

474th meeting of the Accounts Commission for Scotland

**Thursday 10 December 2020, 9.30am
& Thursday 17 December 2020, 9.30am**

by video conference

**NB: This meeting will take place over two separate days
(* This item will be considered on 17 December)**

Agenda

1. Apologies for absence

2. Declarations of interest

3. Order of business

The Chair seeks approval of business, including proposing taking items 11 to 17 in private (** see note).

Business requiring decisions in public

4. Minutes of meeting of 12 November 2020

5. Minutes of Financial Audit and Assurance Committee of 26 November 2020

6. Minutes of Performance Audit Committee of 26 November 2020

7. Audit Scotland Board update

Report by the Secretary.

Business for information in public

8. Secretary's update report

Report by the Secretary.

9. Interim Chair's update report

Report by the Interim Chair.

10. Controller of Audit's update report

Report by the Controller of Audit.

Business requiring decisions in private

11. 2020/21 audits – local government fees

Report by the Corporate Finance Manager.

12. Local government in Scotland: financial overview 2019/20: draft report

Report by the Director of Performance Audit and Best Value.

13. Performance audit – Digital progress in local government: draft report

Report by the Director of Performance Audit and Best Value.

14. * Performance audit – Education outcomes: emerging messages

Report by the Director of Performance Audit and Best Value.

15. Best Value update

Report by the Secretary.

Business for information in private

16. New audit appointments update

Report by the Interim Chair.

Any other business

17. Any other business

The Chair will advise if there is any other business to be considered by the Commission.

** It is proposed that items 11 to 17 be considered in private because:

- Item 11 requires the Commission to consider confidential business and commercial matters.
- Item 12 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 13 proposes a draft performance audit report which the Commission is to consider in private before publishing.
- Item 14 requires the Commission to consider emerging messages from a performance audit report which may require consideration of confidential policy matters in advance of further audit work.
- Item 15 requires the Commission to consider confidential policy matters.
- Item 16 requires the Commission to consider confidential commercial and contractual matters.
- Item 17 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 following papers are enclosed for this meeting:

Agenda item	Paper number
Agenda item 4: Minutes of meeting of 12 November 2020	AC.2020.11.1
Agenda item 5: Minutes of Financial Audit and Assurance Committee of 26 November 2020	AC.2020.11.2
Agenda item 6: Minutes of Performance Audit Committee of 26 November 2020	AC.2020.11.3
Agenda item 7: Report by the Secretary to the Commission	AC.2020.11.4
Agenda item 8: Report by Secretary to the Commission	AC.2020.11.5
Agenda item 9: Report by Interim Chair	AC.2020.11.6
Agenda item 10: Report by Controller of Audit	AC.2020.11.7
Agenda item 11: Report by Corporate Finance Manager	AC.2020.11.8
Agenda item 12: Report by Director of Performance Audit and Best Value	AC.2020.11.9
Agenda item 13: Report by Director of Performance Audit and Best Value	AC.2020.11.10
Agenda item 14: Report by Director of Performance Audit and Best Value	AC.2020.11.11
Agenda item 15: Report by Secretary to the Commission	AC.2020.11.12
Agenda item 16: Report by Interim Chair	AC.2020.11.13

MEETING: 10 DECEMBER 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 473rd meeting of the Accounts Commission held via online meeting on Thursday 12 November 2020, at 9.30am.

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

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
 Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
 Nick Bennett, Regional Managing Partner, Azets (Items 5 and 9)
 Carole Grant, Senior Audit Manager, Audit Services (Item 10)
 Ffion Heledd, Audit Manager, PABV (Items 5 and 9)
 Fiona Kordiak, Director Audit Services (Item 10)
 Mark MacPherson, Senior Manager, PABV (Items 5 and 9)
 Gill Miller, Audit Manager, PABV (Items 5 and 9)
 David Sim, Benefits Performance Auditor, Audit Services (Item 10)
 Matthew Swann, Associate Director, Azets (Items 5 and 9)
 Nichola Williams, Senior Auditor, PABV (Items 5 and 9)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Order of business
4. Minutes of meeting of 8 and 22 October 2020
5. Best Value Assurance Report: The City of Edinburgh Council
6. Secretary's update report
7. Interim Chair's update report
8. Controller of Audit's update report
9. Best Value Assurance Report: The City of Edinburgh Council (in private)
10. Housing benefit performance audit annual review (in private)
11. Best Value Working Group update (in private)
12. Code of Audit Practice engagement plan (in private)
13. Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Pauline Weetman.

2. Declarations of interest

The following declarations of interest were made:

- Andrew Burns, in items 5 and 9, as a former Leader of The City of Edinburgh Council. Mr Burns removed himself from the meeting during consideration of these items.
- Tim McKay, in items 5 and 9, as a former member of The City of Edinburgh Council. Mr McKay removed himself from the meeting during consideration of these items.
- Sophie Flemig, in items 5 and 9, as a resident and council tax payer in the City of Edinburgh.
- Geraldine Wooley, in items 5 and 9, as a council tax payer in the City of Edinburgh.

3. Order of business

It was agreed that items 9 to 13 be considered in private because:

- Item 9 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 10 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 11 requires the Commission to discuss confidential policy matters.
- Item 12 requires the Commission to consider confidential policy and business matters.
- Item 13 may be required if there are any confidential matters that require to be discussed outwith the public domain.

The Interim Chair advised that there was no business for item 13.

4. Minutes of meeting of 8 and 22 October 2020

The minutes of the meeting of 8 and 22 October 2020 were approved as a correct record, subject to inserting in Item 2, second bullet point, for Christine Lester, "(a member of) North East Partnership Steering Group".

Arising therefrom, the Commission:

- In relation to item 12:
 - noted advice from the Secretary that the consultation on the 2020/21 planning guidance did not result in any significant changes being required to the draft guidance, and thus the Chair had signed off the guidance which had been issued to appointed auditors, a copy of which was available on the Members' SharePoint site.
 - noted advice from the Chair that she had engaged with appointed local

government auditors at a meeting on 4 November, in which she presented the Commission's requirements in the planning guidance and its ambitions on auditing Best Value.

- noted further advice from the Chair that she would speak alongside the Auditor General at a launch event for the planning guidance involving all appointed auditors on 18 November.
- In relation to item 13, noted advice from the Secretary that the Commission had submitted a response to the Ethical Standards Commissioner's consultation on Code of Practice for Ministerial Appointments to Public Bodies in Scotland, and this was available on the Members' SharePoint site alongside that of the Auditor General.
- In relation to item 16, noted advice from the Chair that:
 - On the first bullet point, she would be reporting regularly to the Commission on New Audit Appointments Steering Group business, including seeking approval of business as appropriate.
 - On the third and fourth bullet points, she would work with the Secretary on identifying a suitable date for a workshop on the principles associated with the audit appointments procurement strategy, including the Commission's legal obligations in this regard.

Action: Chair and Secretary

5. Best Value Assurance Report: The City of Edinburgh Council – Controller of Audit report

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

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

- Pace and momentum of improvement
- Council response to external scrutiny reports
- Political and officer leadership in improvement and scrutiny response
- Community engagement and empowerment
- Partnership working and community planning
- Performance reporting
- Housing and homelessness
- Workforce planning and capacity
- City Region Deal, economic inclusion and poverty
- Strategic direction and vision
- Financial sustainability (including the health and social care integration board)
- Covid-19 and impact (including on arm's length external organisations).

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

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 he had responded to a member's query on paragraph 14 of the report (namely further details on a package of financial flexibilities and extra funding for councils worth up to £750 million agreed by the Scottish Government and COSLA), details of which were available on the Member SharePoint.

Thereafter, the Commission agreed:

- To note the report.
- To note that it will consider its response at a future meeting to the Scottish Government consultation on the Councillor's Code of Conduct.
- That it does not respond to the Scottish Government consultation about the designation of IJBs as category 1 responders under Schedule 2 of the Civil Contingencies Act 2004.
- That it does not respond to the Scottish Government consultation on the proposed launch of a new scheme providing free bus travel for young people resident in Scotland under the age of 19.
- To note that the Chair will agree a response to the Scottish Government consultation on the guidance and toolkit for completing an Island Communities Impact Assessment. and share with members for their information.
- To note that the Secretary will report to a future meeting on a response to the Scottish Government consultation on delivering a refreshed digital strategy for Scotland.
- That it does not respond to the Scottish Government consultation on the Fair Rents (Scotland) Bill.
- That it does not respond to the UK Ministry of Housing, Communities and Local Government consultation on proposals for reforming exit payment terms for local government workers.

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 agreed to note the report

8. 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.

9. Best Value Assurance Report: The City of Edinburgh Council – Commission decision (in private)

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

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

26 November.

10. Housing benefit performance audit annual review (in private)

The Commission considered a report by the Director of Audit Services presenting for approval the draft Housing benefits performance audit annual review report.

During discussion, the Commission noted advice from the Secretary that it had agreed at its March meeting to publish its thematic report *Housing Benefits Overpayments in Scotland*, but subsequently agreed to suspend publication due to the Covid-19 pandemic.

Following discussion, the Commission agreed:

- To approve the publication of the *Housing Benefits Overpayments in Scotland* thematic study report (subject to bringing more clarity to paragraph 1 of the report) but only on the basis of sharing with councils as an improvement resource.

Action: Secretary

- To approve the proposal for a thematic study on the impact of Covid-19 on Scottish councils' benefit services.

Action: Director of Audit Services

- That two sponsors be identified for this work, to be agreed between the Chair and appropriate members.

Action: Interim Chair and Secretary

- To agree that the Interim Chair write to council leaders and chief executives promoting the annual update report and previous thematic report.

Action: Interim Chair and Secretary

11. 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.

Following discussion, the Commission noted the report and the latest conclusions of the Best Value Working Group.

12. Code of Audit Practice engagement plan

The Commission considered a report by the Secretary proposing a stakeholder engagement plan in relation to Best Value matters, the Code of Audit Practice and the Commission's strategy.

During discussion, the Commission noted advice from the Chair that she was seeking involvement from members in engagement events set out in the plan.

Following discussion, the Commission endorsed the proposed stakeholder engagement plan.

13. Any other business

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

Close of meeting

The meeting closed at 12.35pm.

MEETING: 10 DECEMBER 2020

MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 26 NOVEMBER 2020

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 26 November 2020 at 9.30am.

PRESENT: Tim McKay (Chair)
 Andrew Burns
 Sheila Gunn
 Elma Murray
 Sharon O'Connor
 Pauline Weetman
 Geraldine Wooley

OTHER MEMBERS
 IN ATTENDANCE: Christine Lester

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
 Fraser McKinlay, Controller of Audit
 Michelle Borland, Business Manager, Performance Audit and Best Value (PABV) (Item 4)
 Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 8)
 John Gilchrist, Manager, AQA (Item 8)
 Fiona Kordiak, Director of Audit Services (Items 4 and 5)
 Anne MacDonald, Senior Audit Manager, Audit Services (Item 5)
 Paul O'Brien, Senior Manager (Technical), PABV (Item 7)
 Mark Roberts, Audit Director, PABV (Item 4)
 Owen Smith, Senior Manager, AQA (Item 8)
 Catherine Young, Correspondence Manager, PABV (Item 6)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 27 August 2020
4.	Work programme update
5.	Current audit issues in councils
6.	Intelligence report
7.	Accounting and auditing update
8.	* Audit quality interim report 2020/21
9.	Any other business

* This item was considered in a joint session with the Performance Audit Committee.

1. Apologies for absence

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

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 27 August 2020

The minutes of the meeting of 27 August 2020 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee noted advice from the Controller of Audit that:

- In relation to item 4, second bullet point, he was maintaining an interest in developments in Orkney and Shetland Valuation Joint Board following the withdrawal by Shetland Islands Council of services to the Board.
- In relation to item 4, third bullet point, it would be likely that reporting of the impact and distribution of economic stimulus grants would be more of a feature of the Local Government Overview report in 2022 rather than in the forthcoming 2021 report.
- In relation to item 4, fourth bullet point, the impact of the Covid-19 pandemic on councils' governance and decision-making arrangements was a feature of the current issues report at this meeting (i.e. item 5) and would also feature in his Annual Assurance and Risks Report to the Commission in early 2021.
- In relation to item 4, fifth bullet point, there was nothing further to report at this point on the progress of Midlothian Council's Covid-19 recovery measures.

4. Work programme update

The Committee considered a report by the Controller of Audit providing an update on the progress of the Commission's work programme.

