

# **Accounts Commission**

**Financial Audit and Assurance Committee minutes**

**2014**

**ACCOUNTS COMMISSION**

**MEETING 13 MARCH 2014**

**MINUTES OF MEETING FINANCIAL AUDIT AND ASSURANCE COMMITTEE  
OF 27 FEBRUARY 2013**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 27 February 2013, at 2.15pm.

**PRESENT:** Bill McQueen (Chair)  
Colin Duncan  
Linda Pollock  
Graham Sharp  
Pauline Weetman  
Douglas Sinclair [Items 4 to 9]

**IN ATTENDANCE:** Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value  
Paul Reilly, Secretary and Business Manager  
Gerry O'Neill, Senior Audit Manager (IT), Audit Services Group (ASG) [Item 5]  
Owen Smith, Senior Audit Manager, Audit Strategy [Items 7 and 8]  
Joanna Stevenson, Audit Manager, Audit Strategy [Items 7 and 8]  
Gillian Woolman, Assistant Director, ASG [Items 4 to 6]

1. Apologies for absence
2. Declarations of interest
3. Draft minutes of meeting of 28 November 2013
4. Current audit issues in councils
5. Public services network
6. Audit Services Group review of impact 2012/13: local government
7. Review of firms' impact 2012/13: local government
8. Audit quality survey – 2012/13 audits
9. Any other business

1. Apologies

It was noted that there were no apologies for absence.

2. Declarations of interest

There were no declarations of interest.

3. Minutes of meeting of 28 November 2013

The minutes of the meeting of 28 November 2013 were approved.

Arising therefrom, the Committee:

- In relation to the second bullet point of paragraph 4 (integration of health and social care: update report), noted advice from the Director of Performance Audit and Best Value was noted that he would be presenting an update report to the Commission at its meeting in March.
- In relation to the fifth bullet point of paragraph 4 (third sub-bullet: North Lanarkshire Council), noted advice from the Director of Performance Audit and Best Value that he awaited a report from the external auditor in this regard.
- In relation to the second bullet point of paragraph 5 (2012/13 local government pension fund accounts: publishing information), agreed that:
  - a letter be sent from the Commission Chair to all council leaders advising of the content of the report, encouraging that it be considered formally by councils, and advising of relevant forthcoming issues in this regard.
  - the letter be shared with the Committee for information.

*Actions: Director of Audit Services and  
Director of Performance Audit and Best Value*

4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils and joint boards.

During discussion it was agreed:

- In relation to paragraph 7 of the report (integration of health and social care), to note advice from the Assistant Director that a lead agency model was being considered in a minority of areas.
- In relation to paragraph 11 (opencast mine restoration), to note advice from the Director of Performance Audit and Best Value that he and the Director of Audit Services would be meeting the Chief Executive of East Ayrshire Council to discuss issues around opencast mine restoration costs, upon which they would report back to the Commission.
- In relation to paragraph 13 (social housing), to note advice from the Director of Performance Audit and Best Value that progress against Scottish Quality Housing Standard would be considered by local area networks as part of the

shared risk assessment process, and would also feature as appropriate in this report to future meetings of the Committee.

