

MEETING: 9 JUNE 2022

REPORT BY: SECRETARY TO THE COMMISSION

MINUTES OF PREVIOUS MEETING

Introduction

1. This paper presents for the Commission's approval the draft minutes of the previous meeting of the Commission along with a summary of matters arising from those minutes.

Minutes

2. The Commission agreed at its April meeting that matters arising from previous minutes be set out in a written report.
3. The minute of the previous meeting is in **Appendix 1**. A summary of matters arising is in **Appendix 2**.
4. Members should note that the action tracker – available on the member Sharepoint site and also provided to members on a monthly basis – provides updates on progress from previous meetings.

Conclusion

5. The Commission is asked to:
 - a) Approve the attached draft minute of its previous meeting.
 - b) Note the summary of the matters arising, as well as any other updates provided at today's meeting.

Paul Reilly
Secretary to the Commission
1 June 2022

MEETING: 9 JUNE 2022

MINUTES OF PREVIOUS MEETING

Minutes of the 489th meeting of the Accounts Commission held via 'hybrid' (in-person and online) meeting, in the offices of Audit Scotland at 102 West Port, Edinburgh and online on Thursday 12 May 2022 at 9.30am.

PRESENT: William Moyes (Chair)
 Andrew Burns
 Andrew Cowie
 Sophie Flemig *
 Christine Lester
 Sharon O'Connor
 Geraldine Wooley
 * Online

IN ATTENDANCE: Paul Reilly, Secretary to the Accounts Commission
 Antony Clark, Interim Controller of Audit and Director of Performance Audit and Best Value (PABV)
 Elaine Boyd, Director, Audit Quality and Appointments (AQA) (items 12 and 13)
 Carol Calder, Audit Director, PABV (item 16)
 Blyth Deans, Audit Manager, PABV (items 11 and 14)
 John Gilchrist, Manager, AQA (items 12 and 13)
 Chris Lewis, Senior Auditor, PABV (item 11)
 Carolyn McLeod, Audit Director, PABV (item 10)
 Tricia Meldrum, Senior Manager, PABV (item 10)
 Owen Smith, Senior Manager, AQA (items 12 and 13)

- | <u>Item</u> | <u>Subject</u> |
|-------------|---|
| 1. | Apologies for absence |
| 2. | Declarations of interest |
| 3. | Order of business |
| 4. | Minutes of meeting of 7 April 2022 |
| 5. | Audit Scotland Board update |
| 6. | Secretary's update report |
| 7. | Chair's update report |
| 8. | Interim Controller of Audit's update report |
| 9. | Any other public business |
| 10. | Mainstreaming equality and equality outcomes – interim progress report (in private) |
| 11. | Draft report – Integration Joint Boards financial analysis 2020/21 (in private) |
| 12. | Draft report – Quality of public audit in Scotland (in private) |
| 13. | New audit appointments: revised audit portfolios 2022/23 to 2026/27 (in private) |
| 14. | Local Government in Scotland: Overview 2022: promotion plan (in private) |
| 15. | Best Value update (in private) |
| | a) Best Value Working Group update |
| | b) Best Value thematic work |
| | c) Best Value in Integration Joint Boards |
| 16. | Strategic Scrutiny Group update (in private) |
| 17. | Any other private business (in private) |

1. Apologies for absence

It was noted that apologies for absence had been received from Sheila Gunn, Stephen Moore, and Tim McKay.

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 10 required the Commission to consider confidential policy matters relating to the operation of Audit Scotland.
- Item 11 proposed a draft publication for the Commission to consider in private before publishing.
- Item 12 proposed a draft report for the Commission to consider in private before subsequent consideration by the Audit Scotland Board and publishing thereafter.
- Item 13 required the Commission to consider confidential commercial and contractual matters.
- Items 14 proposed matters associated with a draft report for the Commission to consider in private before publishing.
- Items 15 and 16 required the Commission to consider confidential policy matters.

The Chair advised that there was no business for item 17.

4. Minutes of meeting of 7 April 2022

The minutes of the meeting of 7 April 2022 were approved as a correct record.

The Commission noted that there were no significant matters arising.

5. 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.

6. 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.

Following discussion, the Commission:

- Agreed not to respond to the consultations highlighted at paragraphs 20 and 53 of the report.
- Noted the report.

Action: Secretary

7. Chair's update report

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

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.

Following discussion, the Commission agreed:

- To note advice from the Controller, in response to a query from Geraldine Wooley, that he would continue to monitor matters associated with workforce planning in local government.
- In response to a query from Sophie Flemig, that the Interim Director of PABV report further on the progress of the Citizens' Assembly of Scotland.