During discussion, the Committee:

- In relation to paragraph 7 (council audits currently expected to be completed after the deadline of 30 November), noted advice from the Controller of Audit in response to a query from Geraldine Wooley that he would report further on the progress of the three council audits expected to go beyond this target (namely Clackmannanshire, Glasgow and Highland councils).
- In relation to paragraph 19 (Covid-19 guidance for auditors compiled by Audit Scotland's Professional Support team), noted advice from the Secretary that two forthcoming pieces of guidance – namely 'Balancing the budget in councils' and 'Going concern in the public sector' - would be accompanied by a communication to councils from the Commission Chair advising of their publication and encouraging engagement with auditors on the guidance.
- In relation to paragraph 22 (engagement between Audit Scotland and UK audit agencies in relation to the planning and co-ordination of Covid-19 related audit work), noted advice from the Controller of Audit in response to a query from Sheila Gunn that such engagement has been very fruitful.

Following discussion, the Committee noted the report.

5. Current audit issues in councils

The Committee considered a report by the Controller of Audit on emerging issues and recurring themes, as well as individual issues of interest, in Scottish local authority audits.

During discussion, the Committee noted advice from the Controller of Audit:

- In response to a point made by Pauline Weetman - that two significant audit risks in which the Commission should maintain close interest were the performance of health and social care integration joint boards (covered extensively in the report) and loans fund reprofiling (e.g. paragraph 2 of Appendix 1: Argyll and Bute Council loans fund reprofiling) - that he and auditors were focusing and monitoring such risks closely with a view to reporting appropriately to the Commission.
- In response to a query from Andrew Burns relating to paragraphs 12 and 13 of Appendix 1 (City of Edinburgh Council: impact of the Covid-19 pandemic on arm's length external organisations), that he was monitoring the matter closely across councils and would report as appropriate to the Commission.
- In response to a query from Tim McKay relating to paragraph 21 of Appendix 1 (Dumfries and Galloway Council: termination of its trunk road maintenance management contract), that he would report further on the progress of the ongoing independent investigation on the matter.

Action: Controller of Audit

- In response to a query from Pauline Weetman relating to paragraph 33 of Appendix 1 (Clackmannanshire Council: delay in approval of the annual report and accounts), on the role of the Section 95 Officer in such processes in councils.
- In response to a query from Tim McKay relating to paragraph 36 of Appendix 1 (Falkirk Growth Deal), that he was liaising with the appointed auditor on the implications for the Council's plans of the agreed Deal.
- In response to a query from Pauline Weetman, relating to Appendix 2 (councils' governance arrangements in response to Covid-19), that he would report on good practice in this regard in his Annual Assurance and Risks Report to the Commission in early 2021.

Action: Controller of Audit

- In relation to Appendix 3 (key personnel changes in councils), that Karen Reid, currently Chief Executive of Perth and Kinross Council, would be stepping down following her appointment as Chief Executive of NHS Education for Scotland from 1 February 2021.

Following discussion, the Committee noted the report, taking assurance that the auditors' responses detailed in the report recognises the scope of the risk identified and reflects the impact on planned audit work.

6. Intelligence report

The Committee considered a report by the Secretary providing intelligence about councils from various sources: correspondence to Audit Scotland, the Scottish Public Sector Ombudsman, the Standards Commission for Scotland, and the Scottish Information Commissioner.

During discussion, the Committee:

- Noted advice from the Secretary on ongoing engagement with the Ethical Standards Commissioner on data availability, upon which he would report further.

Action: Secretary

- Noted advice from the Correspondence Manager on the operation and reporting of Audit Scotland's correspondence process.

Following discussion, the Committee noted the report.

7. Accounting and auditing update

The Committee considered a report by the Director of Audit Services advising of the main accounts and auditing developments since the previous paper to the Committee at its November 2019 meeting.

During discussion, the Committee:

- In relation to paragraph 5 (report of Brydon Review of the quality and effectiveness of audit), noted advice from the Director of Audit Services that she would keep the Commission apprised of developments in relation to the UK government's response to this and related reviews.
- In relation to paragraph 11 (Consultation by Financial Reporting Council on a proposed revision to the auditing standard on fraud), agreed that the Audit Scotland response to the consultation be shared with the Commission.

Action: Director of Audit Services & Senior Manager (Technical)

- In relation to paragraph 21 (package of financial flexibilities agreed between the Scottish Government and CoSLA to address funding pressures faced by local government due to Covid-19), in response to a query from Pauline Weetman, noted advice from the Controller of Audit that he would likely report on these flexibilities in the 2022 Local Government Overview report.
- Further in this regard, to note advice from Paul O'Brien that statutory guidance on the accounting of such flexibilities would be developed by the Scottish Government.

Following discussion, the Committee noted the report.

8. * Audit quality interim report 2020/21

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA) presenting the result of AQA's work from 1 April to 30 September 2020 to monitor the quality of audit across all audit providers.

During discussion, the Committee:

- Noted advice from the Associate Director that the extended audit deadlines in NHS and local government sectors coupled with revisions to performance audit reporting meant that the audit quality indicator relating to delivery against deadlines, usually reported in this paper, will now be reported in an update paper to the Commission's committees in February 2021 and also in the *Quality of Public Audit in Scotland* report, to be reported to the

Commission in mid-2021.

- Further in this regard, noted advice from the Senior Manager, AQA, on the audited bodies who were not expected to meet the audited accounts deadline of 30 November.
- In relation to paragraph 4 (impact of Covid-19 on audit quality), noted advice from the Secretary in response to a query from Stephen Moore on how such matters will feature in risk reporting
- Further in this regard, noted advice from the Associate Director that such matters will feature in independent audit reviews and in the forthcoming annual audit quality stakeholder survey, both of which will be reported in the *Quality of Public Audit in Scotland* report, to be reported to the Commission in mid-2021.
- In relation to paragraph 17 (reporting of Best Value auditing work in annual audit reports), noted advice from the Associate Director in response to a query from Sheila Gunn that:
 - she had liaised with an auditor on ensuring the correct structure of reporting in this regard
 - she was content that planning guidance for 2020/21 audits, as approved by the Commission, was clear on the requirements on auditors in this regard.
- In relation to paragraph 22 (staff views about time and resources to deliver high quality audit), noted advice from the Controller of Audit (in his capacity as Director of PABV) in response to a query from Tim McKay that he was assured that a review of audit resources in the light of the Covid-19 pandemic would ensure a limited adverse impact on the quality of performance audit work.
- Noted advice from the Associate Director, in response to a point from Geraldine Wooley about the need for more evidence in relation to where “significant improvement” is reported, that she would consider how to ensure more defined assessments, judgements and evidence in future audit quality reporting.

Action: Associate Director, AQA

- Further in this regard, noted advice from the Associate Director, in response to a query from Pauline Weetman, that she would consider how to make a clearer distinction between primary and secondary evidence in future audit quality reporting.

Action: Associate Director, AQA

- Noted advice from the Associate Director, in response to a query from Pauline Weetman, that she would provide in the February 2021 update paper more detailed reporting (including sampling and sector-specific information) on key findings 1 and 2, namely:
 - all annual audit plans (AAPs) now provide clear references to adding value and include required materiality disclosures.
 - all council and most health and social care integration joint board AAPs

provided good descriptions of how Best Value will be addressed as part of the annual audit.

Action: Associate Director, AQA

- Noted advice from Elma Murray that the Audit Scotland Board had met on 25 November and had discussed, as part of consideration of Audit Scotland's budget, appropriate resourcing of the AQA team.
- Noted advice from the Associate Director, in response to a query from Elma Murray, that the Auditor General had been provided with a copy of the report, and had expressed his satisfaction with its conclusions.
- Noted advice from the Associate Director, in response to a query from Elma Murray, that the timing of a proposed review of the audit quality framework to reflect the new Code of Audit Practice would fit with the timescale for the new Code, thus the review is currently scheduled for November 2021.

Following discussion, the Committee noted the report and its conclusions, particularly the conclusions of the Associate Director that:

- The report provides assurance to the Auditor General for Scotland and the Accounts Commission that auditors are preparing high quality audit plans.
- The arrangements for reviewing and reporting on audit quality under the Audit Quality Framework are driving improvement in audit quality with clear evidence that previous recommendations are being implemented.
- Work still needs to be done by auditors to communicate the Best Value work planned in their annual audit plans at other local government bodies.
- Public audit in Scotland is well placed to meet the challenges arising from current reviews of the auditing profession.

9. Any other business

The Committee noted advice from the Controller of Audit, in response to a query from Geraldine Wooley on the impact on the new audit appointments process of press reports on the performance of audit firms, that he would seek a view of the Associate Director, AQA, with a view to reporting further to the Committee.

Action: Controller of Audit

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

MEETING: 10 DECEMBER 2020

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 26 NOVEMBER 2020

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 26 November 2020, at 11.30am.

- PRESENT: Christine Lester (Chair)
Andrew Cowie
Sophie Fleming (not present for items 7 and 8)
Tim McKay
Elma Murray
Stephen Moore
- IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Michelle Borland, Business Manager, PABV (Item 4)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 9)
Morag Campsie, Senior Manager, Audit Services and PABV (Item 8)
Antony Clark, Audit Director, PABV (Items 4 and 7)
Graeme Greenhill, Senior Manager, PABV (Item 6)
Mark MacPherson, Senior Manager, PABV (Item 5)
Tricia Meldrum, Senior Manager, PABV (Items 5 and 7)
Bernadette Milligan, Audit Manager, PABV (Item 8)
Beverley Oakman, Audit Manager, PABV (Item 7)
Mark Roberts, Audit Director, PABV (Items 4 and 8)
Richard Robinson, Senior Manager, PABV (Item 6)
Rebecca Seidel, Senior Manager, PABV (Item 5)
Owen Smith, Senior Manager, AQA (Item 9)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 27 August 2020
4.	Work programme update
5.	Policy briefing: Justice, Education and Lifelong Learning (JELL) cluster
6.	Policy briefing: Public Finances, Investment and Economic Development (PIE) cluster
7.	Performance audit: Improving outcomes for young people through school education: scope – update following Covid 19
8.	Digital in local government update
9.	* Audit quality interim report 2020/21
10.	Any other business

* This item was considered in a joint session with the Financial Audit and Assurance Committee. Only the points raised by members of the Performance Audit Committee are contained in this minute.

1. Apologies for absence

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

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 27 August 2020

The minutes of the meeting of 27 August 2020 were noted, having previously been approved as a correct record by the Commission, subject to noting that Tim McKay was not present at the meeting.

Arising therefrom, the Committee:

- In relation to item 3, first bullet point (second sub-bullet point) (Strategic Scrutiny Group consideration of the development of good practice guidance in relation to policy for women and girls), noted advice from Elma Murray that this remained under consideration by the Group, upon which she would report further in due course.
- In relation to item 3, second bullet point (seventh sub-bullet point) (Public Health Scotland), noted advice from the Director of PABV that he would include a report of the progress of Public Health Scotland in the next cluster briefing from the Health, Care and Communities policy cluster.

Action: Director of PABV

4. Work programme update

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

During discussion, the Committee:

- In relation to paragraph 7 (council audits currently expected to be completed after the deadline of 30 November), noted advice from the Controller of Audit that he would report further on the progress of the three council audits expected to go beyond this target (namely Clackmannanshire, Glasgow and Highland councils).
- In relation to paragraph 11 (reporting of final tranche of Best Value Assurance Reports), noted advice from the Director that he would be reporting on this matter to the Commission at its December meeting.

Action: Director of PABV

- In relation to paragraph 19 ((Covid-19 guidance for auditors compiled by Audit Scotland's Professional Support team), noted advice from the Director, in response to a query from Andrew Cowie, on the relationship between the reporting of 'going concern' and financial sustainability.

Following discussion, the Committee noted the report.

5. Policy briefing: Justice, Education and Lifelong Learning (JELL) cluster

The Committee considered a report by the Director of PABV introducing a briefing for the Justice, Education and Lifelong Learning (JELL) policy cluster.

During discussion, the Committee:

- Noted advice from the Committee Chair that she would welcome, as part of the ongoing review of the Commission's committees, views from members on the approach to policy cluster briefing and reporting and its role in managing and shaping the Commission work programme.
- Noted advice from the Director, in response to a query from Andrew Cowie on progress with broadband rollout, that currently no further work was included in the proposed refreshed work programme, to be considered by the Commission next in January 2021.
- Noted advice from Mark MacPherson, in response to a point from Stephen Moore about the impact of court case backlogs, that the matter was being monitored closely.
- Further in this regard, noted advice from Mark MacPherson, in response to a query from Sophie Flemig about citizen experience of this matter, that he would report further at the next meeting.

Action: Director, PABV

- Noted advice from Tricia Meldrum, in response to a query from Stephen Moore on the progress of the provision of laptops and tablets to digitally excluded children and young people as part of the Covid-19 response, that this matter was being discussed with stakeholders as part of ongoing fieldwork for the performance audit on Education Outcomes, the draft report of which would be considered by the Commission in January 2021.
- Noted advice from Tricia Meldrum, in response to a query from Sophie Flemig on policy cluster consideration of matters around transition between early learning and childcare settings and primary education, that while there is currently no specific monitoring in this regard, the matter would be considered in the planned performance audit on the impact of the expansion in funded early learning and childcare.