- In relation to paragraph 14 (arm's length external organisations (ALEOs)), to note advice from the Assistant Director that the deadline for auditors providing information on ALEOs had been extended, and that the Director of Performance Audit and Best Value would advise as to the revised deadline.
- In relation to the Appendix:
  - To note advice from the Director of Performance Audit and Best Value that he was maintaining a watching brief on issues surrounding councils' membership of COSLA.
  - In relation to Dumfries and Galloway Council to note advice from the Director of Performance Audit and Best Value that:
    - he would be liaising with the external auditor to discuss further the costs in relation to the Council's waste management and recycling contract.
    - he would liaise with external auditors to if such mid-contract PPP/PFI risk and liability issues were more widespread.
  - In relation to East Dunbartonshire Council, to note advice from the Director of Performance Audit and Best Value that he would anticipate that issues surrounding the Council's temporary office accommodation would be addressed in the forthcoming Best Value audit of the Council, but it was not possible to clarify at this stage the level of prominence of the issue in the audit, because scoping had yet to be done.
  - In relation to East Renfrewshire Council, to note the changes to the Council's corporate management team and to reiterate the Commission's consistent concern about risks associated with statutory finance officer not being part of corporate management teams.
  - In relation to City of Edinburgh Council, to note advice from the Director of Performance Audit and Best Value that:
    - he was expecting that progress by the Council in settling issues associated with statutory repairs would be monitored and reported as appropriate by the external auditor.
    - he would continue to consider the appropriate scope of proposed follow-up Best Value audit work.
  - In relation to Glasgow City Council, to note advice from the Director of Performance Audit and Best Value that an audit of preparations for the Commonwealth Games is part of the performance audit programme.
  - In relation to Stirling Council, to note advice from the Director of Performance Audit and Best Value that the independent review requested by the Council into the two coinciding public events on 28 June 2014 would be undertaken by the external auditor.

Thereafter the Committee agreed to note the report.

## 5. Public services network

The Committee considered a report by the Director of Audit Services providing an update on the UK Public Services Network and making reference to the Scottish Wide Area Network, including emerging key messages.

During discussion the Committee noted advice from the Senior Audit Manager that external auditors were appropriately aware of the issues set out in the report.

Thereafter the Committee agreed to note the report.

6. Audit Services Group review of impact 2012/13: local government

The Committee considered a report by the Director of Audit Services advising of the impact made by Audit Services Group as a consequence of the 2012/13 local government audit activity.

During discussion the Committee:

- Agreed to recommend to the Commission that it consider a report of impact of the local government audit work of both Audit Services Group and private audit firms.

*Action: Secretary and Business Manager*

- That future such reports be more explicit as to the success of the input of external auditors into improvements achieved by councils.

*Action: Director of Audit Services*

Thereafter the Committee agreed to note the report.

7. Review of firms' impact 2012/13: local government

The Committee considered a report by the Assistant Auditor General informing of the types and prevalence of recommendations being identified by private firm local external auditors.

During discussion the Committee:

- Noted advice from the Senior Manager, Audit Strategy that the Commission would have opportunity to discuss, as part of its future regular scheduled consideration of audit procurement strategy, the market balance between Audit Scotland and private firm auditors.
- Noted that differences of approach between Audit Scotland and private firms is part of the Assistant Auditor General's monitoring of the quality of audits, but noting that differences of approach are an implicit feature of a mixed market procurement strategy.
- Further to this, to note that the Assistant Auditor General would be discussing with Deloitte issues around their practice of not including a separate action plan in their annual audit reports.
- Noted advice from the Senior Manager, Audit Strategy that some of the analysis in the report covered audits done by Audit Services Group as well as by the private firms.
- Noted advice from the Commission Chair that the Commission would retain its interest in seeking assurance about the consistency and level of skills available across auditors.

Thereafter the Committee agreed to note the report.

8. Audit quality survey – 2012/13 audits

The Committee considered a report by the Assistant Auditor General summarising the results of the biennial survey of local government audits in 2012/13.

During discussion the Committee:

- Noted advice from the Audit Manager that no response to the survey was received from Aberdeen, Dumfries and Galloway and Shetland Islands councils.
- Agreed that the Assistant Auditor General consider further the difference in results between Audit Services Group and private firms in relation to respondents' views about quality of service.

*Action: Assistant Auditor General*

- Noted advice from the Audit Manager that results were affected by some questions not being completed by all respondents.
- Agreed that future surveys need to:
  - better reflect the strategic themes of the Commission rather than solely Audit Scotland's impact dimensions.
  - ensure that percentages and absolute numbers are used appropriately, depending upon population size.
  - include more analysis of 'outliers' as appropriate.
  - be clearer and more specific in overall conclusions and recommendations arising from the survey.
  - provide more information on media impact and tracking in relation to published reports.

