

MEETING: 10 FEBRUARY 2022

MINUTES OF PREVIOUS MEETING

Minutes of the 485th meeting of the Accounts Commission held via online meeting on Thursday 9 December 2021, at 9.30am.

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

IN ATTENDANCE: Paul Reilly, Secretary to the Accounts Commission
Antony Clark, Interim Controller of Audit and Director of Performance Audit and Best Value (PABV)
Michelle Borland, Business Manager, PABV (Item 10)
Stuart Dennis, Corporate Finance Manager (Item 9)
Agata Maslowska, Auditor, PABV (Item 7 and 15)
Mark McCabe, Audit Manager, PABV (Item 7 and 15)
Diane McGiffen, Chief Operating Officer (Item 16)
Zoe McGuire, Senior Auditor, PABV (Item 7 and 15)
Jillian Matthew, Senior Audit Manager (Item 16)
Stephen Reid, Partner, Ernest Young (Item 7 and 15)
Mark Roberts, Audit Director, PABV (Item 10)
Grace Scanlin, Senior Manager, Ernest Young (Item 7 and 15)
Shelagh Stewart, Audit Manager, PABV (Item 17)
Martin Walker, Associate Director, Corporate Services (Item 16)
Gemma Wilson, Audit Officer, PABV (Item 7 and 15)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Order of business
4. Minutes of meeting of 11 November 2021
5. Minutes of meeting of Commission committees of 25 November 2021
6. Audit Scotland Board update
7. Best Value Assurance Report: Falkirk Council
8. Statutory performance information: draft 2021 direction
9. 2021/22 local government audits – fees
10. Secretary's update report
11. Interim Chair's update report
12. Interim Controller of Audit update report
13. Any other business
14. Best Value Assurance Report: Falkirk Council (in private)
15. Audit Scotland update (in private)
16. Draft briefing and strategy for future social care audit work (in private)
17. New audit appointments update (in private)
18. Best Value update (in private)
19. Any other private business (in private)

1. Apologies for absence

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

2. Declarations of interest

There were no declarations of interest.

3. Order of business

It was agreed that the following items be considered in private:

- Item 14, as it required the Commission to consider actions in relation to a report by the Interim 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 15, as it may have required the Commission to consider confidential policy matters.
- Item 16, as it proposed a draft publication which the Commission was to consider in private before publishing.
- Item 17, as it may have required the Commission to consider confidential commercial and contractual matters.
- Item 18, as it may have required the Commission to consider confidential commercial and contractual matters.

The Interim Chair advised that there was no business for item 19.

4. Minutes of meeting of 11 November 2021

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

Arising therefrom, the Commission:

- In relation to item 5 (second bullet point), noted advice from the Secretary that the Commission would consider the draft Communications and Engagement Strategy early in 2022.
- In relation to item 6 (final bullet point), noted advice from the Secretary that an annual update report blog by Andrew Cowie was published on 25 November.
- In relation to item 11 (second bullet point), to note advice from the Interim Director of PABV that a response had been made jointly with the Auditor General to the consultation by Professor Ken Muir on the replacement of the Scottish Qualifications Authority (SQA) and the reform of Education Scotland.

5. Minutes of meeting of Commission committees of 25 November 2021

The minutes of the meeting of the Commission's committees of 25 November 2021 were approved as a correct record.

Arising therefrom, the Commission:

- Agreed the following recommendations of the Financial Audit and Assurance Committee:

- To upgrade the risk rating in relation to Commission support arrangements to amber ('controls in place require close monitoring') (item 6 of the minute).
- That this matter be considered for inclusion in the forthcoming contingency planning exercise (item 6).
- To include self-evaluation activity as part of the next Commission Strategy Seminar (item 6).

Actions: Secretary

- In relation to item 5 of the minute of the Performance Audit Committee, noted advice from the Secretary that Stephen Moore had agreed to act as a sponsor alongside Christine Lester for the proposed publication on drug and alcohol services.

6. Audit Scotland Board update

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

Following discussion, the Commission noted the report.

7. Best Value Assurance Report: Falkirk Council

The Commission considered a report by the Secretary presenting the Interim Controller of Audit's Best Value Assurance Report on Falkirk Council.

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

- Elected member relations, scrutiny and training (points raised by Elma Murray).
- Organisational culture (Elma Murray).
- Strategic plans (Sheila Gunn).
- Financial planning (Tim McKay).
- Falkirk Community Trust (Andrew Burns).
- Partnership working, community planning and locality plans (Andrew Cowie).
- Poverty in Falkirk (Geraldine Wooley).
- Services for children (Sophie Flemig).
- Health and social care integration (Stephen Moore and Christine Lester).
- Climate change agenda (Sharon O'Connor).