Following discussion, the Committee noted the briefing.

6. Policy briefing: Public Finances, Investment and Economic Development (PIE) cluster

The Committee considered a report by the Director of PABV introducing a briefing for the Public Finances, Investment and Economic Development (PIE) policy cluster.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Sophie Flemig on how the work programme may reflect matters in relation to the United Nations climate change conference (COP26), that the matter would be part of a briefing on climate change to be considered by the Commission at its January meeting.
- Further in this regard, noted advice from Graeme Greenhill, in response to a point from Andrew Cowie on the climate change implications of the Scottish Government's Infrastructure Investment Plan, that he would plan a briefing - including proposals for further work in this regard - for a forthcoming meeting of the Commission.

Action: Director of PABV

- Noted advice from Richard Robinson, in response to a query from Stephen Moore on the accounting of extra Covid-19 related funding to public bodies, on how such funding will be accounted for, and that the matter would be part of a Scottish budget briefing to the Commission in early 2021.

Following discussion, the Committee noted the briefing.

7. Performance audit: Improving outcomes for young people through school education: scope – update following Covid 19

The Committee considered a report by the Director of PABV proposing the approach to the performance audit *Improving outcomes for young people through school education*, including an updated scope and accompanying documents.

During discussion, the Committee:

- Noted advice from the Committee Chair that, to reflect the tight timescales for reporting of this performance audit, Commission members had provided comments previously on the scope of the audit, which had been reflected in the updated scope.
- Noted advice from the Commission Chair that the arrangements for the reporting of the draft report to the Commission would be confirmed in early course.

Action: Secretary

- Noted advice from the Director, in response to a query from Stephen Moore about the applicability to health and social care audit work of the analysis methodology in this audit (particularly in relation to additional public money provided to mitigate Covid-19 impact on young people), that such an approach could be considered for future proposed performance audit work in health and social care integration.

Following discussion, the Committee:

- Endorsed the updated scope for the performance audit *Improving outcomes for young people through school education*, including the issues and investigations matrix and flyer for the audit which reflect previous feedback from Commission members.
- Endorsed the proposed approach and timetable for considering the emerging messages and draft report for the audit.

Actions: Director of PABV

8. Digital in local government update

The Committee considered a report by the Director of PABV seeking approval of the proposed format and style of the performance audit *Digital progress in local government*.

During discussion, the Committee:

- Noted comments from the audit sponsors, Andrew Cowie and Christine Lester, on the proposed approach to the reporting of the audit.
- Noted advice from Morag Campsie, in response to a query from Elma Murray about the accessibility and shape of the report, that the aim was to provide balance in size and profile of the various messages in the report.

- Noted advice from the Director, in response to a point made by Stephen Moore about sensitivity in messages about user focus in the context of Covid-19, that such matters will be reflected appropriately.

Following discussion, the Committee:

- Approved the proposed style and format of the audit report for its target audience and to reflect the core aim of the audit to facilitate improvement in local government.
- Noted that the performance audit report will be presented to the December meeting of the Commission, with a publication date of mid-January 2021.

Actions: Director of PABV

9. * Audit quality interim report 2020/21

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA) presenting the result of AQA's work from 1 April to 30 September 2020 to monitor the quality of audit across all audit providers.

During discussion, the Committee:

- Noted advice from the Associate Director that the extended audit deadlines in NHS and local government sectors coupled with revisions to performance audit reporting meant that the audit quality indicator relating to delivery against deadlines, usually reported in this interim paper, will now be reported in an update paper to the Commission's committees in February 2021 and also in the *Quality of Public Audit in Scotland* report, to be reported to the Commission in mid-2021.
- Further in this regard, noted advice from the Senior Manager, AQA, on the audited bodies who were not expected to meet the audited accounts deadline of 30 November.
- Noted advice from Elma Murray that the Audit Scotland Board had met on 25 November and had discussed, as part of consideration of Audit Scotland's budget, increased resourcing of the AQA team.
- Noted advice from the Associate Director, in response to a query from Elma Murray, that the Auditor General had been provided with a copy of the report, and had expressed his satisfaction with its conclusions.
- Noted advice from the Associate Director, in response to a query from Elma Murray, that the timing of a proposed review of the audit quality framework to reflect the new Code of Audit Practice would reflect the timescale for the new Code, so currently scheduled for November 2021.

Following discussion, the Committee noted the report and its conclusions, particularly the conclusions of the Associate Director that:

- The report provides assurance to the Auditor General for Scotland and the Accounts Commission that auditors are preparing high quality audit plans.
- The arrangements for reviewing and reporting on audit quality under the Audit Quality Framework are driving improvement in audit quality with clear evidence that previous recommendations are being implemented.

- Work still needs to be done by auditors to communicate the Best Value work planned in their annual audit plans at other local government bodies.
- Public audit in Scotland is well placed to meet the challenges arising from current reviews of the auditing profession.

10. Any other business

The Secretary advised that Sophie Flemig had not taken part in consideration of items 7 and 8 because of remote connection difficulties, and he would therefore seek her comments and convey these to the Director and audit teams as appropriate.

Action: Secretary

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

MEETING: 10 DECEMBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to “provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions”.¹
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.² These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.³
4. As well as being a member of Audit Scotland’s Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.
5. In [Public Audit in Scotland](#)⁴, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that “by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies.”
6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

Current Board business

7. This report provides the Commission with the latest available minutes from the meeting of the Audit Scotland Board, in this case the meeting of 30 September 2020. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 25 November 2020, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 27 January 2021 and considered by the Commission at its February meeting.

¹ Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

² Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

³ The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland’s proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor’s report before the Parliament; and (d) appoint three of the five members of Audit Scotland’s Board, including its Chair.

⁴ *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Commission has agreed however that the agenda for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 2. The Chair will provide a verbal update on any relevant business for members' interest and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
26 November 2020

Minutes

Wednesday 30 September 2020, 10.00am

Audit Scotland by Video conference

Present:

Alan Alexander (Chair)
Stephen Boyle
Heather Logan
Elma Murray
Jackie Mann

Apologies:

There were no apologies.

In attendance:

Diane McGiffen, Chief Operating Officer
Martin Walker, Associate Director, Corporate Performance and Risk
Stuart Dennis, Corporate Finance Manager
Gemma Diamond, Audit Director, Performance Audit and Best Value
Mark Taylor, Audit Director, Audit Services and Performance Audit and Best Value
Fiona Diggle, Audit Manager, Performance Audit and Best Value
Robert Leask, Project Manager, Audit Quality and Appointments
Gayle Fitzpatrick, Corporate Governance Manager
Ian Metcalfe, Corporate Governance Officer
Colin Crosby, Non-executive board member designate (Observing)

1. Private meeting of Board members

The Board met privately and there were no matters arising.

2. Welcome and apologies

The Chair welcomed members and attendees to the meeting. The Chair also welcomed Colin Crosby, new member of the Board from 1 October 2020, who had been invited to observe the meeting as part of his induction.

3. Declarations of interest

There were no declarations of interest.

4. Chair's report – verbal update

The Chair informed the Board of regular scheduled meetings with Diane McGiffen, Chief Operating Officer and Stephen Boyle Accountable Officer and Auditor General for Scotland and of discussions with Stephen Boyle and Martin Walker on Audit Scotland's Office of National Statistics classification and confirmed that no further action was required on that matter. In addition, the Chair advised he had met with Stephen Boyle, Elma Murray, Interim Chair, Accounts Commission and Tim McKay, Deputy Chair, Accounts Commission and Diane McGiffen following the last Board meeting to discuss resources and budget (action tracker item ASB122).

The Board welcomed the update.

5. Accountable Officer's report – verbal update

Stephen Boyle advised of regular scheduled meetings with Alan Alexander, Chair and Elma Murray and advised he had attended the New Audit Appointments Steering Group meeting on 23 September 2020.

Stephen advised of progress on the revised forward work programme ahead of consultation with the Public Audit and Post Legislative Scrutiny Committee at the end of October 2020. He invited members to note that he had signed off the independent auditor's report for the Scottish Parliamentary Corporate Body on 28 September 2020 and that the audit report on the Scottish Government accounts was scheduled for completion by December 2020.

Stephen advised members that he had published a blog on the impact Covid-19 on the NHS in advance of the NHS overview report that will be published in January 2021. He also advised of introductory meetings with senior officers at Healthcare Improvement Scotland and Education Scotland and of forthcoming meetings with senior officers from the Scottish Funding Council and the Institute of Chartered Accountants in Scotland.

Turning to internal engagement, Stephen advised of meetings with team members, superteams and business units across Audit Scotland and the communications to colleagues on continuing to work from home for the remainder of 2020.

Stephen also provided an update on recent Parliamentary engagements, including attending Parliamentary Committee meetings virtually and in person, on the impact of Covid-19 on public finances (27 August 2020), the National Fraud Initiative (3 September 2020) and at two private sessions on 10 and 17 September on the Scottish Government's progress of Early Learning and Childcare and Bòrd na Gàidhlig. Stephen advised that the Public Audit and Post Legislative Scrutiny Committee would be considering the Section 22 report on the Highlands and Islands Enterprise: Management of Cairngorm Mountain and Funicular Railway at its meeting on 1 October 2020.

Stephen invited the Board to note the forthcoming informal business planning session with the Scottish Commission for Public Audit on 26 October 2020 and advised that he was looking forward to welcoming new graduates to the organisation at the end of October 2020.

Following discussion, the Board welcomed the update.

6. Accounts Commission Chair's report – verbal update

Elma Murray advised that the Accounts Commission had considered Best Value reports on Moray Council and on Dundee City Council.

Members noted that the Accounts Commission continued to meet twice a month at present. Elma advised of a helpful session on Thursday 24 September 2020 with Diane McGiffen and Stuart Dennis where the Commission discussed the impact of Covid-19 on Audit Scotland's budget and that the Commission had expressed strong agreement on the need for appropriate levels of funding to support the quality of audit.

Elma advised that she and Fraser McKinlay, Controller of Audit, had attended a meeting with the Local Government and Communities Committee on 28 August 2020 to give evidence on the Local Government Overview report, and that there may be further opportunities to join the Committee more informally later in the year.

Elma advised that she and Fraser McKinlay would be meeting with Council Chief Executives on 1 October 2020 to gain insight on the management of public services during the pandemic. She also invited members to note that the Accounts Commission's Insight programme would include engagement with Chief Executives.

Elma advised she had chaired a meeting of the Strategic Scrutiny Group on 25 August 2020 where it was agreed the group would produce a briefing for publication at the start of November 2020.

Elma advised that the Best Value working group had met on 2 September 2020 had agreed new terms of reference and that its next meeting would take place on Friday 2 October.

Elma noted that the final report on Accounts Commission Support Review had been circulated to Commission members following the meeting of the Remuneration and Human Resources Committee on 2 September 2020 and had a further discussion about progressing some of the recommendations from the report.

The Board welcomed the update.

7. Review of minutes: Board meeting 19 August 2020

The Board considered the minutes of the meeting of 19 August 2020, which had been previously circulated.

The Chair invited any comments and, there being none, the Board approved the minutes as an accurate record of the meeting.

The Chair also advised that the current style of Board minutes would form part of the governance review early next year and members agreed to consider adapting the form of minutes in advance of the review.

8. Governance arrangements: Review of Standing Orders

Martin Walker introduced the Governance arrangements: Review of Standing Orders report, copies of which were previously circulated.

Martin invited members to note there were no proposed changes to the current meeting arrangements and advised of the options being explored to accommodate public meetings of the Board.

The Chair welcomed the options to support openness and transparency of future meetings and invited members to contact Martin Walker with their comments on the options set out to inform an update at the next meeting on 25 November 2020.

Following discussion, the Board agreed that the governance arrangements for virtual Board meetings remain in place.

9. Review of action tracker

The Board noted the updates provided on the action tracker.

The Chair invited members to note updates on the three open actions:

- Action ASB118 (on public meetings) had been discussed under the previous item.
- ASB120 (on Covid secure workplaces) was incorporated in the update report at item 10 and members agreed this action be closed.
- ASB122 (discussions on resources) where progress had been discussed at item 6 and members agreed this action be closed.

10. Covid-19 update

Martin Walker introduced the Covid-19 update report, copies of which had been previously circulated.

The Board welcomed the structure of the report, recognising the situation remains dynamic and Covid-19's impact on colleagues and the audit work and the possibility and impact of further 'circuit breaker' suppression measures in October 2020.

