

MEETING: 9 SEPTEMBER 2021

MINUTES OF PREVIOUS MEETING

Minutes of the 481st meeting of the
Accounts Commission held via online meeting
on Thursday 12 August 2021, at 9.30am.

PRESENT: Elma Murray (Interim Chair)
Andrew Burns
Andrew Cowie
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)
Michelle Borland, Business Manager, PABV (Item 5)
Elaine Boyd, Associate Director, Audit Quality and Appointments
(AQA) (Item 11 and 13)
Carol Calder, Senior Manager, PABV (Item 10)
Lucy Carter, Policy Manager, PABV
Blyth Deans, Audit Manager, PABV (Item 10)
Fiona Kordiak, Director, Audit Services
Diane McGiffen, Chief Operating Officer (Item 12)
Mark Roberts, Audit Director, PABV (Item 5)
Kathrine Sibbald, Senior Manager, PABV (Item 13)
Owen Smith, Senior Manager, AQA (Item 11 and 13)
Martin Walker, Associate Director, Corporate Performance and
Risk (Item 12)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Order of business
4. Minutes of meeting of 10 June 2021
5. Dynamic work programme quarterly update
6. Secretary's update report
7. Interim Chair's update report
8. Interim Controller of Audit update report
9. Any other business
10. Local government overview 2020/21: scope (in private)
11. Audit Quality update (in private)
12. Audit Scotland update (in private)
13. New audit appointments – retention of audits (in private)
14. New audit appointments update (in private)
15. Any other private business (in private)

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig.

2. Declarations of interest

No declarations of interest were made.

3. Order of business

It is proposed that items 10 to 15 be considered in private because:

- Item 10 requires the Commission to discuss the scope of an overview report which may require consideration of confidential policy matters in advance of audit work and subsequent publication.
- Item 11 requires the Commission to consider confidential commercial and policy matters in relation to the quality of audit.
- Item 12 requires the Commission to consider confidential policy matters in relation to Audit Scotland.
- Items 13 and 14 require the Commission to consider confidential commercial and contractual matters in relation to the appointment of auditors.
- Item 15 may require the Commission to consider matters of a confidential nature.

4. Minutes of meeting of 10 June 2021

The minutes of the meeting of 10 June 2021 were approved as a correct record.

Arising therefrom, the Commission:

- Noted advice from the Secretary:
 - In relation to item 5 (first bullet point), that a response to the consultation by the UK Secretary of State for Business, Energy and Industrial Strategy on improving the UK's audit, corporate reporting and corporate governance systems in the private sector had been submitted and shared with members.
 - In relation to item 5 (second bullet point), that the approach to engaging with the public would be discussed by members in a private session with Audit Scotland's Head of Communications following this meeting.
 - In relation to item 5 (third bullet point), that a contingency planning exercise around capacity and responsiveness would take place by the end of the year.
 - In relation to item 7, that the requested information in relation to the Best Value Assurance Report on Aberdeen City Council had been provided by the Controller of Audit, shared with members and published on the Commission website.
 - In relation to item 8, that a response to the consultation by the Acting Ethical Standards Commissioner on his draft strategic plan for 2021-24 had been submitted and shared with members.

- In relation to item 12 (second bullet), that the Best Value Assurance Report on Aberdeen City Council was published on 24 June.
- In relation to item 12 (third bullet):
 - That following discussion between the Interim Chair, Interim Deputy Chair and the Controller of Audit, the case study appended to the Commission report has been published by Audit Scotland on its website EHub.
 - That the Controller of Audit will discuss with the Commission at its October meeting the governance of the EHub.
 - That, following a request from Pauline Weetman, that the identification of good practice in Best Value Assurance Reports will be the subject of discussion by the Best Value Working Group.

