

Minutes of Meeting of the
Accounts Commission held in the
offices of Audit Scotland, 110
George Street, Edinburgh on
Wednesday 26 April 2006 at
10.30am.

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

IN ATTENDANCE: H Hall, Managing Director Audit Services
D Pia, Director of Performance Audit (Local Government)
R Frith, Director of Audit Strategy
W F Magee, Secretary
M Alcock, Portfolio Manager, Performance Audit (item 6)
R Seidel, Project Officer, Performance Audit (item 6)

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1. Apologies

Apologies for absence were intimated on behalf of John Baillie and Keith Geddes.

2. Minutes

The minutes of meeting of 8 March 2006 were submitted and approved.

3. Matters Arising

Arising from the minutes of the meeting of 8 March 2006 Bill Magee gave an update on a number of matters:

- Discussions are in hand with the office of the Minister about dates for the proposed meeting with the Commission
- The Best Value audit report on Highland Council was published on 5 April
- The Overview Report on the 2004/5 audits was published on 30 March
- The report on the study on A Teaching Profession for the 21st Century will be published on 11 May.

4. Chair's Introduction

Alastair MacNish advised the Commission of a number of recent activities:

- He and other representatives of the Commission and Audit Scotland attended the COSLA Annual Conference from 5-7 April
- He will address the conference of the Institute of Internal Auditors in June
- Isabelle Low will speak at a Best Value conference organised by the Improvement Service on 31 May
- He will attend a meeting of the Audit Committee of the Scottish Parliament on 16 May to present the Overview Report
- The follow-up meeting on the Best Value audit of Argyll and Bute Council took place on 12 April and will be reported to a future Commission meeting.

5. Managing Director of Audit Services

Hugh Hall referred to a number of matters of current interest including the development of the priorities risks framework for the local government sector which will be discussed at the Financial Audit and Assurance Committee meeting in July.

6. Review of Community Planning Partnerships

There was submitted a report by David Pia referring to the Commission's consideration of a draft report on the study of Community Planning Partnerships in January when a number of areas for revision were suggested. A further draft report of the study accompanied his report. In discussion a number of points were made:

- This is a very complex subject with great significance for the future of public service delivery
- The revised report is welcome, representing considerable effort by the team and reflecting previous discussions
- In publishing and promoting the report's findings it will be important to encourage the positive development of Community Planning and to emphasise the priority of recommendations. The draft evaluation framework will help in this process

- It is also important to point out the barriers to progress which exist
- As the report is largely about process at this stage it should be made clear that the Commission is of a mind to revisit the subject at a future date
- The media release for this report will require careful consideration.

As this is a joint study with the Auditor General the Commission noted that the draft report will be subject to a clearance process in the Scottish Executive. Thereafter the Commission agreed to approve the draft report, subject to the above comments, for the clearance process and subsequent publication.

7. National Fraud Initiative – National Report

There was submitted a report by Russell Frith referring to previous discussion of the outcome of the 2004/5 National Fraud Initiative (NFI) in Scotland and introducing a proposed detailed national report for publication. In discussion a number of points were made:

- There are issues about the possibility of naming councils within the published report
- Further consideration should be given to the wording in paragraph 22 about the assurance which audited bodies can take if no significant fraud or error is found
- There are issues about the extent to which individual findings are followed up through legal processes and otherwise.

Thereafter the Commission welcomed the report and agreed to approve it, for their interest, for publication subject to the above noted comments.

8. Role of Commission Members

With reference to paragraph 11 of the minutes of meeting of 8 March 2006 there was submitted a report by Bill Magee on a number of issues arising from discussions at the Annual Strategy Seminar for Commission members. The report referred to the role which members might play in relation to individual Best Value audits as they are carried out, and as sponsors of Performance Audit studies. The report also referred to a number of issues concerning the remuneration of members. After discussion the Commission agreed:

- i. to approve the description of the role of Commission members linked to Best Value audits as contained in Appendix 1 to these minutes;
- ii. to introduce a preliminary stage for consideration of Best Value audit reports as described in the report when appropriate in the light of feedback from members on receipt of each Best Value audit report;
- iii. to approve the role of Commission members as study sponsors as contained in Appendix 2 to these minutes;
- iv. in recognition that preparation for an attendance at normal monthly Commission meetings represents the time commitment expected of Commission members, to agree that the supplementary daily allowance as approved by Scottish Ministers should in future be applied to involvement by Commission members in the following:

- a. meetings of Performance Audit and Financial Audit and Assurance Committees
- b. acting as sponsors of studies
- c. acting as link members for Best Value audits
- d. other duties carried out by members eg attendance at appropriate seminars, taking part in media events.