*Action: Assistant Auditor General*

- Agreed that the appropriate auditors be asked to liaise with those six audited bodies who, through the survey, asked for more support in how to consider audit reports.

*Action: Assistant Auditor General*

- Noted advice from the Director of Performance Audit and Best Value about the importance in follow-up work being done in face-to-face contact between auditors and audited bodies.
- Noted advice from the Chair of the Commission that some of the issues prompted by the Committee in its consideration of the report would feature in the first session of the Commission's annual strategy seminar.
- Noted advice from the Director of Performance Audit and Best Value that the outputs of the survey would feature in the annual Audit Scotland transparency and quality report, to be considered by the Commission at its meeting in June.

Thereafter the Committee noted the report, and in particular the positive contribution the survey results provided in regard to the quality of audit work carried out under appointment by the Accounts Commission.

#### 9. Any other business

The Committee noted that there was no other business to be considered.

**ACCOUNTS COMMISSION**

**MEETING 19 JUNE 2014**

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 29  
MAY 2014**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 29 May 2014, at 10.30am.

**PRESENT:** Linda Pollock  
Graham Sharp  
Douglas Sinclair (in the Chair)

**IN ATTENDANCE:** Fiona Kordiak, Director of Audit Services  
Paul Reilly, Secretary to the Commission  
Russell Frith, Assistant Auditor General  
Paul O'Brien, Senior Manager, Audit Strategy [Item 8]  
Gordon Smail, Senior Manager, Performance Audit and Best Value (PABV) [Item 6]  
Owen Smith, Senior Manager, Audit Strategy [Item 5]

1. Apologies

It was noted that apologies for absence had been received from Colin Duncan, Bill McQueen and Pauline Weetman.

2. Declarations of interest

There were no declarations of interest.

3. Minutes of meeting of 27 February 2014

The Committee considered the minutes of the meeting of 27 February 2014.

Arising therefrom, the Committee:

- Noted the Accounts Commission's approval of the minutes at its meeting on 13 March 2014.
- In relation to paragraph 3, third bullet point (2012/13 local government pension fund accounts), noted advice from the Director of Audit Services that she and the Director of Performance Audit and Best Value were discussing with the Committee Chair how best to advise councils of the report.
- In relation to paragraph 4, first bullet point (integration of health and social care), noted advice from the Secretary that representatives of Highland Council, NHS Highland and the Scottish Government would be at the June meeting of the Commission to discuss progress in Highland and with the issue in general.
- Further in relation to paragraph 4, first bullet point (integration of health and social care), agreed that regular information be provided to the Commission on appointments and governance models being adopted across all council areas, including comparative analysis as appropriate.

*Action: Director of Performance Audit and Best Value*

4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils and joint boards.

During discussion it was agreed:

- That a progress report on the social care ALEO of Aberdeen City Council be provided at the next meeting.
- That a report on the problems relating to the new build housing estate in Gorebridge, Midlothian, be provided at the next meeting.

*Actions: Director of Audit Services*

- Advice from Douglas Sinclair was noted that he had received correspondence on issues relating to equal pay in North Lanarkshire Council, which he had asked Audit Scotland to deal with on his behalf.

Thereafter the Committee noted the report.

5. Annual audit plans overview

The Committee considered a report by the Assistant Auditor General informing the Committee of the types and prevalence of risks being identified by local auditors following his review 2013/14 council annual audit plans.



Following discussion, the Committee agreed:

- To note advice from the Assistant Auditor General on the importance of consistency and read-across between the shared risk assessment and annual audit processes.
- To note the outcomes of the review of annual audit plans and the nature and prevalence of risk identified by local auditors; in particular the ongoing widespread concerns around the financial sustainability of council budgets and the planned auditor actions to address these.
- That the findings from 2013/14 annual audit reports on these risk areas be reported back to the Committee in February 2015.

