

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 14 September 2005
at 10.45am

PRESENT: A MacNish (Chair)
A Alexander
J Baillie
J Couper
A Leslie
I Low
P McKinlay
M Raj
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
R Nicol, Assistant Director of Performance Audit (items 1 to 10)
G Neill, Audit Manager (Best Value) (items 1 to 10)
A Taylor, Portfolio Manager Performance Audit (item 13)
W F Magee, Secretary

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Best Value Audit of Stirling Council
4.	Deputy Auditor General
5.	Managing Director of Audit Services
6.	Best Value Audit of East Renfrewshire Council
7.	Best Value Audit of Shetland Islands Council
8.	Best Value Audit of West Lothian Council
9.	The Audit of Best Value in Police Authorities
10.	Modernising the Audit
11.	Developing the Priorities and Risk Framework for the Audit of Councils in 2005/6
12.	Local Government Sector Plan
13.	Statutory Performance Indicators – Publication of 2004/5 Data

1. Apologies

Apologies for absence were intimated on behalf of Ann Faulds and Keith Geddes.

2. Minutes

The minutes of meeting of 13 July and 30 August 2005 were submitted and approved.

3. Best Value Audit of Stirling Council

With reference to paragraph 8 of the minutes of meeting of 13 July 2005 the Secretary reported that it had proved difficult to fix a mutually convenient date for the follow-up meeting with Stirling Council and that he continued to attempt to make appropriate arrangements. The Commission noted the position.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of recent developments including the continued involvement of Audit Scotland in the Scottish Executive's Efficient Government initiative.

5. Managing Director of Audit Services

Hugh Hall advised the Commission of a number of recent developments –

- The programme for the completion of work on the audit of local authority accounts by the Audit Services Group continues to be on target
- A number of significant issues are emerging from the consideration of the accounts relating to, amongst others, local authority pension schemes and tendering processes for PPP schemes.

6. Best Value Audit of East Renfrewshire Council

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of East Renfrewshire Council. The Controller of Audit's report was made to the Commission under section 102(1)(c) of the Local Government (Scotland) Act 1973. After discussion the Commission agreed to make findings on the Controller of Audit's report as contained in the Appendix to these minutes.

7. Best Value Audit of Shetland Islands Council

There was submitted and noted a note of the meeting between members of the Accounts Commission and representatives of Shetland Islands Council held in Lerwick on 20 July to discuss the outcome of the Best Value audit.

8. Best Value Audit of West Lothian Council

There was submitted and noted a note of the meeting between members of the Accounts Commission and representatives of West Lothian Council held in Livingston on 1 September to discuss the outcome of the Best Value audit.

9. The Audit of Best Value in Police Authorities

There was submitted a report by the Deputy Auditor General providing the Commission with background on existing arrangements for the audit and inspection of Police authorities and seeking the Commission's views on how it wishes to develop the audit of Best Value of those authorities. The report outlined the policy and legislative background, Police organisational structures, the inspection of Police Forces and options for extending the Best Value audit approach. After discussion the Commission agreed –

- i. that its preferred approach to the audit of Best Value in Police authorities was the third option offered in the report on the understanding that there would be considerable involvement by Audit Scotland staff in areas of financial and resource management in Police Forces;
- ii. that the Controller of Audit and, if appropriate, the Chair of the Commission, should discuss implementation of this approach with Her Majesty's Inspectorate of Constabulary and, subject to agreement on necessary protocols, proceed to pilot the approach;
- iii. that the Controller of Audit should report back to the Commission on the outcomes of the discussion and the pilot and on formal reporting mechanisms which may be required, and
- iv. that meetings with Police authorities and Chief Constables should be held at an appropriate point following the pilot project.

10. Modernising the Audit

There was submitted a report by the Managing Director of Audit Services giving the Commission an update on the modernisation of the audit of local government. The report outlined the background to the new approach to the statutory audit of local government in Scotland, progress to date and further developments already in train. The Commission welcomed the progress on the modernisation of the audit of local government and the further proposed developments.

11. Developing the Priorities and Risk Framework for the Audit of Councils in 2005/6

Isabelle Low declared an interest in this and the next items of business in respect of her membership of a Health Board.

There was submitted a report by the Director of Audit (Local Government) introducing the priorities and risk framework as a key component in the modernisation of the statutory audit of local government. The report outlined the background to the PRF and set out the proposed PRF topics for 2005/6. The report referred to the use of PRF in the audit of health bodies.

In discussion a number of points were made –

- The PRF provides an excellent vehicle for engagement with members of audited bodies
- A number of issues such as pensions and Following the Public Pound are of particular interest to Commission members
- It is important to secure understanding in local authorities of the approach being taken

- It will be important to continue to involve firms of appointed auditors in the PRF process
- There will be implications for the Commission's Code of Audit Practice arising from this approach.

Thereafter the Commission agreed to note the development of the PRF for 2005/6 and the key themes emerging.

12. Local Government Sector Plan

There was submitted a report by the Director of Performance Audit (Local Government) and the Director of Audit Services (Local Government) introducing the draft sector plan for local government. For the first time a local government sector plan had been produced in recognition of the importance which the Commission attaches to a co-ordinated approach to the whole range of audit work in relation to local government. The plan is primarily intended for internal use within Audit Scotland and is a reference point for the Commission and the Auditor General. After discussion the Commission welcomed the draft sector plan as submitted.

13. Statutory Performance Indicators – Publication of 2004/5 Data

There was submitted a report by the Director of Performance Audit (Local Government) referring to the Commission's practice of publishing six pamphlets each year between December and February covering a selection of the statutory performance indicators reported by councils, Police Forces and Fire Brigades for the previous financial year. Following the recent review of SPIs the Commission decided that publication arrangements should be reconsidered and the report set out a number of options for consideration. In discussion a number of points were made –

- It is important to continue to publish in a printed format as well as electronically
- There is a need to place the SPIs in context and to explain situations where council data is not included
- It is important to choose a publication method which is the most efficient use of resources.

Thereafter the Commission agreed –

- i. to cease publication of separate pamphlets covering the information reported by councils;
- ii. to integrate publication of SPI information into the annual overview report.

ACCOUNTS COMMISSION FOR SCOTLAND
BEST VALUE REPORT ON EAST RENFREWSHIRE COUNCIL
COMMISSION FINDINGS

1. The Commission accepts this report on the performance of East Renfrewshire Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the Council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the Council.
2. The Commission recognises that East Renfrewshire is a successful Council which has been enthusiastic in pursuing continuous improvement. It demonstrates many of the attributes of a Council which achieves Best Value –
 - The Council has a good understanding of the present and future needs of its area
 - Councillors and officers provide strong corporate leadership for the Council and the wider community
 - Councillors and managers have helped to foster a culture of continuous improvement
 - There is a sound system of corporate performance management
 - There is evidence that the Council provides a high, responsive and generally improving standard of service, particularly in the education service
 - Through the Audit Committee, members provide an exemplary detailed and effective level of scrutiny on selected areas .
3. However Best Value is about a continuous drive for improvement and the report identifies areas for attention in the Council. These include –
 - Greater emphasis on outcomes in the performance management and scrutiny arrangements
 - An improved approach to option appraisal including working with other councils
 - Further improvement in public reporting
 - Improvement in some aspects of the housing service.
4. The Commission looks forward to receiving an Improvement Plan from the Council which responds to the audit report and these findings.