The Board noted that Covid-19 was a standing item for each meeting of Management Team, that the Incident Management Team continues to meet weekly and updates colleagues after each meeting. The Board recognised the important role of public audit in challenging times and agreed further discussions would take place on longer term business and continuity planning in the context of the ongoing pandemic and pending EU departure. The members agreed with the Chair's proposal for a

workshop in the first quarter of 2021 to discuss these areas to inform best practice, quality and the role of Public Audit in Scotland.

Following discussion, the Board welcomed the report.

Action ASB123: A Board workshop to be scheduled in the first quarter of 2021. (March 2021)

11. 2020/21 Q1 Corporate performance update

Gayle Fitzpatrick, Corporate Governance Manager and Ian Metcalfe, Corporate Governance Officer, joined the meeting.

Gayle Fitzpatrick introduced the 2020/21 Q1 Corporate performance update report, copies of which had been previously circulated.

Gayle invited the Board to review the performance reported for quarter one and to consider whether any additional management action is required.

The Board noted the report, acknowledging that the period under review was at the height of the pandemic and performance was impacted by the move to remote working, with many colleagues balancing work, caring and home-schooling demands during the national lockdown. The Board recognised that further updates on the impact of productivity will follow as part of Q2 performance reporting and Diane McGiffen provided a summary of the responses taken by the other audit agencies in the UK and Ireland.

Following discussion, the Board welcomed the report.

12. 2020/21 Q1 Strategic improvement programme update

Martin Walker introduced the 2020/21 Q1 Strategic improvement programme update report, copies of which had been previously circulated.

Martin invited the Board to note the progress made on the strategic work programme to date and advised of the current review of the improvement programme to support new ways of working in the short, medium and longer term.

The Chair noted the refocus of the overall agenda for the strategic improvement programme and the Board noted the need to be able to provide some flexibility in delivering the new longer-term work programme by March 2021.

Following discussion, the Board welcomed the report.

13. Remuneration and Human Resources Committee performance and future priorities

Jackie Mann introduced the Remuneration and Human Resources Committee (Remco) performance and future priorities report, copies of which had been previously circulated.

The Chair invited members to note Remco's consideration of the report at its meeting on 2 September 2020, the performance reported and invited comments on the proposed priorities for Remco in 2020/21.

The Board welcomed the report and acknowledged the work of Audit Scotland to support diversity, equality and inclusion, which would be discussed at the next Remco meeting on 2 November 2020, when there would be a further discussion on priorities. The Board welcomed the report.

Action ASB124: A further discussion at the next meeting of the Remuneration and Human Resources Committee on priorities and approach to diversity and inclusiveness. (November 2020)

14. Scottish Commission for Public Audit: Official report of meeting on 22 June 2020

The Chair invited members to note the Official report of the meeting on 22 June 2020 of Audit Scotland's Annual report and accounts, copies of which had been previously circulated.

The Board noted the report.

15. 2021/22 Draft budget submission

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis introduced the 2021/22 Draft budget submission report, copies of which had been previously circulated.

Stuart invited the Board to discuss the outline proposal for a budget submission for 2021/22, advising this had been prepared prior to the announcement on the delay of the budget by the UK Government, noting that this would impact on the Audit Scotland's budget process.

The Chair invited any comments or questions on the report.

The Board discussed the key budget assumptions including the options for a significant increased Management Contingency budget to provide greater flexibility, the impact of the devolution of financial powers to Scotland, the pay award proposal, the triannual employer pension contributions, expected fee income and the potential long term impact on productivity.

The Board also discussed scenarios which might flow from the new audit appointments project and the underlying audit market conditions, future investment needs and the property strategy to support a blended approach in the immediate term.

Following discussion, the Board welcomed early consideration of the outline budget assumptions, recognising the current financial rules were never intended to provide for the current levels of uncertainty and noted that a further iteration of the budget proposal is scheduled to come to the next meeting of the Board on 25 November 2020.

Stuart Dennis, Corporate Finance Manager, left the meeting.

16. European Union withdrawal update

Gemma Diamond, Audit Director, Performance Audit and Best Value, joined the meeting.

Gemma Diamond introduced the European Union withdrawal update report, copies of which had been previously circulated.

The Board noted the risks around borders, supply chains and the storage of data. The Board also recognised the potential capacity challenges for public bodies and welcomed the engagement with Audit Scotland colleagues who are EU nationals, recognising the unsettling situation for them.

Following discussion, the Board welcomed the update.

Gemma Diamond, Audit Director, Performance Audit and Best Value, left the meeting.

17. Financial devolution and constitutional change update

Mark Taylor, Audit Director, Audit Services and Performance Audit and Best Value, and Fiona Diggle, Audit Manager, Performance Audit and Best Value, joined the meeting.

Mark Taylor introduced the Financial devolution and constitutional change update report, copies of which had been previously circulated.

The Board noted that the report provided an update on the development of this work, and that

Audit Scotland was in the third year of reporting as financial powers continue to devolve and that the Scottish Government had published a consultation on a draft investment plan and capital spending framework.

Following discussion, the Board welcomed the report.

Mark Taylor, Audit Director, Audit Services and Performance Audit and Best Value, and Fiona Diggle, Audit Manager, Performance Audit and Best Value, left the meeting.

18. New audit appointments update

Robert Leask, Project Manager, Audit Quality and Appointments, joined the meeting.

The Chair introduced the New audit appointments update report, copies of which had been previously circulated.

The Board welcomed the progress reported, discussed the increased risk profile of the project and the mitigating activities underway. The Board noted the project timeline and agreed the need to ensure continued progress. The Board noted that the process of formally extending the current audit appointments was underway with approval being sought from the Auditor General for Scotland and the Accounts Commission.

Following discussion, the Board welcomed the update.

Robert Leask, Project Manager, Audit Quality and Appointments, left the meeting.

19. Annual review of Corporate governance policies

Gayle Fitzpatrick and Ian Metcalfe introduced the Annual review of Corporate governance policies report, copies of which had been previously circulated.

Gayle and Ian invited the Board to approve the current Standing Orders, Financial Regulations and Scheme of Delegation and to approve the revised Codes of Conduct which had been recommended to the Board by the Audit Committee.

The Chair invited comments or questions from members, and there being none the Board approved the Standing Orders, Financial Regulations Scheme of Delegation and the revised Codes of Conduct.

20. Annual policy review of records management policies

Gayle Fitzpatrick and Ian Metcalfe introduced the annual policy review of records management policies report, copies of which had been previously circulated.

Gayle and Ian invited the Board to approve Audit Scotland's Records Management Policy for a further year.

The Chair invited comments or questions from members, and there being none the Board approved Audit Scotland's Records Management Policy.

21. Annual policy review of freedom of information and environmental

Information requests

Gayle Fitzpatrick introduced the Annual policy review of freedom of information and environmental information requests report, copies of which had been previously circulated.

Gayle invited the Board to approve Audit Scotland's Freedom of Information and Environmental Information Policy for a further year.

The Chair invited comments or questions from members, and there being none the Board approved Audit Scotland's Freedom of Information and Environmental Information Policy for a further year.

22. Complaints handling procedure

Gayle Fitzpatrick and Ian Metcalfe introduced the Complaints handling procedure report, copies of which had been previously circulated.

Gayle invited the Board to consider and approve the revised complaints handling guide, flow chart, customer leaflet and employee guide.

The Chair invited any comments or questions on the proposed changes and there being none, the Board approved the revised Complaints handling procedure.

Gayle Fitzpatrick, Corporate Governance Manager, and Ian Metcalfe, Corporate Performance Officer, left the meeting.

23. Proposed meeting dates for 2021

Diane McGiffen introduced the Proposed meeting dates for 2021 report, copies of which had been previously circulated.

Diane invited the Board to consider and approve the proposed meeting dates for 2021.

The Board approved the meeting dates for 2021.

24. Any other business

The Chair expressed the Board's best wishes to Heather Logan as her term of appointment ends. The members acknowledged her contribution and the scrutiny, challenge and support she had brought to Audit Scotland over the past six years. The Chair expressed the hope that when restrictions allowed, there might be the opportunity to celebrate Heather's contribution in person.

There was no other business.

25. Publication of papers

The Board considered and agreed the publication of the reports with the exception of; item 15: Draft Budget report (intended for future publication), item 18, New audit appointments (commercial sensitivity) and items 19 -22 the annual review of policies (intended for future publication).

26. Review of meeting

The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful and detailed discussion. The Chair thanked everyone for their contributions.

27. Date of next meeting: 25 November 2020

The members noted the next meeting of the Audit Scotland Board is scheduled for 25 November 2020.

Agenda

Wednesday 25 November 2020 at 10.00am

By Teams

1. Private meeting of Board members
2. Welcome and apologies
3. Declarations of interests

Standing items

- | | |
|--|-----------------|
| 4. Chair's report – verbal update | For information |
| 5. Accountable Officer's report – verbal update | For information |
| 6. Accounts Commission Chair's report – verbal update | For information |
| 7. Review of minutes: | |
| - Board meeting 30 September 2020 | For approval |
| - Audit Committee meeting 2 September 2020 | For information |
| 8. Governance arrangements: Review of Standing Orders report | For information |
| 9. Review of action tracker | For information |

Strategic priorities

- | | |
|--|-----------------|
| 10. 2020/21 Spring budget revisions | For approval |
| Appendix A 2020/21 Spring budget revisions | |
| Appendix B 2020/21 Spring budget revisions | |
| 11. 2021/22 SCPA budget proposal | For approval |
| Appendix 2021/22 SCPA budget proposal | |
| 12. Strategic improvement programme | For information |
| 13. European Union withdrawal – verbal update | For information |
| 14. New audit appointments update | For information |
| Appendix New audit appointments update | |

Business planning and performance

- | | |
|---|-----------------|
| 15. Covid-19 update | For information |
| 16. 2020/21 Q2 Financial performance update | For information |
| Appendix 2020/21 Q2 Financial performance update | |
| 17. 2020/21 Q2 Corporate performance update | For information |
| Appendix 2020/21 Q2 Corporate performance update | |
| 18. Environment, Sustainability and Biodiversity annual report 2019/20 | For information |
| Appendix Environment, Sustainability and Biodiversity annual report 2019/20 | |

Governance

19. Corporate Governance review of Board arrangements report

For discussion

Conclusion

20. Any other business

21. Publication of papers

For approval

22. Review of meeting

23. Date of next meeting: 27 January 2021

MEETING: 10 DECEMBER 2020**REPORT BY: SECRETARY TO THE COMMISSION****UPDATE REPORT**

Introduction

1. The purpose of this report is to provide an update to the Commission on significant recent activity relating to local government, focussing particularly on the response to the Covid-19 pandemic.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly news coverage briefing provided to the Commission by Audit Scotland's Communication Team. The information featured is made available to the Accounts Commission through its member's extranet site.

Commission business***Publications, promotion and engagement***

3. Audit Scotland collects media coverage on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the key media stories regarding local government. Appendix 1 provides download statistics for the Commission's published reports over the last 12 months. Appendix 2 provides additional information on the overall engagement that reports and other business have received on social media.
4. This month there has been a substantial increase in reach and engagement, largely driven by the Best Value Assurance Report (BVAR) on the City of Edinburgh Council. Pre-publication we engaged with stakeholders and social media followers, and used paid for advertising on Facebook targeted at the Edinburgh area. In the first day of the campaign (at the time of writing), the Facebook ad reached 1,600 people and it will run over a full week. Outside of the Edinburgh BVAR content, the most popular Twitter post was the Commission Interim Chair's video blog (viewed 76 times) which accompanied the publication of the Strategic Scrutiny Group report on Covid-19 response. The Interim Chair's video blog looking back at the November meeting of the Commission also proved popular, with 385 views in a week.
5. On 26 November the Commission published the [City of Edinburgh Council BVAR](#). The report noted that over the last four years many council services have improved, its finances have been well-managed and ambitious strategies to improve the lives of local people and the economy have been agreed. However, since 2016 there has been mixed progress with community engagement and the council's approach to continuous improvement. The council must put in place a long-term financial strategy and a more effective workforce plan. Both are essential for the council to deliver its vision for the future and address the impact of Covid-19 on the council. Strong leadership and clear, collaborative working with local partners are vital to realise these ambitions. The Commission is to meet representatives of the Council on 2 December to discuss the report.