*Action: Assistant Auditor General*

6. Local government overview report: approach

The Committee considered a report by the Director of Performance Audit and Best Value providing an update on the initial impact of the 2014 local government overview report and inviting the Committee to discuss the approach to the next overview report including the oversight of the process by the Accounts Commission.

Following discussion, the Committee agreed:

- To note the initial impact of the 2014 overview report.
- To note that the team will continue to engage with stakeholders on the report.
- That for the next overview report, the audit team work with two nominated sponsors and the Commission Chair.
- That further discussion take place in due course between the audit team, sponsors and the Chair on the format of the next report.

*Actions: Director of Performance Audit and Best Value & Secretary*

7. How councils work series

The Committee considered a report by the Secretary seeking its views on future subjects for the *How councils work* series of reports

Following discussion the Committee agreed:

- To note stakeholders' favourable perception of the series, as demonstrated in a survey of council leaders, audit committee chairs and chief executives.
- That, in addition to those subjects identified in the report, the following be recommended as potential subjects for future reports in the series:
  - Roles and working relationships, particularly around:
    - training and development and performance appraisal for elected members
    - elected member involvement in partnership working.
  - Sustainability
  - Services in relation to personal debt and financial inclusion.

*Action: Secretary*

- Noted that the Director of Performance Audit and Best Value, was considering, following discussion at the Commission's Strategy Seminar, how to make more effective use of Audit Scotland's Best Value toolkits, and he would share the toolkits with Commission members for information.

- To note that its views, together with those of the Performance Audit Committee, would be formally considered by the Commission.

8. Accounting and auditing update

The Committee considered a report by the Assistant Auditor General advising of recent accounting and auditing developments affecting the public sector, particularly local government in Scotland.

Following discussion the Committee agreed to note the report.

9. Annual audit in focus: a firm's perspective – a presentation by David Watt, Director, KPMG

The Chair welcomed David Watt, Director, KPMG, to the meeting, who delivered a presentation to the Committee illustrating the annual audit process from an auditing firm's perspective. In his presentation, he covered:

- His reflections on the conduct and status of the audit
- Issues arising from the planning of the audit
- The future development of the audit
- Issues arising from the audit worthy of further thought.

The Chair thanked David Watt for his presentation.

10. Any other business

The Committee noted that there was no other business to be considered.

**ACCOUNTS COMMISSION**

**MEETING 25 SEPTEMBER 2014**

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 11  
SEPTEMBER 2014**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 11 September 2014, at 2pm.

**PRESENT:** Bill McQueen (Chair)  
Colin Duncan  
Pauline Weetman

**IN ATTENDANCE:** Paul Reilly, Secretary to the Commission  
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)  
Russell Frith, Assistant Auditor General  
Fiona Kordiak, Director of Audit Services  
Paul O'Brien, Senior Manager, Audit Strategy [Item 7]  
Gordon Smail, Senior Manager, PABV [Item 6]

1. Apologies for absence
2. Declarations of interest
3. Draft minutes of meeting of 29 May 2014
4. Current audit issues in councils
5. Intelligence Report: Scottish Public Services Ombudsman, Commissioner for Ethical Standards in public Life in Scotland; and Standards Commission
6. Local government overview report: update paper
7. The Local Authority Accounts (Scotland) Regulations 2014
8. Enhancing auditor reporting
9. Annual audit in focus: a firm's perspective – a presentation by Lindsey Paterson, Director, Government and Public Sector, PwC
10. Any other business

1. Apologies

It was noted that apologies for absence had been received from Linda Pollock, Graham Sharp and Douglas Sinclair.

2. Declarations of interest

There were no declarations of interest.

3. Minutes of meeting of 29 May 2014

The minutes of the meeting of 29 May 2014 were approved.