Action: Interim Director of PABV

- To note advice from the Chair that he was considering the efficiency and effectiveness of the Commission's officer and member meetings with individual external stakeholders, upon which he would keep the Commission updated.

9. Any other public business

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

The livestream of the meeting was stopped at this point.

10. Mainstreaming equality and equality outcomes – interim progress report (in private)

The Commission considered a report by the Chair of Audit Scotland's Equalities and Human Rights Steering Group (EHRSG) providing an update on the delivery of the equality outcomes that the Commission and Audit Scotland published in April 2021.

During discussion, the Commission:

- Noted advice from the EHRSG Chair, in response to a query from Christine Lester, that she would provide further information on how refugees and care-experienced young people feature in the Audit Scotland outcome 2, namely 'We will increase the diversity of people into Audit Scotland and their progression through every level of our organisation'.

Action: EHRSG Chair

- Noted advice from the EHRSG Chair, in response to a query from Sophie Flemig, that she would further consider how Audit Scotland can use benchmarking against other organisations in relation to Audit Scotland outcome 2 and outcome 3, namely 'We will broaden our culture of diversity and inclusion, so all employees feel valued, engaged and contribute', upon which she would report further.

Action: EHRSG Chair

- Noted advice from the EHRSG Chair, in response to a query from Sophie Flemig, that the Commission should consider how its own communication and engagement strategy could help Audit Scotland achieve its outcomes 2 and 3.

Action: Commission Secretary and EHRSG Chair

- Noted advice from the EHRSG Chair, in response to a point by William Moyes, that she would consider how, in communicating the mainstreaming equality and equality outcomes, to use language underlining commitment to the Public Sector Equality Duty as well as compliance.

Action: EHRSG Chair

Following discussion, the Commission:

- Noted the report.
- Noted that a full progress report will be presented to the Commission for approval in Spring 2023 with publication thereafter.

11. Draft report – Integration Joint Boards financial analysis 2020/21 (in private)

The Commission considered a report by the Interim Director of PABV proposing the draft financial analysis of Integration Joint Boards (IJBs) for 2020/21 and proposing the process for finalising the report.

During discussion, the Commission:

- Noted advice from the Interim Director, in response to a query from Christine Lester and William Moyes, that he would consider how to provide a longer-term analysis of finances of IJBs (i.e. since inception) in future audit reporting.

Action: Interim Director of PABV

Following discussion, the Commission:

- Approved the draft IJB financial analysis 2020/21 report, subject to the report team addressing in conjunction with the report sponsors, William Moyes and Tim McKay, the points raised in discussion.
- Agreed the process for finalising the report, including sharing with Commission members for their information the final promotion plan agreed with the sponsors.

Actions: Interim Director of PABV

12. Draft report – Quality of public audit in Scotland (in private)

The Commission considered a report by the Director, Audit Quality and Appointments (AQA) presenting for comment and endorsement the draft *Quality of public audit in Scotland* (QPAS) 2022 report and the draft internal supplementary 2022 report.

During discussion, the Commission:

- Noted that the Director AQA and Secretary would liaise with Audit Scotland to ensure a response to the Commission on matters raised in discussion.

Action: Director AQA & Secretary

- Noted advice from the Senior Manager, AQA, in response to a query from William Moyes, that he was considering how to shape and present recommendations in these reports, upon which he would report further to the Commission in the forthcoming review of the Audit Quality Framework, to be considered by the Commission in November 2022.

Action: Senior Manager, AQA

- Noted advice from the Secretary that he would discuss with the Chair and Deputy Chair (as Chair of Financial Audit and Assurance Committee) how to develop liaison between the Commission and audit providers on the conduct and progress of the audit.

Action: Secretary

Following discussion, the Commission:

- Noted the report.
- Noted the areas for improvement.
- Agreed to endorse the QPAS annual report 2021/22.

Action: Director AQA

- Noted that the conclusions of the QPAS annual report will be used in the Commission's annual report, which will be considered at the June meeting.

Action: Secretary

13. New audit appointments: revised audit portfolios 2022/23 to 2026/27 (in private)

The Commission considered a report by the Director, AQA, proposing revised portfolios for the six firms to be contracted to carry out the 2022/23 to 2026/27 audits.

During discussion, the Commission:

- Noted advice from the Director, in response to a query from Geraldine Wooley, about how the proposed portfolios reflected requirements in relation to the audit of Public Interest Entities.
- Noted advice from the Director, in response to a query from William Moyes, about how conflicts of interest that arise after appointments are made are dealt with.

Following discussion, the Commission approved the appointment portfolios for the 2022/23 to 2026/27 audits.

Action: Director AQA

14. Local Government in Scotland: Overview 2022: promotion plan (in private)

The Commission considered a report by the Interim Director of PABV proposing a promotion plan for the Local Government in Scotland Overview 2022.