Other Commission business

6. The Local Government Auditor for the Northern Ireland Audit Office has undertaken a [consultation in its revised Code of Audit Practice](#), and Audit Scotland has responded to the consultation in conjunction with the Commission and the Auditor General, a copy of which has been placed on the members' Sharepoint.
7. On 4 November Geraldine Wooley participated in an Audit Scotland roundtable event on the impact that Covid-19 has had on community empowerment. This was attended by a broad range of Commission's scrutiny partners and other expert bodies.
8. On 5 November, representatives from the Accounts Commission and Audit Scotland met with stakeholders from Aberdeenshire Council to discuss the recent BVAR. The Commission was represented by Tim McKay, Sheila Gunn and Sharon O'Connor. Paul Reilly, Secretary and Anne MacDonald, Senior Audit Manager, Audit Scotland (for the appointed auditor) were also present. The Council was represented by councillors Jim Gifford (Leader), Peter Argyle (Deputy leader), Gwyneth Petrie (Leader of the opposition), Councillor Andy Killie (Leader in waiting), Ross Cassie (Chair, Audit Committee – Opposition), Alistair McKelvie (Vice-chair, Audit Committee – Administration), Councillor Anne Stirling (Chair, Policy Committee – Administration), Gillian Owen (Chair, Policy Committee – Administration), Anouk Kloppert (Opposition) and Eileen Durno (Opposition). Also present were eight members of the Senior Leadership Team present, including the Chief Executive Jim Savege, and eight other senior officers.
9. At its 19 November meeting, the Council agreed an action plan to take forward the recommendations. It was also agreed that the council would receive six monthly reports on progress. The Council has already undertaken work, partly arising from the BVAR but also from Covid. It has agreed a new Council plan and priorities and is preparing service plans to set out its aims more clearly. Progress in these areas will be reviewed as part of the 2020/21 audit.
10. The Commission has requested that Audit Scotland keep it updated on councils' use of furlough. The following update is derived from a Freedom of Information request to councils that had been reported in the Scotsman on 16 October. The report notes that most Scottish councils chose not to use the furlough scheme, and found that:
 - Four councils furloughed staff - Edinburgh, Fife, North Lanarkshire and West Dunbartonshire, saving £2.7 million between them. Fife Council furloughed 251 staff; North Lanarkshire furloughed 278 staff; West Dunbartonshire Council furloughed 184 staff; and Edinburgh furloughed 369 staff. In total, 1,082 staff were furloughed. Staff furloughed included caterers, parking attendants, tutors and cultural venue staff.
 - Glasgow and Aberdeen councils reported that their staff weren't eligible for the scheme.
 - Falkirk and Dundee councils didn't respond to the FOI request.
11. On 17 November Dundee City Council considered the [Commission's recent BVAR](#) published on 29 September. The Council approved the council's action plan in response to the Controller of Audit's recommendation and the Commission's findings.
12. The Interim Chair's report on today's agenda sets out a range of engagement activities with stakeholders around the audit planning guidance (approved by the Commission at its last meeting) and Code of Audit Practice (a report on which was also considered by the Commission at its last meeting).
13. The report on Best Value today's agenda provides an update on a range of

engagement activities in which the Commission will be involved in coming weeks in relation to Best Value auditing and the new Code of Audit Practice.

Audit Scotland

14. On 27 November Audit Scotland published its [Environment, Sustainability and Biodiversity annual report 2019/20](#). This sets out measures taken by the organisation to reduce carbon emissions.

Issues affecting local government

Scottish Government

15. The Scottish Government is undertaking much activity as the Covid-19 emergency continues. The following section outlines significant events since the last meeting of the Commission. For ease of reference, it is divided into the following sub-sections:
 - Local government general
 - Economy
 - Health and social care
 - Education
 - Transport
 - Communities
 - Business
 - Other matters

Local government general

16. On 3 November the Scottish Government published an [overview](#) of the process to determine the local government finance settlement for 2020-21. The figures used were set out in Finance Circular 2/2020, which was agreed by parliament prior to the Covid-19 pandemic and so do not take account of additional Covid-19 funding.
17. On 6 November the Scottish Government published [guidance](#) following November's refresh of the Housing Need & Demand Assessment (HNDA) [tool](#). Guides have been published for HNDA practitioners about how to estimate [housing need](#) and on how to [operate](#) the HNDA tool, alongside a [methodology note](#) about how concealed and overcrowded households are estimated.
18. On 18 November the Scottish Government published council tax reduction scheme [data](#) for the period between April 2013 and September 2020. The statistics show an increase of 33,880 in the number of people receiving council tax reductions between January and September.
19. On 19 November the Scottish Government published [guidance](#) for local authorities, or contracted caterers, for procuring software to be used for analysing the nutritional content of food and drink served in schools.
20. On 19 November the Scottish Government published the Local Authority Housing Resilience Group minutes for [6 October](#) and [20 October](#).
21. On 21 November the Scottish Government published [information](#) for local authorities on administering support from the strategic framework business fund. The grants form a new package of support to help businesses forced to close or limit their trade due to Covid-19 restrictions.
22. On 24 November the Scottish Government published a [report](#) from interviews with representatives of 16 local authorities, exploring how they have been supporting people

at higher risk during Covid-19. It has a specific focus on the support provided via the National Assistance Helpline and local authority direct helplines.

23. On 25 November the Scottish Government published the [outcome](#) of the third review of the allocation of Covid-19 protection levels to local authorities, alongside evidence and analysis informing these decisions.

Economy

24. On 2 November the Scottish Government published the monthly economic [brief](#) for October 2020. The latest data shows that the Scottish economy grew for the fourth consecutive month in August, and over the period recovered around 60% of the output lost during the unprecedented declines in March and April. Like the rest of the UK, the pace of growth slowed notably in August with output rising by 2.6% over the month, down from over 6% growth in July. At the end of August, 242,600 workers in Scotland were on furlough, supporting the employment rate to remain low at 4.5% in June to August. The short-term outlook for the final quarter of the year remains uncertain as cases rise in Scotland and elsewhere.
25. On 5 November the Scottish Government published a [summary](#) of earnings statistics from the annual survey of hours and earnings published by the ONS.
26. On 10 November the Scottish Government published [statistics](#) on labour market trends for November 2020. The statistics summarise employment, unemployment and economic inactivity sourced from the labour force survey for Scotland and the UK. Early estimates for October indicate that there were 2.3million payrolled employees in Scotland, a decrease of 74,000 (3.1%) compared to October last year. The latest labour force survey estimates that for July-September 2020, unemployment stayed the same over the quarter and increased over the year by 0.5% to 4.5%. That is below the UK rate of 4.8%. The proportion of people aged 16-64 in work increased by 0.4% over the quarter but decreased by 0.5% over the year to 74.0%, below the UK rate of 75.3%. The economic inactivity rate decreased over the quarter by 0.3% but remained the same over the year at 22.4%, above the UK rate of 20.9%.
27. On 23 November the Scottish National Investment Bank officially [opened](#) for business with a £12.5 million investment in Glasgow-based laser and quantum technology company M Squared. The bank's proposed missions are supporting the transition to net zero, extending equality of opportunity through placemaking, and harnessing innovation.
28. On 25 November the Scottish Government published the latest [GDP estimates](#) for September. They found that in September, Scotland's GDP is provisionally estimated to have increased by 1.6% compared to August, the fifth consecutive month of increasing GDP, but output remains 7.6% below the level in February prior to the direct impacts of the Covid-19 pandemic. In September there has been a growth in all the main sectors of the economy, but at a slower rate than over the summer months. GDP is provisionally estimated to have increased by 14.7% in quarter 3 as a whole (July-September).

Health and social care

29. On 2 November the Scottish Government announced [additional funding](#) for the Scottish Ambulance Service to help improve capacity and resilience over winter. Up to £10.5 million will be used to put 148 new staff in place across the country before the end of the year and provide extra vehicles to the service. A further £500,000 will be used to ensure priority stations including Aviemore, Golspie and Oban always have crews available.

30. On 3 November the Scottish Government announced [£15 million of funding](#) to support children and young people suffering from poor mental health from Covid-19. The funding will be distributed to local authorities to support a local response for five to 24-year-olds, their families and carers.
31. On 3 November Public Health Scotland [provided](#) monthly update figures for the number of cancelled planned operations. Figures show the number of planned operations across NHS Scotland has fallen by 38.4% from 27,704 in September 2019 to 17,056 in September 2020. In September 2020, 1,120 operations (6.6%) were cancelled the day before or the day the patient was due to be treated, this compares to 987 in August and 2,412 in September 2019. 540 operations were cancelled due to clinical reasons and 199 operations were cancelled due to capacity or non-clinical reasons.
32. On 3 November Public Health Scotland [provided](#) a monthly update on the number of bed days associated with delayed discharges and the number of discharges which followed a period of delay. In September of this year, 32,929 days were spent in hospital by people whose discharge was delayed. The average number of beds occupied per day due to delayed discharges was 1,098, which was an increase of 5% compared to August 2020.
33. On 4 November the Scottish Government [published](#) the Adult Social Care Winter Preparedness Plan 2020-21. The [plan](#) sets out the measures already in place that must be retained and those that need to be introduced across the adult social care sector over winter 2020-21. The government also [announced](#) that £112 million will be provided to support the plans, bringing this year's total extra allocation for social care to £262 million.
34. On 4 November the Scottish Government published its root cause analysis [findings](#) on the outbreaks of Covid-19 in care homes. This [review](#) focused on four care homes, currently identified with outbreaks involving a high number of positive cases of Covid-19, and includes a list of recommendations based on risk factors that were found to be common in at least two of the homes. Meanwhile, the Conservatives are calling for the Scottish Government to launch a public inquiry into the discharging of Covid-positive patients into care homes.
35. On 17 November the Scottish Government [announced](#) £1 million of funding to enable all care homes in Scotland to access iPads to help residents stay connected with friends and relatives, and support the clinical management of health conditions remotely. All care homes will be able to apply for up to two iPads to support their residents through joint funding by the Connecting Scotland programme and the Adult Social Care Winter Preparedness Plan.
36. On 12 November the Scottish Government [announced](#) that health and social care staff, older care home residents and those over 80 years old will be the first to receive a coronavirus vaccination, potentially from as early as December. Once these initial priority groups have been vaccinated, those over 65 will be offered the vaccination along with those under 65 who are at additional clinical risk, before moving on to the wider population over the age of 18.

Education

37. On 30 October the Scottish Government released new [Covid guidance for schools](#). This includes:
 - Face coverings should be worn by adults in all settings where a two-metre distance cannot be kept. It was noted some exemptions were made for primary one and two and careful consideration should be made for children with hearing impairment and additional support needs.
 - School staff should wear masks in communal areas.

- Parents and visitors to schools should wear face coverings at any school site, including when dropping off and picking up.
 - In local authorities in levels three and four, S4-6 pupils and their teachers should wear face coverings in class, with evidence indicating slightly higher transmission rates starting at the 16-17-year category.
38. On 2 November the Scottish Government published a research [report](#) on case studies of student hardships during Covid-19. Most students interviewed had experienced financial hardship during the pandemic.
 39. On 6 November the Scottish Government launched the [Young Persons Guarantee](#), which aims to help young people into work, further education or training. The [activity plan](#) for phase 1 has been published, alongside reports from Intercultural Youth Scotland and Young Scot, and the first organisations to back the guarantee have been confirmed, including SSE, NHS Lothian and Standard Life Aberdeen. The Scottish Government has reiterated the guarantee is backed by £60 million, which is part of the £100 million package to support employment and training.
 40. On 17 November the Scottish Government confirmed £722,000 will be provided this school year to allow the [EU school milk scheme](#) to continue after EU exit, should the UK Government not commit to providing the funds.
 41. On 24 November the Scottish Government published [information](#) on the number of additional teachers recruited by local authorities.

Transport

42. On 4 November Transport Scotland [announced](#) that a 'record number' of gritters will be available to patrol the trunk road network this winter. The winter service fleet will feature 230 gritters operating from over 40 depots around the trunk road network as well as incident response vehicles and includes an enhanced patrol provision around parts of the network. It will continue to make improvements to the wider winter service, including installation of sensors on the Queensferry Crossing and the installation of motorway access control units on the M80 to advise road users on restrictions and closures.
43. On 4 November Transport Scotland published a [report](#) on a virtual exhibition it held on how it engages with the public on major road projects.
44. On 10 November the Scottish Government announced the launch of the [Bus Partnership Fund](#) to help local authorities and operators reduce congestion and make services more reliable.
45. On 12 November Transport Scotland published a quarterly [report](#) on its performance responding to planning applications. The report covers the period between July and September.

Communities

46. On 2 November the Scottish Government [confirmed](#) licensed sports and social clubs required by law to close or operate with restrictions are eligible for hardship and closure grants.
47. On 12 November the Scottish Government published [equality evidence and engagement](#) for the ending homelessness together action plan 2020, focusing on evidence and reflecting the impact of Covid-19 to inform discussions of the homelessness prevention and strategy group.

48. On 17 November the Scottish Government announced that it will make a further £278,784 available to six [organisations](#) supporting people subject to no recourse to public funds. The grants will support projects in Edinburgh and Glasgow that help those affected by the policy which imposes restrictions on individuals due to their immigration status and restricts access to welfare, housing and financial support. The projects which will receive support focus on improving access to food, clothing, essential travel, digital access, outreach and advocacy support.