Arising therefrom, the Committee:

- In relation to item 3, second bullet point (2012/13 local government pensions fund accounts), noted advice from the Director of Performance Audit and Best Value that he would propose to the next meeting of the Committee an approach to publicising the report of the 2013/14 accounts.
- In relation to item 4, first bullet point (Aberdeen City Council social care ALEO), noted advice from the Director of Audit Services that she would table a report in this regard as part of the next item.

4. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils, focusing on issues relevant to the annual audit.

The Director also tabled a report updating the Committee on the performance of Aberdeen City Council's local authority trading company, Bon Accord Care Ltd.

During discussion it was agreed:

- To note advice from the Director of Audit Services that issues relating to capital accounting would be considered for inclusion in the Local Government Overview report.
- To note advice from the Director of Performance Audit and Best Value that pay modernisation would be an issue for considering as a possible subject for the performance audit programme or related work, to be the subject of discussion at the next meeting of the Commission.
- In relation to paragraphs 5 to 7 of the report (legacy liabilities), to note advice from the Director of Performance Audit and Best Value that he would be reporting to the Commission on legacy liabilities at a future meeting.
- In relation to paragraph 13 of the report (holiday pay), to note advice from the Director of Performance Audit and Best Value that COSLA had issued advice on the matter, but it remained subject of much discussion by councils.
- That an update on the performance of Bon Accord Care Ltd be reported to the next meeting.

*Action: Director of Audit Services*

- To note advice from the Director of Performance Audit and Best Value on ongoing follow-up audit work in Argyll and Bute Council.
- To note advice from the Director of Performance Audit and Best Value on ongoing audit work in East Dunbartonshire Council.

- To note advice from the Director of Performance Audit and Best Value that David Martin, Chief Executive of Renfrewshire Council, had been appointed as Chief Executive of Dundee City Council.

Thereafter the Committee agreed to note the report.

5. Intelligence Report: Scottish Public Services Ombudsman, Commissioner for Ethical Standards in Public Life in Scotland; and Standards Commission

The Committee considered a report by the Secretary to the Accounts Commission providing an update for intelligence emerging from the work of the Scottish Public Sector Ombudsman (SPSO), Commissioner for Ethical Standards in Public Life in Scotland and Standards Commission for Scotland.

Following discussion the Committee agreed:

- To continue receiving such reports, with format to be discussed between the Secretary and Chair.

*Action: Secretary to the Commission*

- To note the report.

6. Local government overview report: update paper

The Committee considered an update report by the Director of Performance Audit and Best Value on the local government overview report and seeking its consideration on feedback from stakeholders in preparation for the 2015 report.

Following discussion the Committee agreed:

- To note advice from the Secretary about positive feedback on the 2014 report, including its format, from SOLACE office-bearers at a recent meeting, particularly relating to the practical advice for members and officers.
- To note the feedback from stakeholders on the 2014 report, as set out in the Director's report.
- To note the options set out in the Director's report, but to refer further refinement of the format of the report to discussions between the audit team and audit sponsors and Commission Chair, subject to a general direction that the format of the 2014 report was generally appropriate for continuing.

*Action: Director of Performance Audit and Best Value*

7. The Local Authority Accounts (Scotland) Regulations 2014

The Committee considered a report by the Assistant Auditor General providing a briefing on the Local Authority Accounts (Scotland) Regulations 2014.

Following discussion the Committee agreed to note the requirements of the 2014 Regulations.

8. Enhancing auditor reporting

The Committee considered a report by the Assistant Auditor General advising on recent changes in private sector auditor reporting and seeking the Committee's comment on how Audit Scotland, in the light of this, intended to enhance auditor reporting in the Scottish public sector.

Following discussion the Committee agreed to note the proposed developments in auditor reporting for 2014/15 audits.