Action: Secretary

- In relation to item 14, that Commission members had discussed a latest draft of the Commission Strategy at their Autumn Strategy Seminar on 11 August.
- In relation to item 17 (first bullet point), that following discussion with the Interim Chair, he had slightly revised the Commission 2022 meeting schedule – incorporating committee meetings in February 2022 – which would be circulated to members.
- In relation to item 17 (second bullet point), that he was continuing to discuss with the Interim Chair a schedule of Insight Programme speakers.
- Noted advice from the Interim Director of PABV, following queries by Stephen Moore in relation to item 8, that:
 - Child poverty would feature in a paper on equalities matters, to be considered by the Performance Audit Committee at its next meeting.
 - Human rights considerations in public service redesign would feature in a proposed paper to the Commission's committees on public sector reform, which is proposed for the committees' November meetings.

5. Dynamic work programme quarterly update

The Commission considered a report by the Interim Director of PABV proposing an update of the work programme.

During discussion, the Commission:

- Noted advice from Mark Roberts that he had had a fruitful discussion with Sophie Flemig on how to develop participative auditing, upon which he would report further to the Commission.
- Agreed a proposal by Christine Lester that the tracking of finances in relation to drug and alcohol policy considered as the subject of an output in the work programme, upon which the Interim Director will report further.

Action: Interim Director of PABV

- Following a query from Stephen Moore:
 - Noted advice from the Interim Director that an output on children with additional support needs was part of the longer-term work programme, and that the matter continued to be monitored in policy cluster work.
 - Agreed that an output in this regard in the shorter term be considered as part of Local Government Overview reporting.

Action: Interim Director of PABV

- Noted advice from the Secretary and Interim Director, in response to a query from Pauline Weetman, that consultation around the dynamic work programme remained under discussion.
- Noted advice from the Interim Director, in response to a query from Pauline Weetman, that he was still considering how to provide the Commission with more information on resources to inform its refreshing of the work programme.
- Noted advice from the Interim Director, in response to a query from Geraldine Wooley, that a proposed thematic summary of Best Value best practice examples was in response to a suggestion made by respondents to the Commission's consultation on the work programme earlier in the year.
- Agreed that further consideration be given to impact reporting, and in particular outstanding impact reports for previously published performance audits.

Action: Interim Director of PABV and Secretary

Following discussion, the Commission:

- Noted the progress in delivering the work programme from April to July
- Approved the proposed updated work programme.

Action: Interim Director of PABV

6. Secretary's update report

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:

- In relation to paragraph 15, noted advice from Stephen Moore that any outputs around children with additional support needs (see paragraph 5) be considered alongside the wider issue of people with learning disabilities.

Action: Interim Director of PABV

- In relation to paragraph 17, noted advice from Sharon O'Connor on the roundtable event on climate change hosted by Audit Scotland on 19 July in which she and Andrew Burns participated.

- In relation to paragraph 19, agreed a proposal by Tim McKay that consideration be given to including an output in the work programme on public libraries, to be considered in the first instance as part of the Local Government Overview report.

Action: Interim Director of PABV

- In relation to paragraph 57, in response to a point by Stephen Moore, that a watching brief be kept on the work of the Children and Young People's Mental Health and Wellbeing Joint Delivery Board.

Action: Interim Director of PABV

- Noted advice from the Secretary, in response to a query from Sheila Gunn, that he would report back on any policy position of COSLA in relation to councillor safety.

Action: Secretary

Following discussion, the Commission:

- Agreed with the proposal that its next update on Scotland's new financial powers be delayed until the Fiscal Framework Review is published (paragraph 21)
- Agreed not to respond to the consultations highlighted at paragraphs 84, 88, 138 and 206 of the report.
- Noted the report and in particular, in relation to paragraph 173, that the Secretary will propose to the Commission a draft response at the next meeting on the consultation by the Acting Ethical Standards Commissioner on the Code of Practice for Ministerial Appointments to Public Bodies in Scotland.

Actions: Secretary

7. Interim Chair's update report

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

The Commission:

- Noted advice from the Interim Chair that she had been invited, in her capacity as Chair of Young Scot and Deputy Chair of the Developing the Young Workforce board, to be a member of the Reform of Scottish Qualifications Authority and Education Scotland Practitioner and Stakeholder Advisory Group.
- Noted the report.

