

Minutes of the meeting of the Accounts  
Commission held in the offices of Audit  
Scotland, 110 George Street, Edinburgh  
on Wednesday 9 May 2007 at 10.30am.

PRESENT: A MacNish (Chair)  
J Baillie  
O Clarke  
J Couper  
A Faulds  
K Geddes  
I Low  
M Raj  
I Robertson  
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit  
D Pia, Director of Public Reporting (Local Government)  
W F Magee, Secretary  
F McKinlay, Assistant Director of Corporate Services (item 8)  
A Devlin, Corporate Planning Officer (item 8)  
R Frith, Director of Audit Strategy (items 13 & 14)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Chair's Introduction
4.	Deputy Auditor General
5.	Financial Audit and Assurance Committee
6.	Performance Audit Committee
7.	Commission Strategy Seminar and Targets for 2007-8
8.	Annual Report
9.	Best Value Audit of Scottish Borders Council
10.	The Audit of Best Value – Update Report
11.	Efficient Government: VFM Indicators for Corporate Services
12.	Development of the Local Government Performance Framework
13.	Audit Appointments
14.	Benefit Frauds Inspectorate

1. Apologies

Apologies for absence were intimated on behalf of Alan Alexander.

2. Minutes

The minutes of meeting of 14 March 2007 were submitted and approved.

3. Chair's Introduction

The Chair referred to a number of matters of current interest including

- The recent advertisement of the posts of Chair and member of the Commission
- His forthcoming Chairmanship of CIPFA's Conference on Outcome Agreements
- The postponement of the meeting with Edinburgh Council to follow-up the Best Value report, at the Council's request
- His recent discussions with senior representatives of Strathclyde Fire and Rescue Service.

The Commission agreed that the Secretary's note summarising these discussions should be circulated to members.

4. Deputy Auditor General

Caroline Gardner advised the Commission of a number of matters of current interest including

- The circulation of the Improvement Services induction material for councillors elected in May 2007 which includes references to the role of the Accounts Commission
- The publication of interim conclusions by the Crerar Review team, and a forthcoming update report to be made to the Commission
- An introductory meeting with the new Chief Inspector of Constabulary in Scotland with whom further conversations will be held in the forthcoming months on issues affecting the Commission's work in the Police service including the Best Value audit
- Her intention to make a statutory report on certain matters arising in East Lothian Council.

5. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 30 March 2007 were submitted and noted and the recommendations contained therein were approved. With reference to paragraph 2 of those minutes the Commission agreed that relevant correspondence in connection with the late completion of annual audit reports by a firm of accountants should be circulated to members as soon as possible.

6. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 18 April 2007 were submitted and noted and the recommendations contained therein were approved. With reference to paragraph 4 of the minutes there was circulated a proposed allocation of members as sponsors of forthcoming studies. The allocation was approved and is contained as Appendix 1 to these minutes.

7. Commission Strategy Seminar and Targets for 2007-8

There was submitted a report by the Secretary together with summaries of each session of the Commission's Strategy Seminar held on 13/14 March 2007. There was also attached to the report a draft proposal for Accounts Commission targets for 2007/8.

In discussion a number of points were made

- The action points from the day 1 overview of the Seminar are a useful summary of the outcome and can be built into the Commission's developing activities

- The issue of workload for Commission members continues to be significant
- There is a need to develop an understanding of the Commission's role both within COSLA and throughout local government generally
- Consideration should be given to targeting individual councillors with examples of the Commission's output.

Thereafter the Commission agreed

- i. to confirm the outcomes from the Strategy Seminar as contained in the summaries of each session, and
- ii. to adopt the targets for the Accounts Commission for 2007/8 which form Appendix 2 to these minutes.

#### 8. Annual Report

There was submitted a report by the Secretary together with a draft Annual Report for the Accounts Commission. In discussion of the draft report a number of points were made

- There is merit in moving the references to the Overview Report and the NFI Report from the Performance Audit section to the Financial Stewardship section
- The summaries of the Best Value reports should be revisited to ensure the appropriate emphasis in each
- More information should be given on the issues to be pursued in relation to Police
- The separate roles of the Controller of Audit and the Commission should be made clear in the Best Value section.

Thereafter the Commission agreed to authorise the Chair to agree the final text of the Annual Report in the light of the above comments.

#### 9. Best Value Audit of Scottish Borders Council

There was submitted a note of a meeting held on 19 April 2007 between representatives of the Commission and of the Scottish Borders Council to follow up the publication of the Best Value audit report and Commission's findings in relation to that Council. The Commission agreed to note the discussions held at the meeting and associated correspondence from the Chief Executive of the Council and to indicate that the next Best Value audit of the Scottish Borders Council will be carried out as part of the normal cycle of Best Value audits.

#### 10. The Audit of Best Value – Update Report

There was submitted a report by the Controller of Audit updating the Commission on the progress of the programme of Best Value audits. The report described the current position in the Best Value audits under way, referred to resourcing issues in Audit Scotland in relation to the delivery of the Best Value audit programme and outlined a number of areas currently being developed to improve the Best Value audit. The report included a list of the Best Value audits completed to date and a proposed schedule for the remaining Best Value audits. In discussion of the report a number of points were made

- Care should be taken in presenting the reasons for slippage in the programme
- As well as considering secondments it is important to encourage the development of existing staff.