Business

49. On 13 November the Scottish Government [confirmed](#) the launch of phase 2 of the Flexible Workforce Development Fund which will expand to include SMEs and provide access to specialist training via private providers.

Covid-19 measures

50. On 11 November the First Minister provided an [update](#) on the [allocation](#) of protection levels which will apply to local authorities from Friday 13 November. The further information for each local authority on its protection level has been [updated](#) in line with the review. Information on Fife, Perth & Kinross and Angus moving into Level 3 has also been [published](#).
51. On 13 November the Scottish and UK governments [announced](#) additional countries to be placed on the list of destinations that require a 14-day period of self-isolation upon arrival to Scotland. The travel ban in place for Denmark has been [extended](#) a further 14 days following outbreaks of Covid-19 in mink farms. The Scottish Government has also [updated](#) its international travel and quarantine guidance to reflect these changes.
52. On 17 November the First Minister [gave](#) an update to the Scottish Parliament on the various Covid-19 restrictions across Scotland. From Friday 20 November, much of the west of Scotland will be placed in level 4 four and these restrictions are expected to last until Friday 11 December. East Lothian and Midlothian will remain in level 3 until Tuesday 24 November before moving to level 2. Restrictions around outdoor socialising for those in level 1 are to be extended to allow eight people from three households to meet outdoors.
53. On 24 November the First Minister [announced](#) that East Lothian would move down a protection level to level two.
54. On 25 November the Scottish Government released a [joint statement](#) on the Covid-19 rules during the festive period. The statement says even within the rules, meeting with friends and family over Christmas will be a personal judgment for individuals to take. It has been agreed that travel restrictions across the four administrations will be lifted between Wednesday 23 and Sunday 27 December. Up to three households can form an exclusive “bubble” to meet at home during this time. These bubbles can meet at home, outdoors and in places of worship but existing restrictive rules on hospitality will remain in place. Initial [guidance](#) on forming a bubble has been published.
55. On 26 November the Scottish Government [set out](#) a new approach to testing for health and social care and plans for wider community testing. From next week all emergency admissions will be tested for Covid-19 and twice weekly lateral flow testing will be introduced for all patient-facing healthcare staff working in hospitals, Covid-19 assessment centres and the Scottish Ambulance Service. From mid-December testing will be introduced for all elective admissions to hospital. In social care the roll out will take longer, but testing will be expanded to include designated visitors, visiting professional staff, and care at home workers. Visitor lateral flow testing will be initially introduced in 12 care homes across four local authorities from Monday 7 December, to be continued throughout January. To facilitate Christmas visiting PCR tests are to be provided where lateral flow tests are not yet available. In addition to the testing plan for students throughout December, targeted geographic testing is to be trialled in some

communities currently under Level 4 restrictions starting in Johnstone, Renfrewshire. It is hoped this will inform plans for wider targeted community testing in early 2021. Several school pilots are also to begin in January with the aim of establishing a sustainable asymptomatic testing programme among school staff.

56. On 26 November the Scottish Government [updated](#) its guidance on forming “bubbles” over the festive period to provide further detail on the arrangements.

Other matters

57. On 4 November the Scottish Government [highlighted](#) applications for the Scottish Child Payment will open early, on Monday 9 November. The new benefit will give eligible families on low incomes with children an extra £10 per week for each child. The introduction of payments for families with children under six will start from early 2021. It is planned to be fully rolled out to children under the age of 16 by the end of 2022 subject to data being received from the DWP.
58. On 6 November the Scottish Government published [guidance](#) for public sector organisations on how to access and use the non-domestic energy efficiency framework agreement.
59. At its previous meeting, the Commission noted that I would report back on the Scottish Government [consultation](#) on delivering a refreshed digital strategy for Scotland. The consultation is in partnership with COSLA and is seeking views from stakeholders, the public and businesses about the final content of the updated digital strategy. The forthcoming Commission performance audit report on digital and local government – elsewhere on today’s agenda - covers the digital strategy refresh. The consultation and strategy refresh is also in part response to the recommendations of the Auditor General’s [Enabling Digital Government](#) June 2019 performance audit report. It is therefore not intended that the Commission or the Auditor General respond to the consultation.
60. On 12 November the Cabinet Secretary for Finance [confirmed](#) the Scottish Budget will be set out on Thursday 28 January. In a [letter](#) to the Finance & Constitution Committee she said a range of factors had been “collectively assessed” and she was content the Scottish Budget 2021-22 should be in the new year to be able to take account of the emerging public health, fiscal and economic information relating to Covid-19 and EU Exit. She notes the UK spending review later this month will provide provisional and partial information in terms of Scotland’s funding position and tax context, and commits to working closely with HM Treasury to test and inform the various assumptions that will need to be made ahead of the UK Budget. The Commission will consider a briefing on the Budget at a forthcoming meeting.
61. On 17 November the Scottish Government published a [full list](#) of capital projects supported under the Low Carbon Infrastructure Transition Programme.
62. On 26 November the Scottish Government published quarterly [statistics](#) on appeals against the revaluation of non-domestic properties in Scotland. The statistics cover the second quarter of 2020-21.

Scottish Parliament

63. On 6 November The Children (Equal Protection from Assault) (Scotland) Act 2019 came into force. This Act was brought forward by John Finnie MSP.
64. On 11 November the Scottish Parliament Information Centre (SPICe) published a [briefing](#) for Andy Wightman MSP’s European Charter of Local Self-Government (Incorporation) (Scotland) Bill. The bill aims to incorporate the European Charter of

Local Self-Government into Scots law. The charter commits to a set of basic rules which seek to uphold the political, administrative and financial independence of local authorities through legislation. The briefing notes that the bill has the support of 26 MSPs from all opposition parties.

65. On 17 November the [Scottish General Election \(Coronavirus\) Bill](#) was introduced to the Scottish Parliament. The bill allows arrangements to be put in place relating to protection against Covid-19 in the lead up to the Holyrood election in May. The bill changes the deadline for postal vote applications to provide more time to process the expected high level of requests, makes dissolution last one day to allow parliament to decide if the election needs to be postponed, gives ministers the power to hold an all-postal election over multiple days, and allows flexible timing for the first meeting of the new parliament and the election of a new presiding officer. The bill would also give the presiding officer a reserve power to postpone the election by up to six months. The [policy memorandum](#), [financial memorandum](#), [delegated powers memorandum](#), [statements of legislative competence](#) and [explanatory notes](#) have been published.
66. On 18 November SPICe published a [briefing](#) about the Scottish General Election (Coronavirus) Bill.
67. On 25 November SPICe published a [report](#) on online shopping, which estimates parcel delivery surcharges will cost £43.1 million in 2020, up from £36.3 million in 2017.
68. On 25 November SPICe published its latest [briefing](#) about Brexit negotiations.

Parliamentary Committee News

Public Audit and Post Legislative Scrutiny Committee

69. On 29 October the committee took evidence Stephen Boyle, Auditor General for Scotland, and Antony Clark, Audit Director, Audit Scotland on the [Auditor General for Scotland's Draft Work Programme](#).
70. On 2 November the Committee [wrote](#) to Stephen Boyle, the Auditor General for Scotland, regarding the 2018-19 audit of the Scottish Police Authority.
71. On 5 November the Committee continued its post-legislative committee of the [Lobbying \(Scotland\) Act 2016](#) by taking evidence from a range of stakeholders.
72. On 11 November the Committee [wrote](#) to participants in a roundtable session in March calling for written evidence on the impact of the pandemic on NHS leadership, the workforce, lessons that can be learned and future steps.
73. On 16 November the Convener of the Committee [wrote](#) to the conveners of all other parliamentary committees to request their views on the Auditor General's work programme.
74. On 19 November the Committee held a [roundtable event on data collection and planning for outcomes](#). Several stakeholders took part in this event, including Stephen Boyle, Auditor General for Scotland.

Local Government and Communities Committee

75. On 4 November the Committee took evidence from Ministers in the UK and Scottish Governments on the [City Region Deal programme](#).
76. On 11 November the Committee took evidence on [building regulations and fire safety in relation to zero-valued homes](#).

77. On 18 November the Committee [wrote](#) to the Scottish Government to stress tackling the financial challenges exacerbated by Covid-19 facing local government should be a priority in the next parliamentary session. In the letter, the committee seeks clarity on the accuracy of COSLA figures that councils faced an estimated £500m budget shortfall, with housing debt at £3.8bn. The Accounts Commission was mentioned in this letter.
78. On 18 November the Committee took evidence on the [European Charter of Local Self-Government \(Scotland\) Bill](#) from a range of stakeholders.
79. On 25 November the Committee took evidence on the [Scottish Housing Regulator Annual Report and Accounts 2019/20](#).

Finance and Constitution Committee

80. On 4 November the Committee continued its pre-budget scrutiny by [taking evidence from a range of stakeholders](#), including from Mark Taylor, Audit Director, Audit Scotland.
81. On 5 November the committee published a [summary of written evidence](#) it received to its call for evidence on the impact of Covid-19 on the Scottish Government's Budget 2021-22.
82. On 11 November the Scottish Government [wrote](#) to the committee regarding the delivery of common frameworks and the parliamentary scrutiny process in relation to EU withdrawal. He confirmed a revised delivery plan has been agreed and six frameworks that pertain to Scotland are expected to be implemented by the end of the year. The frameworks cover nutritional health, hazardous substances, food safety, emissions trading, radioactive substances and insolvency proceedings. For the remaining 25 policy areas, provisional frameworks are being developed. Michael Russell added the government was not sure about the exact number of frameworks that would be required until there was greater certainty on the UK's future relationship with the EU, the implementation of the Northern Ireland Protocol and the impact of the Internal Market Bill. Regarding the parliamentary scrutiny process, the Cabinet Secretary has announced a provisional framework would be sent to officials of the respective committees to prepare for scrutiny. Scottish Government officials and committee clerks will discuss the timetable for formal scrutiny in 2021.
83. On 11 and 18 November the Committee continued its [pre-budget scrutiny](#) by taking evidence from a range of stakeholders.
84. On 25 November the Committee took evidence from the Scottish Government on the [UK Withdrawal from the European Union \(Continuity\) \(Scotland\) Bill](#).

Covid-19 Committee

85. On 4 November the Committee took evidence from the First Minister and Chief Medical Officer, Dr Gregor Smith, on [the strategic framework for responding to Covid-19](#), and considered the secondary legislation that underpins the framework.
86. On 18 November the Committee took evidence on [the social and economic impact of restrictions over winter](#) from a range of stakeholders.

Other committees

87. On 3 November the Equalities & Human Rights Committee [called](#) for the Scottish Government to set out how it intends to address the disproportionately negative impact of the pandemic on protected groups in its post-Covid economic recovery plan.

88. On 11 November the Health & Sport Committee published the 2021-22 [pre-budget report](#) for health & social care spending which, as a result of the additional Covid-related spending in 2020-21, now accounts for more than 50% of the Scottish resource budget. The report looked into the wider [impact](#) of Covid-19 on individuals' health and their use of the health service, with the pandemic causing a significant reduction in those seeking use of services.
89. On 12 November the Health & Sport Committee published a summary [report](#) of the results from its survey of those who receive, or provide, care and support at home, as part of the social care inquiry. The survey ran from Monday 10 August to Monday 7 September and the committee received 723 responses. [A recurring theme](#) from the report focuses on the reduction of care as a result of the pandemic, with 54% of recipients of home care seeing their care either reduced or stopped completely. The report also notes the need for further recognition and support for unpaid carers.
90. On 13 November the Health & Sport Committee [announced](#) it will launch two online surveys to capture information about the impact of Covid-19 restrictions on community sports clubs and sporting venues. The surveys will focus on any reductions or cessation of community-based activities undertaken by sporting organisations and cover the mental and physical health impacts on individuals. Once the survey responses have been collated, the committee will take evidence in early 2021.
91. On 19 November the Covid-19 Advisory Sub-Group on Education & Children's Issues released a [summary report](#) of the evidence on children, schools, early learning and childcare settings and the transmission of Covid-19. The report found no direct evidence transmission within schools played a significant role in driving increased rates of infection among children. It also claimed closing schools would present a serious risk of harm to the wellbeing of children and young people, particularly those that are vulnerable.

