportunity to provide queries on his report in advance of the meeting, a response to which he would circulate to members.

During discussion, the Commission:

- Noted its ongoing interest in how the Covid-19 pandemic has affected people in Scotland with disabilities (point raised by Stephen Moore).
- Noted its ongoing interest in the UK Government's stated intention to refer to the UK Supreme Court the question of the legislative competence of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill, passed by the Scottish Parliament (Sophie Flemig).
- Agreed that further information be provided on any gender analysis of the 2019/20 Scottish Crime and Justice Survey (Sophie Flemig).

Action: Interim Director of PABV

Following discussion, the Commission noted the report.

20. Audit Scotland update (in private)

The Commission considered a presentation by the Chief Operating Officer of Audit Scotland, accompanied by the Director of PABV and Associate Director, Corporate Performance and Risk, providing an update on the budget and ongoing strategic business of Audit Scotland, particularly in relation to Audit Scotland's Strategic Improvement Plan and annual Best Companies survey results.

Following discussion, the Interim Chair thanked the Chief Operating Officer, Director and Associate Director for attending the meeting and the Commission agreed that a further such update be scheduled for a forthcoming meeting.

Action: Secretary

21. Any other private business

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

Close of meeting

The meeting closed at 2.50pm.