During discussion, the Commission:

- Noted advice from the Secretary, in response to a query from Christine Lester, that proposals on measuring and reporting the impact of Commission reports would be discussed as part of the Commission's quarterly consideration of the work programme at its June meeting.
- Noted advice from the Chair on his ambitions for the Commission to develop more post-publication activity - such as symposiums and round table initiatives - around how recommendations from overview work are progressed by local government.
- Noted advice from the Secretary, in response to points made by Andrew Burns and Christine Lester, about how new elected members (i.e. those elected at the May 2022 local government election) would be made aware of the Commission's work.

Following discussion, the Commission:

- Agreed the promotion plan.

- Agreed that the audit team progress the plan through working with sponsors and in conjunction with the Commission Support Team and Communications Team as appropriate.

Action: Interim Director of PABV, Secretary and Communications Team

15. Best Value update (in private)

The Commission considered a report by the Secretary providing an update on Best Value matters, namely: (a) the work of the Best Value Working Group (BVWG); (b) proposals for Best Value thematic work; and (c) proposals for Best Value auditing of health and social care integration joint boards (IJBs).

During discussion, the Commission:

- Agreed that the Interim Director provide more detail of a timeline setting out a schedule of reporting of the agreed outputs.

Action: Interim Director of PABV

- Agreed that the schedule of proposals be promoted.

Action: Interim Director of PABV and Secretary

Following discussion, the Commission:

- Noted the latest conclusions of the BVWG.
- Noted the outcome of the consultation with appointed auditors on Best Value thematic work.
- Accordingly, agreed that 'leadership of the development of new local strategic priorities' be the basis of Best Value thematic work for 2022/23, for reporting to the Commission in Spring 2024.

Action: Interim Controller of Audit

- Agreed the recommendations of the BVWG in relation to auditing IJBs, essentially to not proceed with the previously planned approach to roll out auditing of BV in IJBs and, as a replacement, to implement a wider programme of audit work as set out in the report.

Action: Interim Director of PABV and Interim Controller of Audit

16. Strategic Scrutiny Group update

The Commission considered a report by the Secretary to the Strategic Scrutiny Group (SSG) providing an update on the recent work of the group.

During discussion, the Commission:

- Agreed that the Commission have further discussion at a future meeting on the areas of review that the Chair is discussing with members of the SSG.

Action: Commission Secretary and SSG Secretary

Following discussion, the Commission noted the report.

17. Any other private business

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

Close of meeting

The meeting closed at 2:30pm.

Matters Arising – May 2022 Commission Meeting

| Action | Action by: | Update |
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| 8. Interim Controller of Audit update report | | |
| In response to a query from Sophie Flemig, that the Interim Director of PABV report further on the progress of the Citizens' Assembly of Scotland. | Interim Director of PABV | Meeting to be arranged with Citizen's Assembly of Scotland and update to be provided thereafter. |
| 10. Mainstreaming equality and equality outcomes – interim progress report | | |
| Noted advice from the Equalities and Human Rights Steering Group (EHRSG) Chair, in response to a query from Christine Lester, that she would provide further information on how refugees and care-experienced young people feature in the Audit Scotland outcome 2, namely 'We will increase the diversity of people into Audit Scotland and their progression through every level of our organisation'. | EHRSG Chair | Our recruitment campaigns for all roles within Audit Scotland aim to attract a wide range of talent by advertising through targeted agencies and job boards. We aim to include additional support to underrepresented groups through application mentoring |
| Noted advice from the EHRSG Chair, in response to a query from Sophie Flemig, that she would further consider how Audit Scotland can use benchmarking against other organisations in relation to Audit Scotland outcome 2 and outcome 3, namely 'We will broaden our culture of diversity and inclusion, so all employees feel valued, engaged and contribute', upon which she would report further. | EHRSG Chair | Benchmarking will be completed through work with our partner, who will be procured as part of our Diversity and Inclusion Action plan. Additional data capture identified within our plan will also assist this measurement. Consideration will be required of additional underrepresented groups identified |
| Noted advice from the EHRSG Chair, in response to a query from Sophie Flemig, that the Commission should consider how its own communication and engagement strategy could help Audit Scotland achieve its outcomes 2 and 3. | Commission Secretary and EHRSG Chair | Commission to consider as relevant opportunities arise. Opportunity will also be taken to discuss with EHRSG. |