9. Annual audit in focus: a firm's perspective – a presentation by Lindsey Paterson, Director, Government and public Sector, PwC

The Chair welcomed Lindsey Paterson, Director, PwC, to the meeting, who delivered a presentation to the Committee illustrating the annual audit process from an auditing firm's perspective. In her presentation, she covered:

- The complexity and shaping of the audit
- Expectations of the audit
- Focusing the audit
- Meeting stakeholder needs

Following discussion, the Chair thanked Lindsey Paterson for her presentation

10. Any other business

The Secretary, on behalf of the Chair of the Commission, advised that this meeting was the last such committee meeting to be attended by Bill McQueen. He thanked Bill on behalf of the Commission for his input in chairing the committee.

**ACCOUNTS COMMISSION**

**MEETING 11 DECEMBER 2014**

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF 27 NOVEMBER 2014**

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Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 27 November 2014, at 10.30am.

PRESENT:                   Graham Sharp (Chair)  
                                Colin Duncan  
                                Tim McKay  
                                Linda Pollock  
                                Pauline Weetman  
                                Douglas Sinclair

**OTHER COMMISSION**

MEMBERS PRESENT:   Sandy Cumming

IN ATTENDANCE:       Paul Reilly, Secretary to the Commission  
                                Fraser McKinlay, Director of Performance Audit and Best Value (PABV) and Controller of Audit  
                                Fiona Kordiak, Director of Audit Services  
                                Elaine Barrowman, Senior Audit Manager, Audit Services [Item 8]  
                                Anne MacDonald, Senior Audit Manager, Audit Services [Item 5]  
                                Paul O'Brien, Senior Manager, Audit Strategy [Item 9]  
                                Allister Perston, Audit Manager, Audit Services [Item 5]  
                                Gordon Smail, Senior Manager, PABV [Item 7]  
                                Gill Miller, Senior Performance Auditor, PABV [Item 7]

1. Apologies for absence
2. Declarations of interest
3. Introductory remarks
4. Draft minutes of meeting of 11 September 2014
5. Current audit issues in councils
6. Intelligence Report: Scottish Public Services Ombudsman, Commissioner for Ethical Standards in Public Life in Scotland; Standards Commission; and Information Commissioner
7. Local government overview report: emerging messages
8. Presentation: Local Government Pension Scheme
9. Accounting and auditing update
10. Annual audit in focus: a firm's perspective – a presentation by Jim Boyle, Partner, Deloitte
11. Any other business

1. Apologies

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

2. Declarations of interest

The following declarations of interest were made:

- Tim McKay, in item 8, as former Chair of Lothian Pension Trustees.
- Linda Pollock, in item 5, as a member of the board of the Care Inspectorate.
- Douglas Sinclair, in item 6, as a member of the Public Services Ombudsman's Audit and Advisory Committee

3. Introductory remarks

The Chair advised that this was his first meeting of the Committee in his new role as Chair, and that he would be circulating around members of the Commission a paper setting out his intentions, in conjunction with the Commission Chair, for developing the role of the Committee. He indicated that he would encourage discussion on the paper.

4. Minutes of meeting of 11 September 2014

The minutes of the meeting of 11 September 2014 were approved.

Arising therefrom:

- In relation to item 3, second bullet point (Aberdeen City Council social care ALEO), Linda Pollock requested a copy of the paper tabled at the meeting.

*Action: Secretary to the Commission*
- In relation to item 4, the Committee noted advice from the Director of Performance Audit and Best Value (PABV) that:
  - In relation to the second bullet point (pay modernisation), the subject would feature in his report to the Commission on the performance audit programme.
  - In relation to the third bullet point (legacy liabilities), he would report to the Commission in this regard early in the New Year.

5. Current audit issues in councils

The Committee considered a report by the Director of Audit Services outlining emerging issues, recurring themes and individual issues of interest in Scottish councils, focusing on issues relevant to the annual audit.

The Committee also considered a supplementary report from the Director updating the Committee on the performance of Aberdeen City Council's local authority trading company, Bon Accord Care Ltd.