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

8. Statutory performance information: draft 2021 direction

The Commission considered a report by the Secretary proposing a draft 2021 Statutory Performance Information Direction and reporting upon the consultation with stakeholders in this regard.

During discussion, the Commission:

- Noted advice from the Interim Controller of Audit, in response to a point by Andrew Cowie, about the assurance reported to the Commission, through the Annual Assurance and Risks Report, on the reporting of progress by councils against the Direction in the annual audit.
- Noted advice from the Secretary, in response to a query from Sharon O'Connor, about the options available to the Commission in reporting, through the Commission's work programme, on progress by councils against their climate change obligations.
- Further in this regard, noted advice from the Secretary that reporting on climate change would be considered by the Commission at its next meeting.

Following discussion, the Commission:

- Approved the Statutory Performance Information Direction, for publication by the end of 2021, prescribing the performance information to be published by councils for the financial years ending 31 March 2023, 2024 and 2025.
- Noted that the Secretary would report back on how to assess progress by councils against Direction as part of the Commission's work programme.

Actions: Secretary

9. 2021/22 Local government audits – fees

The Commission considered a report by the Corporate Finance Manager seeking the Commission's endorsement of expected audit fees for the local government sector for the 2021/22 audit year.

During discussion, the Commission:

- Noted advice from the Corporate Finance Manager that the Scottish Commission for Public Audit would be further discussing Audit Scotland's budget at its meeting on 22 December.
- Noted advice from the Corporate Finance Manager, in response to a query from Andrew Cowie, on the role of the Commission in ensuring its strategy and work programme are reflected in audit fees agreed with councils.

Following discussion, the Commission endorsed the fee levels for the local government sector 2021/22 audits.

10. Strategy and work programme: work programme update

The Commission considered a report by the Interim Director of PABV proposing an update to the joint Accounts Commission and Auditor General for Scotland work programme.

During discussion, the Commission:

- Noted advice from the Interim Director on the pressures faced by auditors in fulfilling the commitments in the work programme.
- Further in this regard, agreed, in response to a point raised by Andrew Cowie, that it be mindful of such pressures as it oversees, updates and prioritises the content of the work programme while maintaining the quality of the programme.

- Agreed, in response to points made by Elma Murray and Andy Cowie, that proposed future discussion by the Commission on impact reporting include addressing the role of Commission sponsors in such work.

Action: Secretary and Interim Director of PABV

- Further in this regard, noted advice from the Interim Director, in response to a point from Christine Lester, that promotion of individual outputs from the work programme was a core part of the planning of the programme.
- Noted advice from the Interim Director, in response to a point from Stephen Moore, about the role of the Strategic Scrutiny Group in ensuring fit between the work programme and those of strategic scrutiny partners.
- Further in this regard, noted advice from the Interim Chair, in response to points from Sophie Flemig and Stephen Moore, about how inequalities and human rights feature in Best Value auditing work, including how proposed Best Value thematic reporting in the proposed new approach to auditing Best Value will provide further opportunities for the Commission to report in this regard.
- Noted advice from the Interim Director about ongoing work with the Commission Support Team to develop the longer-term planning of the work programme and how this is presented to the Commission, upon which he would report further.

Action: Secretary and Interim Director of PABV

Following discussion, the Commission:

- Noted the progress delivering the work programme from August to November 2021 and the planned products up to June 2022.
- Agreed the proposed changes to the programme, subject to the Interim Director considering points raised in discussion.

Action: Interim Director of PABV

- Agreed the audit work in the pipeline for July 2022 onwards, noting that this is flexible and can be revisited as part of the next update in March.

Action: Interim Director of PABV

- Further in this regard, in response to a point raised by Sophie Flemig, to note that the Interim Director would meet with Sophie Flemig and Geraldine Wooley, as sponsors of work relating to early learning and childcare, about proposals for future work in this area.

Action: Interim Director of PABV

- Agreed to delegate to the Interim Chair and Interim Deputy Chair final approval for this update at a joint meeting with the Auditor General on 16 December.

Action: Interim Director of PABV

- Agreed to consult with local government stakeholders on the work programme, the outcome of which would be reported to the Commission in early 2022.

Action: Secretary

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, members had been given the opportunity to provide queries on the Secretary's report in advance of the meeting, a response to which he would circulate to members.