Local government news

92. On 4 November the Scottish Housing Regulator (SHR) published a [report](#) that called on Glasgow City Council to increase efforts to ensure that suitable temporary accommodation is in place for homeless people. The report found that before the coronavirus pandemic, the council did not have enough temporary accommodation to meet demand and failed to meet its statutory duty to offer it in nearly a third of cases.
93. On 6 November it was reported in local press that [Edinburgh City Council has spent £14,371,427 on external consultants in 2019/20](#). During the 2018/19 financial year, the council spent £10,414,499 on external consultants across its capital and revenue budgets.
94. On 19 November the Ayrshire Growth Deal was [signed](#) by the Scottish Government, the UK Government and the three councils for the region. The signing of the £251 million deal will look to develop key strategic sites in Ayrshire and will help leverage private sector investment of more than £300 million, with the potential to create up to 7,000 new jobs. Projects which will receive support from the deal include the construction at HALO Kilmarnock to transform the former Johnnie Walker site into a commercial, educational and training hub, the National Energy Research Demonstrator Project in Cumnock, the regeneration of the Great Harbour at Irvine, and the development of Prestwick into a UK centre of excellence in space and aerospace.
95. On 19 November [Councillor Andy Kille was selected as the new leader of Aberdeenshire Council](#). Councillor Kille replaces Councillor Jim Gifford.

COSLA

96. On 30 October COSLA published a briefing on [trauma informed recovery](#) for elected members.

Improvement Service

97. On 2 November the Improvement Service published their '[Child Poverty and Covid-19](#)' [report](#). This paper sets out the impact of Covid-19 on child poverty, highlighting the impacts across different policy areas. The report encourages elected members to ensure that addressing child poverty remains a priority in their local area and that any recovery and renewal plans address the issue of child poverty.
98. On 6 November the Improvement Service published their '[Community Wealth Building](#)' [briefing note](#). Community wealth building is part of a place-based approach which is gaining traction across the UK with several local authorities.
99. On 6 November the Improvement Service published their '[Taking a trauma-informed lens to Scotland's Covid-19 recovery, renewal and transformation](#)' [briefing note](#). The briefing aims to raise awareness of the impact of psychological trauma on individuals and communities. It highlights how adopting a trauma-informed approach to Scotland's Covid-19 recovery, renewal and transformation agenda can support key priorities in building back better, including improved outcomes for vulnerable people and communities affected by trauma and supporting workforce wellbeing and resilience.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Ombudsman (SPSO)

100. The [SPSO's Newsletter – November](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed investigations and decision reports, is available on the [Our findings](#) webpage. The Commission's Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis at its next meeting.
101. On 30 October the SPSO published their [Annual Report and Accounts for 2019-20](#).

Scottish Housing Regulator

102. On 10 November the Scottish Housing Regulator (SHR) launched a [consultation on the Draft Indicators for Monitoring the Energy Efficiency Standards for Social Housing 2 \(ESSH2\)](#). The SHR has been monitoring and reporting on landlords' progress with the first ESSH milestone since its introduction in 2014. Landlords are expected to reach that first milestone by 31 December 2020. The second ESSH milestone for social rented houses to meet by December 2032 was confirmed by Scottish Government in June 2019. It is proposed not to respond to this consultation.
103. On 20 November the SHR published [guidance](#) to support registered social landlord governing board members during the Coronavirus pandemic.

Other public policy news

104. On 3 November Public Sector Audit Appointments (PSAA) [responded](#) to the Financial Reporting Council (FRC)'s [report](#) on its inspection of major local audits (MLA) in 2018-19. PSAA agrees with the FRC's statement that high quality audit is essential to maintain stakeholder confidence by providing an independent view of an MLA body's financial statements and arrangements in place to secure value for money.

105. The PSAA are consulting on proposals for a new approach to Fee variations in its [November 2020 consultation](#). The Commission will consider how it intends to respond this consultation. I will report further on the progress of this consultation.

Other UK audit bodies

106. On 6 November the National Audit Office (NAO) published a [report](#) regarding the UK border and preparedness for the end of the transition period. The report finds that despite funding being committed by the UK Government, there remains significant uncertainty about whether preparations will be completed in time. Regarding the preparations, the report suggests limited time remains for the UK Government to test new IT systems at UK ports and to resolve several operational issues for goods crossing the English Channel. The report also suggests it is unlikely that all traders, industry and third partners would be prepared for the end of the transition period.
107. On 6 November the NAO reported on the 2019-20 [accounts](#) of HM Revenue & Customs. The report focuses on HMRC's performance against its objective of collecting revenues; the causes and rate of error and fraud in Personal Tax Credits; and the future challenges presented by the replacement of tax credits by Universal Credit and the impact of Covid-19.
108. On 6 November the NAO reported on the 2019-20 [accounts](#) of the Ministry of Housing, Communities & Local Government. The audit opinion has been qualified because the ministry incurred financial overrun due to its response to the Covid-19 pandemic.
109. On 11 November the NAO published a [report](#) on achieving the government's long-term environmental goals, concluding it is not yet clear the government has in place what it needs to meet its long-term environmental goals, and it will need to shift momentum to achieve its ambition of improving the natural environment in England within a generation. It states government has not yet set a course for developing a comprehensive set of objectives and delivery plans to achieve its environmental goals. It also warns skills and resource gaps could set back government's progress towards its environmental goals, especially as a result of the coronavirus pandemic.
110. On 13 November the Auditor General for Wales published a [report](#) on support available for supply teachers during the coronavirus pandemic. The report finds that while the Welsh Government has provided better access to training resources for supply teachers; the overall impact of these actions is unclear at a time when the education system is under extra pressure.
111. On 18 November the NAO published its [report](#) about UK Government procurement during the Covid-19 pandemic. The report covers the period from 18 March until 31 July and found that the government awarded around £18 billion of contracts using emergency procurement regulations to buy goods, services and works to support its response to the pandemic.
112. On 20 November the Jersey Audit Office [published](#) its updated Code of Audit Practice document, following its first ever public consultation exercise.
113. On 25 November the NIAO comptroller & Auditor General Kieran Donnelly and local government auditor Pamela McCreedy published their joint [report](#) on managing attendance in central and local government. The report shows that in the Northern Ireland Civil Service, almost 13 days per employee were lost due to sickness in 2019-20, an increase of over 10% in the last five years. Sickness absence levels in councils were even higher, an average of almost 14 days per employee in 2018-19.
114. On 26 November the NAO published its [report](#) on the supply of PPE during the Covid-19 pandemic. The report examines responsibilities for PPE supply in England; the

emergency response to PPE shortages; the experience of health and social care providers and their workforce; and the Department of Health & Social Care's new PPE strategy. It recognises the efforts of the Department of Health & Social Care and its partners for quickly establishing a new international supply chain and distribution network, but it also finds that large volumes of PPE took too long to arrive from new suppliers which created significant risks for front-line workers experiencing shortages as a result.

UK Government

115. On 2 November the Prime Minister announced that England will enter a month-long lockdown. People are to remain at home from this time, with exemptions for education, work for those who cannot do so from home, exercise, medical reasons, essential shopping, and the provision of care. Schools, colleges and universities are to remain open, but non-essential shops, leisure and entertainment venues will close. Pubs and restaurants are only to provide delivery services. The furlough scheme has been [extended](#) to December in light of the new restrictions.
116. On 3 November the Treasury said it [will increase](#) the support being given to the self-employed over the coming months following the announcement that England will enter a national lockdown from Thursday until Wednesday 2 December. Self-employed individuals will now receive 80% of their average trading profits for November. Applications for claims will open on Monday 30 November. The Treasury has also announced application deadlines for the Future Fund, Coronavirus Large Business Interruption Loan Scheme, Coronavirus Interruption Loan Scheme and Bounce Back Loan have been extended to Sunday 31 January.
117. On 6 November the Chancellor of the Exchequer announced that the [furlough scheme](#) will be extended until the end of March, with employees receiving 80% of their salary for hours not worked. It had previously been extended until Wednesday 2 December. The next self-employed income support grant will also increase from 55% to 80% of average profits, up to £7,500. The devolved administrations will receive an additional £2 billion in support, with half of that intended for the Scottish Government.
118. On 11 November the Department for Education [published](#) updated statistics on attendance levels in education and early years settings during the Covid-19 pandemic. Pupil attendance in state-funded schools remained at 89% on Thursday 5 November, which was no change from Thursday 15 October, with 4% of pupils not attending for Covid-related reasons.
119. On 24 November the Prime Minister outlined the UK Government's [Covid-19 Winter Plan](#). The Prime Minister confirmed that the national lockdown in England would end on Wednesday 2 December and people would be allowed to meet outdoors, weddings could recommence, while shops, gyms and leisure centres could reopen. Local authorities would then move into tougher [local Covid-19 tiers](#), with the majority of councils being placed in the highest and most stringent Covid-19 restrictions to avoid a New Year surge of the virus.
120. On 25 November the Treasury published the [2020 Spending Review](#) and related documents. As part of plans to deliver stronger public services, core day-to-day departmental spending will increase by £14.8 billion in cash terms next year compared to 2020-21. In addition, £3 billion to support NHS recovery and £18 billion for the procurement and rollout of PPE and vaccines was confirmed. The chancellor also announced £100 billion of capital spending next year and a £4 billion Levelling Up Fund for infrastructure investment and job creation.
121. Scotland will receive £2.4 billion of new funding in 2021-22 through the Barnett formula, double the £1.2 billion provided for 2020-21 at the 2019 spending round and in addition

to the £8.2 billion guaranteed to the Scottish Government earlier in this year to deal with the impacts of the coronavirus. Investment in the Tay Cities, Borderlands, Moray and Scottish Islands city and growth deals will be brought forward with £11 million of funding over ten, rather than 15 years. Projects announced as part of the deals include the Gigabit and Shared Rural Network programmes, as well as further investment in offshore wind capacity, port infrastructure, Carbon Capture & Storage and low carbon hydrogen. The Kickstart scheme will receive £1.6 billion in 2021-22 and will see the creation of up to 250,000 government-subsidised jobs for young people. Further details on the UK Shared Prosperity Fund will be published in the new year. It was announced the National Living Wage will [increase](#) by 2.2% next year to £8.91 per hour. NHS staff will receive a pay rise next year, but other public service workers will not.

Local government in England

122. The UK Government has to date provided more than £3.2 billion funding to councils to help them tackle the pressures of Covid. Indications are that councils are facing an estimated budget shortfall in excess of £6 billion for 2020-2021. A UK-wide [BBC investigation](#) in June reported that 150 authorities have forecast a combined budget shortfall of at least £3.2bn with several UK councils facing bankruptcy. Of 173 local authorities who responded to the BBC's consultation, 148 predicted a budget shortfall.
123. There has been other coverage on financial pressures on councils resulting from Covid-19. This has highlighted that many councils in England that deliver social care services were potentially at risk of bankruptcy. On 12 November Public Finance [reported](#) on a County Councils Network survey, a network representing the largest grouping of councils in England. This finds that around 80% of county and unitary authorities are expected to make cuts next year in order to set a balanced budget. The report predicts a total £1.7bn funding shortfall next year across their 36 councils, which is likely to be exacerbated by the second lockdown. It added that, without financial assistance, budgetary pressures will continue into 2022-2023, with 60% of respondents saying they will have to make additional [service cuts](#) to set their budgets for that year.
124. Research by the Centre for Progressive Policy has also indicated that councils in the north of England faced higher-pandemic related costs. On 24 November there was [press coverage on the financial pressures facing Croydon Council](#). At the start of November, Croydon Council issued a section 114 notice¹ and requested a £134 million loan from the UK Government to help it retain some services.

Other UK news

125. On 9 November the Treasury Committee issued a further [call for evidence](#) as part of its [inquiry into the economic impact of coronavirus](#). The committee has said it will evaluate whether the UK Government's measures to protect viable jobs were working, as well as the effectiveness of the support for businesses and individuals. The committee will also look at the impact of a second national lockdown on the economy, the robustness of a one-year spending review and what lessons can be learned by the different approaches of the UK nations.
126. On 9 November it was [reported](#) that capital receipts for councils in England dropped by more than 30% last year to £2.8 billion, the lowest level in the last five years. Capital expenditure by local authorities also dropped to £26.3 billion in 2019-20, down £251

¹ The Local Government Finance Act 1988, Section 114 (3) states that: "The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure". It means that no new expenditure is permitted, with the exception of that funding statutory services, including safeguarding vulnerable people, though existing commitments and contracts would continue to be honoured.

million in real terms from 2018-19 – this is the lowest level since 2016-2017, when £24.8 billion was spent. [Borrowing](#) continued to be the largest source of financing expenditure in 2019-2020 at £11.5 billion, an increase of 13% on the previous year. Local authority borrowing has doubled since 2015-2016, when £5.2 billion was financed through loans.

127. On 10 November Pfizer and BioNTech [confirmed](#) their potential Covid-19 vaccine can prevent more than 90% of people from getting the virus. The potential vaccine has been tested on 43,500 people in six countries and no safety concerns have been raised. Pfizer believes it will be able to supply 50 million doses by the end of this year, and around 1.3 billion by the end of 2021. The UK Government has published its [response](#) to the efficacy results confirming it has procured 40 million doses of the vaccine.