8. Interim Controller of Audit update report

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

9. Any other public business

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

The live stream of the meeting was stopped at this point.

10. Local Government Overview 2022: project scope (in private)

The Commission considered a report by the Interim Director of PABV proposing a project scope for the Local Government Overview 2022.

During discussion, the Commission:

- Agreed a proposal by Stephen Moore that a historical perspective to council performance be provided in the project scope, to reflect the needs of a new cohort of councillors at the May 2022 local government elections.

Action: Interim Director of PABV

- Agreed further in this regard that careful thought be given to promotional activities on the Commission's work in relation to new councillors, including in conjunction with the Improvement Service as appropriate.

Action: Secretary

- Agreed, following a point by Christine Lester, that any output on public libraries (see item 6) include consideration of internet access and digital exclusion.

Action: Interim Director of PABV

- Agreed, following a point by Christine Lester, that consideration be given to including reference to the Scottish Government's proposals on a National Care Service.

Action: Interim Director of PABV

- Noted further in this regard advice from the Interim Chair that the Commission will have further opportunity to comment in a response to the Scottish Government's consultation on its proposals.

Action: Secretary

- Agreed, following a point by Geraldine Wooley, that consideration be given to making the structure of the Overview report be consistent with that of the Commission Strategy.

Action: Interim Director of PABV

- Agreed, following a point by Pauline Weetman, that consideration be given to including a forward-looking presentation of challenges and success factors for councils.

Action: Interim Director of PABV

Following discussion, the Commission approved the scope of the Local Government Overview 2022 and accompanying scope flyer leaflet, subject to the team considering, in conjunction with the audit sponsors (the Interim Chair and Interim Deputy Chair) the points raised in discussion.

11. Audit Quality update (in private)

The Commission considered a report by the Associate Director, AQA providing an update on the progress made by Audit Scotland in addressing the quality improvement areas identified in paragraphs 12 and 13 of the *Quality of Public Audit in Scotland 2021* report published in June 2021.

Following discussion, the Commission:

- Noted the action taken by Audit Scotland in response to the issues raised in *Quality of Public Audit in Scotland 2021*.

- Agreed that the Director of Audit Services, Audit Scotland, be invited to speak further to the Commission's committees at their August meeting.

Action: Secretary

- Noted that the Director of Audit Services would be responding to The Institute of Chartered Accountants of Scotland (ICAS) on the risk of material misstatements (ROMMs) raised by ICAS at two of the audits that ICAS reviewed.
- Noted the recommendations made by AQA in the report.
- Agreed that further updates on progress will be provided by AQA to the Commission's committees at their November meetings, including specifically on the ROMMs matter and on the outcome of root cause analysis work currently being undertaken by Audit Scotland.

Action: Associate Director, AQA

- Noted advice from the Interim Chair that she would also be monitoring the matter in her capacity as a member of Audit Scotland Board and of its Audit Committee.

12. Audit Scotland update (in private)

The Commission considered and noted a report by the Chief Operating Officer of Audit Scotland on providing an update on the business of Audit Scotland, particularly in relation to the progress of its Strategic Improvement Programme and on its plans for the return of its staff to office working.

13. New audit appointments – retention of audits (in private)

The Commission considered a report by the Associate Director, AQA proposing the retention of audits by Audit Scotland or by private firms as part of the round of new audit appointments from Spring 2022.

Following discussion, the Commission:

- Noted that Audit Scotland Audit Services Group is able to undertake audits of public interest entities.
- Agreed that no audits within the Commission's remit be retained either by Audit Scotland or a private firm in the new audit appointment arrangements.

Action: Associate Director, AQA

14. New audit appointments update (in private)

The Commission noted an update from the Interim Chair on the progress made in the new audit appointments project.

15. Any other private business (in private)

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

Close of meeting

The meeting closed at 12.40pm.