9. Best Value Audit of Moray Council

There was submitted a report by Bill Magee together with a note of the discussions held with representatives of Moray Council on 30 March 2006 following up the Best Value audit report on that Council. A copy of the Council's draft Improvement Plan also accompanied the report. The Commission agreed to note the terms of the discussion with representatives of the Council and also to note the Council's Improvement Plan.

10. 2006/7-2010/11 Audit Appointments

There was submitted a report by Russell Frith addressed to the Commission and the Auditor General referring to previous discussion by the Commission of the appointment of auditors and in particular to the decisions made at the meeting on 8 February 2006. The report described the consultations which had taken place since that date and set out proposals for the appointment of auditors. The Commission, for their interest, agreed to approve the appointments set out in the Appendices to the report.

11. Revised Form of Audit Certificate for Councils and Joint Boards

There was submitted a report by Russell Frith referring to the certificate which auditors are required to place on the abstract of accounts of local authorities and other bodies within the remit of the Commission under section 101(4) of the Local Government (Scotland) Act 1973. He advised that this certificate required to be updated in the light of the development of international standards on auditing and a Bulletin on Auditor's Reports in the Public Sector published by the Auditing Practices Board. The Commission agreed to approve the revised form of model local authority audit certificate as set out in the Annex to the report.

12. Changes to the Local Government Directorate

There was submitted a report by David Pia describing recent changes to the structure of the Performance Audit Group. The Commission noted the report.

13. Best Value Audit of Inverclyde Council

With reference to paragraph 2 of the minutes of meeting of 16 November 2005 the Commission agreed that the progress report on the Best Value audit of Inverclyde Council as at 31 March 2006 should be submitted as an informal report rather than as a formal statutory report.

ACCOUNTS COMMISSION

COMMISSION MEMBERS LINKED TO BEST VALUE AUDITS

Two Commission members are selected to be linked to each of the Best Value audits of councils, police and fire authorities. The audit is carried out by the Best Value team and is reported to the Commission by the Controller of Audit, and these processes are independent of the Commission. The linked members will have no involvement in the conduct of the audit or the preparation of the report. There are two purposes in linking Commission members with the audits –

1. To develop a particular understanding of the context and operation of that particular audited body; and
2. To identify the two members who will join the Chair or Deputy Chair in the follow-up meeting with representatives of the body, or alternatively, will play a leading role in any statutory hearing which may be held arising from the audit.


The usual pattern of involvement by members is –

1. Members will be identified when the forward programme of audits is agreed;
2. Background briefing material on the context of the council will be sent to linked members by the Best Value team at the beginning of the audit;
3. When the report has been finalised the Best Value team will offer a briefing to linked members before the Commission meeting to consider the report; this may be informed by the views of Commission members on receipt of the report
4. Linked members will be asked to lead the discussion on the report at the Commission meeting; and
5. Linked members together with the Chair or Deputy Chair will attend the follow-up meeting with representatives of the council, when a further briefing note will be provided to them.

ACCOUNTS COMMISSION

COMMISSION MEMBERS' INVOLVEMENT AS STUDY SPONSORS

When the Commission approves the conduct of a study it nominates two members to act as study sponsors. The intention is to provide a channel of strategic and policy guidance to Audit Scotland staff working on the study and a communication link between the study team and the Commission. The usual pattern of involvement is

1. Study brief and issues and investigation matrix - the sponsors comment on Audit Scotland drafts and agree final version for submission to the Performance Audit Committee. This can be done by correspondence and/or discussion.
2. Study Advisory Group - the sponsors comment on membership suggested by Audit Scotland and may suggest other interests or individuals for inclusion. Sponsors attend initial Advisory group meetings where possible.
3. Progress monitoring - Audit Scotland keep sponsors informed of progress of study and, on an exception basis, where a study has uncovered significant unexpected issues, or run into significant delays or  applications.
4. Key messages - Audit Scotland discusses with sponsors the main conclusions and key messages coming out of the study to ensure that they are content before the draft key messages are considered by the PA Committee.
5. Sponsors are invited to attend and lead the discussion at the Performance Audit Committee's consideration of key messages.
6. Study Reports - Audit Scotland sends the draft report to sponsors for comment at the beginning of the consultation period to ensure that they are content before the draft report is considered by the Commission.
7. Where a study is carried out jointly sponsors may be asked to discuss key messages or the draft report with the Auditor General.