During discussion it was agreed:

- In relation to paragraph 7 of the report (council budgets):
  - to note advice from the Director of PABV that he would report to the Commission in the New Year on council budgets, including the definitive position in relation to budget shortfalls.



- to note advice from the Secretary that a briefing on progress with health and social care integration, including hearing from practitioners, was planned for the February meeting of the Commission.
- further in this regard, that the briefing include reference to the effect on health and social care integration of the current budget deliberations of health boards and councils.

*Action: Director of PABV*

- That, for future reports, the Appendix containing contextual information on councils be updated, including information on total population, budgets etc.
- In relation to the Appendix on individual councils:
  - to note advice from the Director of PABV that Aberdeenshire Council announced on 19 November that its new chief executive would be Jim Savege.
  - to note advice from the Director of PABV that potential issues around the use of accountancy firms by councils in consultancy or collaborative work would be part of considerations in the next round of audit appointments.
  - to note advice from the Controller of Audit that in the New Year he would be submitting to the Commission a report on the Best Value audit of East Dunbartonshire Council.
  - to note advice from the Controller of Audit that he continued to monitor various issues in Midlothian Council.
  - that the Director of Audit Services report further on the issues around the use of NHS counter-fraud services in partnerships.

*Action: Director of Audit Services*

- To note the additional report on Bon Accord Care Ltd.

Thereafter the Committee agreed to note the report.

5. Intelligence Report: Scottish Public Services Ombudsman, Commissioner for Ethical Standards in Public Life in Scotland; Standards Commission; and Information Commissioner

The Committee considered a report by the Secretary to the Accounts Commission providing an update for intelligence emerging from the work of the Scottish Public Sector Ombudsman (SPSO), Commissioner for Ethical Standards in Public Life in Scotland; Standards Commission for Scotland; and the Standards Commissioner.

Following discussion the Committee agreed:

- That in future reports, expanded intelligence from the Information Commissioner be provided.

*Action: Secretary to the Commission*

- To note the report.

6. Local government overview report: update paper

The Committee considered a report by the Director of Performance Audit and Best Value setting out the emerging messages from the 2015 local government overview report.

Following discussion the Committee agreed:

- Noted the potential links with the performance audit on borrowing and treasury management, and thus that the Director of PABV ensure that both draft reports make appropriate references when presented to the Commission.
- To endorse the emerging messages from the 2015 local government overview report, subject to a number of changes arising in discussion.
- That a draft report be brought to the Commission meeting in February 2015, prior to publication in March 2015.

*Actions: Director of Performance Audit and Best Value*

7. Presentation: Local Government Pension Scheme

The Committee considered a presentation by the Director of Audit Services on the 2013/14 audit of local government pension fund accounts. The presentation was undertaken by Elaine Barrowman, Senior Audit Manager, Audit Services Group.

Following discussion the Committee agreed:

- To note the issues raised in the presentation.
- That the Chair write to pension fund trustees and local authorities highlighting the headline messages arising from the audits.
- That local auditors follow up this letter with discussions with audited bodies.
- That it further consider longer-term issues arising from the audit during the next year.

*Actions: Director of Audit Services*

The Chair thanked Elaine Barrowman for her presentation.

8. Accounting and auditing update

The Committee considered a report by the Assistant Auditor General setting out accounting and auditing developments affecting the public sector, particularly local government in Scotland.

Following discussion, the Committee noted the report.

9. Annual audit in focus: a firm's perspective – a presentation by Jim Boyle, Partner, and Pat Kenny, Director, Deloitte

The Chair welcomed Jim Boyle, Partner, and Pat Kenny, Director, Deloitte, to the meeting, who delivered a presentation to the Committee illustrating the annual audit process from an auditing firm's perspective. In their presentation, they covered:

- Issues arising from the audit of financial statements.
- Other discussion points including best value.

Following discussion, the Chair thanked Jim Boyle and Pat Kenny for their presentation.

10. Any other business

The Chair advised that there was no other business for the Committee to consider.