Conclusion

128. The Commission is invited to consider and note this report, and to agree:
- a) To note that Audit Scotland has responded to the Northern Ireland Audit Office consultation in its revised Code of Audit Practice, in conjunction with the Commission and the Auditor General, a copy of which has been placed on the members' Sharepoint (paragraph 6).
 - b) To note that the Commission will not respond to the Scottish Government consultation on its Digital Strategy for Scotland (paragraph 59)
 - c) That the Commission does not respond to the Scottish Housing Regulator consultation on the Draft Indicators for Monitoring the Energy Efficiency Standards for Social Housing. (paragraph 102)
 - d) To note that I will report further on the progress of the Public Sector Audit Appointments Limited (PSAA) consultation on fee variations (paragraph 105).

Paul Reilly
Secretary to the Commission
2 December 2020

APPENDIX 1: Accounts Commission reports in past 12 months – downloads

Report	Date	Report downloads	Podcast downloads
Covid-19 Strategic Scrutiny Group	5 Nov	419 (n/a)	n/a
Best Value Assurance Report: Aberdeenshire Council	22 Oct 20	358 (+50)	n/a
Best Value Assurance Report: Dundee City Council	29 Sept 20	257 (*)	n/a
Best Value Assurance Report: Moray Council	27 Aug 20	1,070 (+116)	n/a
Accounts Commission annual report 2019/20	2 July 20	332 (*)	n/a
Best Value Assurance Report: North Ayrshire Council	30 June 20	773 (+87)	n/a
Local government in Scotland Overview 2020	23 June 20	1,056 (+153)	n/a
Equal pay in councils - Impact report	9 June 20	497 (*)	n/a
Best Value Assurance Report: Argyll and Bute Council	21 May 20	772 (+63)	n/a
Affordable Housing	9 April 20	1,726 (+244)	n/a
The 2018/19 audit of Renfrewshire Council: Report on accounts closure	24 Mar 20	253 (*)	n/a
Early learning and childcare: follow-up	3 Mar 20	2,002 (+193)	149 (*)
2018/19 audit of Fife IJB	27 Feb 20	432 (*)	n/a
2018/19 audit of Glasgow City Council: Update on equal pay settlement	6 Feb 20	387 (*)	n/a
Privately financed infrastructure investment	28 Jan 20	1,627 (*)	216 (*)
Highland Council: Best Value Assurance Report	23 Jan 20	1,646 (+121)	365 (*)
Scotland's City Region and Growth Deals	16 Jan 20	2,443 (+108)	178 (*)
Scotland's City Region and Growth Deals - Supplement	16 Jan 20	288 (*)	n/a
Self-directed support: 2017 progress report - impact	17 Dec 19	637 (*)	n/a
Local government in Scotland: Financial overview 2018/19	17 Dec 19	3,741 (+316)	308 (*)

Key:

- (x) Increase in numbers since last month
- * This figure is below 30
- n/a Not applicable.

Appendix 2 – Accounts Commission social media engagement data

	Followers*	Posting views	Video views	Links accessed	Retweets	Likes	Replies
Jan	491 (+18)	22,500	272	69	63	51	1
Feb	503 (+12)	12,500	11	56	52	25	1
Mar	520 (+17)	13,100	11	29	129	23	1
Apr	526 (+6)	3,400	1	7	4	2	1
May	539 (+13)	7,700	177	135	14	43	0
Jun	561 (+22)	5,000	1,900	53	24	45	2
Jul	583 (+22)	12,600	408	19	30	86	4
Aug	590 (+7)	7,100	129	27	18	18	0
Sep	605 (+15)	9,700	607	82	35	46	2
Oct	617 (+12)	10,700	526	34	26	34	0
Nov	639	23,400	730	106	49	53	3

*increase on previous month shown in brackets

MEETING: 10 DECEMBER 2020

REPORT BY: INTERIM CHAIR OF ACCOUNTS COMMISSION

INTERIM CHAIR'S REPORT

Purpose

1. This report provides an update on the engagements and work of the Interim Chair of the Accounts Commission.

Engagement and Audit Scotland Business

2. The engagements and work in the period from 1 to 30 November have been as follows:

Audit Scotland Board and Committee meetings

- 4 November – Audit Committee and Remuneration and Human Resources Committee (RemCo) meetings. The main items discussed were:
 - RemCo – Taking forward the recommendations from the Commission Support Review; the Diversity and Equality work programme; and the People Strategy and Workforce Plan.
 - Audit Committee – The draft Quality Interim report; Q2 Financial performance report; a number of Internal Audit reports; the External auditor's independence, objectivity and value for money; taking forward a review of the Audit Committee's effectiveness; and a Covid-19 update. (note: I missed most of this because I attended the Local Government Sector Forum which was scheduled at the same time).
- 25 November – Audit Scotland Board Meeting. The main items of substance discussed were our Governance arrangements; Budget proposals; a Covid-19 update; the Q2 Financial Performance update; an update on the EU Withdrawal; the New Audit Appointments project; and proposals to take forward a Strategic Improvement Programme.

Audit Scotland engagement

- 5 & 11 November – Catch ups with Diane McGiffen, Chief Operating Officer
- 5 November – Audit Scotland's Performance Audit and Best Value Q4 team meeting to discuss Accounts Commission priorities and allow colleagues the opportunity to ask questions
- 17 November – New Audit Appointments Steering Group
- 18 & 24 November – Catch ups with Fraser McKinlay, Controller of Audit
- 25 November – Catch up with Audit Scotland on New Audit Appointments Steering Group
- 30 November – Catch up with Stephen Boyle, Auditor General for Scotland
- 30 November – Introductory meeting with Carolyn McLeod, new Audit Director.

External engagement

- 4 November – Local Government Sector Meeting with private audit firms and Audit Scotland Audit Directors
- 11 November – catch up with Sarah Gadsden, Chief Executive, Improvement Service
- 18 November – Audit Scotland Annual Audit Planning conference
- 23 November – catch up with Jim Savege, Chief Executive of Aberdeenshire Council
- 23 November – catch up with Angela Scott, Chief Executive of Aberdeen City Council
- 24 November – Strategic Scrutiny Group Meeting – update will be shared with members at the December Commission meeting
- 27 November – Meeting with SOLACE Scotland (Society of Local Authority Chief Executives and Senior Managers in Scotland) with Fraser McKinlay. Key areas covered included Best Value Audits and Annual Audits in the context of the pandemic, Council responses to the pandemic and thinking about recovery.
- 30 November – catch up with Vicky Irons, Chair of IJB Chief Officers Group and Chief Officer of Dundee IJB.

Commission business, development and support

3. Commission business has been as follows:

- Weekly catch ups with Paul Reilly, Secretary to the Commission, and Jillian Elgin, Executive Assistant
- 2 November – Community Empowerment catch up – Jillian Matthews, Audit Manager and Geraldine Wooley, Commission member
- 2 November – Strategic Scrutiny Group Covid-19 publication – communications approach with Joanna Mansell, Communications Team, and Gemma Diamond, Audit Director
- 3 November – Action Tracker review meeting with Paul Reilly, Jillian Elgin, Peter Worsdale and Erin Lee, who both provide support to the Commission
- 3 November – Preparatory meeting for November Commission meeting with Fraser McKinlay, Paul Reilly, Tim McKay, Interim Deputy Chair, and Jillian Elgin
- 3/18/26 November – Sponsor catch ups with Tim McKay and Local Government Overview team to discuss the approach, timing and emerging messages for the Financial Local Government Overview and the Local Government Overview
- 11 November – Forward planning meeting with Tim McKay and Paul Reilly
- 12/27 November – Best Value Working Group meetings. Updates are shared with Commission Members at each monthly Commission meeting as a standing item on our agenda.
- 11 November – Accounts Commission pre meeting with members
- 12 November – Accounts Commission first meeting in November
- 12 & 20 November – IT catch ups with Pauline Weetman and Sophie Flemig, Commission members
- 16 November – Member catch up with Tim McKay

- 17 November – Paul Reilly, Peter Worsdale, Policy Support to the Accounts Commission, and Craig Flannigan, Joanna Mansell and Elizabeth Sargeant, Communications Team, to discuss Accounts Commission communications, engagement and public profile
- 17/23 November – Edinburgh media catch up with Joanna Mansell
- 18 November – Work Preference Survey responses discussion with Tim McKay, Paul Reilly, Jillian Elgin and Erin Lee
- 23 November – Member catch up with Pauline Weetman
- 25 November – Financial Audit and Assurance and Performance Audit Committee pre meetings
- 25 November – Media interviews for City of Edinburgh Council BVAR publication
- 25 November – Member catch up with Geraldine Wooley
- 26 November – Insight session with members and Jim McCormick, The Robertson Trust
- 26 November – Financial Audit and Assurance Committee and Performance Audit Committee meetings
- 27 November – Member catch up with Andy Cowie, Commission member
- 27 November – Digital Strategy catch up with David Robertson, Head of Digital Services
- 30 November – Preparatory meeting for December Commission meeting with Fraser McKinlay, Paul Reilly and Tim McKay
- 30 November – pre meeting for Edinburgh Council Best Value report discussion with Andy Cowie and Christine Lester, Commission members.

4. Other areas of work have included:

- A blog to support the publication of the Strategic Scrutiny Group Covid-19 publication.
- Short videos outlining the key items considered at the November Commission meeting and the City of Edinburgh BVAR.
- An interim review of Commission Working Groups with proposals for some streamlining which will be reviewed again following the Committee Review being led by Tim McKay, Interim Deputy Chair.

Forthcoming activities

5. My forthcoming engagement activities include:

- 1 December – Weekly catch up with Paul Reilly
- 1 December – Action Tracker review meeting with Paul Reilly, Peter Worsdale, Jillian Elgin and Erin Lee
- 1 December – Weekly catch-up with Jillian Elgin
- 2 December – Meeting with City of Edinburgh Council to discuss Best Value report with Andy Cowie and Christine Lester
- 7 December – Community Empowerment catch up – Jillian Matthews, Audit Manager, Geraldine Wooley and Sophie Flemig
- 8 December – Forward planning meeting with Tim McKay and Paul Reilly

- 8 December – Member catch up with Stephen Moore, Commission member
- 9 December – Accounts Commission pre meeting
- 9 December – Monthly sponsor catch ups with Tim McKay and Local Government Overview team to discuss the approach, timing and emerging messages for the Financial Local Government Overview and the Local Government Overview
- 9 December – Paul Reilly, Peter Worsdale, Policy Support to the Accounts Commission, and Craig Flannigan, Joanna Mansell and Elizabeth Sargeant, Communications Team, to discuss Accounts Commission communications, engagement and public profile
- 9 December – Monthly catch up with Diane McGiffen
- 10 December – Accounts Commission first meeting in December
- 10 December – Member catch up with Sharon O'Connor, Commission member
- 10 December – Member catch up with Andrew Burns, Commission member
- 10 December – Member catch up with Christine Lester, Commission member
- 10 December – Best Value Working Group
- 11 December – Engagement meeting with IJB Chief Officers.

Conclusion

6. The Commission is invited to:

- a) note this report and enquire about any areas of interest
- b) consider whether there are any changes that they would wish to see to the format and content of the report for the future.

Elma Murray
Interim Chair
30 November 2020

MEETING: 10 DECEMBER 2020

REPORT BY: CONTROLLER OF AUDIT

CONTROLLER OF AUDIT UPDATE REPORT

Purpose

1. This report provides an update on my recent engagements as Controller of Audit.

Engagement

2. Please note below my engagements in November:
 - **04 November** – Local Government Sector meeting, attended by all local government auditors.
 - **09 November** – Donella Steel, Historic Environment Scotland. Mapping out the Scottish Leaders Forum workstream, looking at the extent to which systems of budgeting, financial reporting and accountability supports an outcomes-based approach.
 - **12 November** – Police Governance Roundtable. Chaired by the Cabinet Secretary for Justice, the Group reflected on governance and accountability in policing in Scotland and each member provided an update on progress this year.
 - **13 November** – Claire Stuart, The Promise. Progress discussion around taking forward the Human and Economic Cost Model work from the Independent Care Review.
 - **18 November** – Annual Planning Guidance Conference.
 - **27 November** – SOLACE Branch meeting. The Interim Chair of the Commission and I were invited back to continue building the working relationship with SOLACE, in advance of going to the Local Government and Communities Committee in January.

Forthcoming activities

3. My upcoming engagements in December include:
 - **01 December** – Stephen Reid, EY. General catch-up.
 - **02 December** – Scottish Leaders Forum Accountability & Incentives Action Group.
 - **04 December** – ACCA Conference. Panel session on Sustainable Development Goals, along with Auditors General from Finland and Afghanistan.

Conclusion

4. Commission members are invited to note this report.

**Fraser McKinlay
Controller of Audit
25 November 2020**