During discussion, the Commission:

- In relation to paragraph 8, in response to a query from Tim McKay, noted advice from Sharon O'Connor and the Interim Director of PABV on the continuing interest by the Scottish Parliament's Education, Children and Young People Committee on the quality of the school estate in Scotland, on which Audit Scotland was maintaining liaison with the Committee's clerking team.
- In relation to paragraph 9, noted advice from the Interim Chair that the roundtable on 24 November with council chief executives, as part of work on the 2022 local government financial overview report, was jointly hosted with the Society of Local Authority Chief Executives (SOLACE) rather than the Improvement Service.
- In relation to paragraph 11, in response to a query from Sheila Gunn, noted advice from the Interim Director of PABV that his team were considering outputs from the recent jointly hosted online event with the Improvement Service for education conveners and directors of education on the Commission's performance audit *Improving outcomes for young people through school education*, upon which he would report further.

Action: Interim Director of PABV

- In relation to paragraph 31, in response to a query from Sophie Flemig, noted advice from the Interim Chair on a discussion between the Strategic Scrutiny Group and Bruce Adamson, Children and Young People's Commissioner Scotland, on children and young people's human rights and their involvement in audit, on which Audit Scotland will report further to the Commission.

Action: Interim Director of PABV

- In relation to paragraph 86, noted advice from Stephen Moore about the significance to the Commission's joint work with Auditor General on mental health of figures published by Public Health Scotland on inpatient mental health care in deprived areas.
- In relation to paragraph 95, noted advice from the Secretary that Falkirk, rather than Fife, Council was one of the successful applicants for the first round of levelling up funding from the UK Department for Levelling Up, Housing and Communities.

Following discussion, the Commission:

- Agreed not to respond to the consultations highlighted at paragraphs 27 and 37.
- Agree that it responds to the following consultations
 - Consultation by the Scottish Government on the draft Fourth National Planning Framework (paragraph 26)
 - Consultation by the Scottish Parliament's Net Zero, Energy and Transport Committee on the role of local government and its partners in delivering net zero (paragraph 57).

Action: Secretary

- Noted that responses to the following would be shared with members once

available:

- Inquiry by the Scottish Parliament's Health, Social Care and Sport Committee into the health and wellbeing of children and young people (paragraph 12)
- Consultation by the Scottish Government on the next Fire and Rescue Framework (paragraph 13).

Action: Secretary

- Noted 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.

Having heard further from the Interim Chair on some forthcoming engagements, the Commission noted the report.

13. 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.

14. Any other business

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

The livestream of the meeting was stopped at this point.

15. Best Value Assurance Report: Falkirk Council (in private)

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

Following discussion, the Commission agreed to make findings to be published on 13 January.

16. Audit Scotland update (in private)

The Commission considered and noted a presentation by the Chief Operating Officer and Associate Director, Corporate Services providing an update on the ongoing strategic business of Audit Scotland, particularly in relation to the progress of its Strategic Improvement Programme.

The Interim Chair noted that this would be the last Commission meeting attended by the Chief Operating Officer, Diane McGiffen, before she left Audit Scotland. The Commission joined the Interim Chair in thanking Diane for her support of the Commission in her time with Audit Scotland, and conveyed best wishes to her for the future.

17. Draft briefing and strategy for future social care audit work (in private)

The Commission considered a report by the Interim Director of PABV proposing a draft joint Commission and Auditor General for Scotland (AGS) briefing paper on social care briefing, and the process for finalising, publishing and promoting the report.

Following discussion, the Commission:

- Approved the draft social care briefing, subject to the drafting team considering, in conjunction with the sponsors Christine Lester and Stephen Moore, points raised in discussion.
- Agreed proposals for publishing and promoting the paper.
- Agreed the approach to developing proposals for future social care audit work.

Actions: Interim Director of PABV

18. New audit appointments update (in private)

The Commission considered a verbal report by the Interim Chair on the progress of the 'new audit appointments project.

During discussion, the Commission noted advice from the Interim Chair on:

- The progress with the tendering exercise.
- Ongoing discussion involving Sheila Gunn and the Audit Quality and Appointments Team on matters relating to a complaint's procedure.

Following discussion, the Commission noted the report.

19. Best Value update (in private)

The Commission considered a verbal report by the Secretary.

During discussion, the Commission noted advice from the Secretary that the Best Value Working Group had met on 7 December, upon which he would report to a future meeting.

Following discussion, the Commission noted the report.

20. Close of meeting

The meeting closed at 3.45pm.