| Action | Action by: | Update |
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| Noted advice from the EHRSG Chair, in response to a point by William Moyes, that she would consider how, in communicating the mainstreaming equality and equality outcomes, to use language underlining commitment to the Public Sector Equality Duty as well as compliance. | EHRSG Chair | To be considered in future communications. |
| 11. Draft report – Integration Joint Boards financial analysis 2020/21 | | |
| Noted advice from the Interim Director, in response to a query from Christine Lester and William Moyes, that he would consider how to provide a longer-term analysis of finances of IJBs (i.e. since inception) in future audit reporting. | Interim Director of PABV | Consideration of how best to report the long-term analysis of IJB finances will form part of scoping for the 2021/22 IJB financial analysis. |
| Agreed the process for finalising the report, including sharing with Commission members for their information the final promotion plan agreed with the sponsors. | Interim Director of PABV | We plan to share the finalised draft and proposed promotion plan electronically with Commission members once agreed by sponsors. |
| 12. Draft report – Quality of public audit in Scotland (in private) | | |
| Noted that the Associate Director AQA and Secretary would liaise with Audit Scotland to ensure a response to the Commission on matters raised in discussion. | Associate Director AQA & Secretary | Liaison has taken place with the Auditor General and Executive Director of Audit Services Group (ASG). The Associate Director AQA will attend the August meeting of the Commission to report on the improvements planned by the Executive Director of ASG, with a view to the Commission liaising directly with the Executive Director thereafter. |
| Noted advice from the Senior Manager, AQA, in response to a query from William Moyes, that he was considering how to shape and present recommendations in these reports, upon which he would report further to the Commission in the forthcoming review of the Audit Quality Framework (AQF), to be considered by the Commission in November 2022. | Senior Manager, AQA | AQA beginning review of AQF in June which will include form of recommendations. On course for reporting to Commission in November 2022. |

| Action | Action by: | Update |
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| Noted advice from the Secretary that he would discuss with the Chair and Deputy Chair (as Chair of Financial Audit and Assurance (FAA) Committee) how to develop liaison between the Commission and audit providers on the conduct and progress of the audit. | Secretary | Being discussed with the Chair and Deputy Chair with a view to reporting at the August meeting of FAA Committee. |
| Noted that the conclusions of the QPAS annual report will be used in the Commission's annual report, which will be considered at the June meeting. | Secretary | Draft annual report on today's agenda. |
| 14. Local Government in Scotland: Overview 2022: promotion plan (in private) | | |
| Agreed that the audit team progress the plan through working with sponsors and in conjunction with the Commission Support Team and Communications Team as appropriate. | Interim Director of PABV, Secretary and Communications Team | Local Government Overview 2022 report published as planned on 25 May 2022. Promotional activity underway, including publication of the Chair's Blog on 1 June 2022. Date also secured for elected member roundtable event with the Improvement Service. This will take place on 3 August 2022. The audit team will work with sponsors, the Commission Support Team and Communications Team colleagues throughout the coming weeks and months to progress the remainder of the plan. |
| 15. Best Value update (in private) | | |
| Agreed that the Interim Director provide more detail of a timeline setting out a schedule of reporting of the agreed outputs. | Interim Director of PABV | Summary of reporting programme for the BVAR legacy report, CoA Bv reports, the AARR and the LGO package approved by the Commission in February 2022. Proposed programme of Controller of Audit BV reports for individual councils to be discussed with the BVWG in June for endorsement by the Commission in August 2022. |
| Agreed that the schedule of proposals be promoted. | Interim Director of PABV and Secretary | Discussed with auditors in a range of forums. 2022/23 BV reporting requirements will be included in the 2022/23 planning guidance in Autumn 2022. This will also feature in engagement with external stakeholders. |

| Action | Action by: | Update |
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| Following discussion, the Commission accordingly, agreed that 'leadership of the development of new local strategic priorities' be the basis of Best Value thematic work for 2022/23, for reporting to the Commission in Spring 2024. | Interim Controller of Audit | <p>The BV development group are now producing the audit programme, and supporting guidance, to be used by auditors from October 2022. This will be published alongside the 2022/23 planning guidance in autumn 2022.</p> <p>All auditors are to prepare a thematic BV report for the councils and a summary is to be included in the 2022/23 annual audit reports for October 2023. The CoA will report findings in spring 2024 in the AARR and as part of the LGO reporting package.</p> |
| Agreed the recommendations of the BVWG in relation to auditing IJBs, essentially to not proceed with the previously planned approach to roll out auditing of BV in IJBs and, as a replacement, to implement a wider programme of audit work as set out in the report. | Interim Director of PABV and Interim Controller of Audit | Proceeding as per the report. |
| 16. Strategic Scrutiny Group update | | |
| Agreed that the Commission have further discussion at a future meeting on the areas of review that the Chair is discussing with members of the SSG. | Commission Secretary and SSG Secretary | Report at this meeting. |