Thereafter the Commission agreed to note the report and the proposed programme of Best Value audits over the next two years.

#### 11. Efficient Government: VFM Indicators for Corporate Services

There was submitted a report by the Deputy Auditor General on the joint audit agency project to develop value for money indicators and benchmarking for core business functions in public sector organisations. The report referred to the Commission's agreement in 2006 to support

this project, described the steps which had been taken in the interim and presented a draft of the paper proposed for publication summarising the project to date and the next steps. In discussion of the report a number of points were made

- The reference to a particular firm associated with the report may cause difficulties and should be omitted
- There are concerns that the report may be overtaken by the shared services agenda
- The voluntary nature of the indicators needs to be emphasised.

Thereafter the Commission agreed to express its concerns about the project but accept the proposal for publication of the paper subject to the above comments.

12. Development of the Local Government Performance Framework

There was submitted a report by the Director of Public Reporting (Local Government) informing the Commission of progress of the Scottish Executive led project to develop a new performance framework for local government in Scotland. Attached to the report was a public discussion paper issued by the Project Board. After discussion the Commission agreed to express its strong concerns to the Scottish Executive that so little progress has been made in developing the performance framework to date, requesting that specific targets and dates be fixed for the development of the framework and outlining the Commission's formal position in relation to its statutory responsibilities for publishing performance indicators.

13. Audit Appointments

There was submitted a report by the Director of Audit Strategy inviting the Commission to consider a number of issues relating to the appointment of auditors. The Commission agreed

- i. in the light of the resignation of Gavin Stevenson, Director of Audit Services, to appointment Lynn Bradley as the appointed auditor for all local government audits carried out by Audit Scotland for the period 2006/7 to 2010/11;
- ii. to appoint as auditors of the newly created Regional Transport Partnerships the auditors of the council supporting the finance function of the Partnership as set out in the report, with the exception of Strathclyde Regional Transport Partnership where the auditor will be KPMG;
- iii. to appoint as auditors of Community Justice Authorities the auditors of the council which provides the finance function to each of the authorities;
- iv. to appoint Lynn Bradley as auditor of the West of Scotland Archaeology Service.

14. Benefit Frauds Inspectorate

The Director of Audit Strategy referred to previous discussions about the means of financing the Commission's new responsibilities in respect of the Benefit Frauds Inspectorate and outlined the Scottish Executive's strong preference for funding the Commission's work in this area through the current funding mechanisms of Audit Scotland, ie direct funding from the Scottish budget approved by the Scottish Parliament. The Commission expressed its reluctance to agree to this proposal but accepted that it may be the solution which the Executive finally chooses to adopt.



	Mid 2009 Leisure Services	Mid 2009 Asset Management	Mid 2009 Strategic Procurement	2009 Teachers Agreement Follow-up	2009 Community Planning	Late 2009 Delivering an Integrated Transport System
Alastair MacNish						
Isabelle Low						
Alan Alexander		✓				
John Baillie				✓		
Owen Clarke	✓					
Jean Couper						
Michael Docherty			✓			
Ann Faulds		✓	✓			
Keith Geddes						
Mahendra Raj						
Iain Robertson					✓	
Douglas Sinclair					✓	

## ACCOUNTS COMMISSION TARGETS FOR 2007-8

Strategic objective	Strategic goal	Target	Measured by
1. An effective independent financial audit and assurance programme	Accurate, clear and unambiguous reports for audited bodies and other stakeholders	1.1 A well-planned, well-delivered programme of reports on individual audited bodies	Delivery as against timetable, and stakeholder response whilst preserving independence
		1.2 Overview report highlights the strengths and weaknesses in internal controls and governance; and the material risks in comparison with previous years	Media coverage and stakeholder response
		1.3 Audit quality reviewed to secure best value, to include more time-efficient methods and approaches to work	Part of outcome of quality assurance review. Quality and depth of discussion in FAA Committee
2. The effective introduction of the Best Value audit programme	Successful first cycle and lessons learned for the future, both about the process and about real improvements in service delivery	2.1 7 Best Value reports	Performance reflects plan
		2.2 Findings published within 8 weeks of receipt of report	Publication dates
		2.3 Stakeholders recognise accuracy and value of outputs and role of Accounts Commission	Stakeholder response
		2.4 Audits result in well-focused improvement plans likely to deliver progress	Assessment of improvement plans
		2.5 Specific improvements achieved in councils eg audit committee performance	Auditors' reports on follow-up
		2.6 Overall impact of Best Value audits	Annual overview report

Strategic objective	Strategic goal	Target	Measured by
3. An effective performance audit programme	More joined up reporting with more direct impact	3.1 Improved publicity for outputs in current study programme	Media coverage and stakeholder response
		3.2 Impact of previous study programme assessed and lessons learned	Changes to date resulting from outputs in 2006-7 compared with plan. Consideration of future topics
		3.3 Improvements in impact from future study programme	Improved scoring re criteria; and stakeholder response
4. The effective publication of performance information	Improved content, driving change and more accessible to the public	4.1 Improved performance overall	SPI data for 2006-07
		4.2 Improved and fairer publicity for outputs	Media coverage and stakeholder response
		4.3 Reduced burden on councils	Stakeholder response
		4.4 Improved accessibility for stakeholders	Stakeholder response
5. Good corporate governance of the Accounts Commission	Full compliance with best practice	5.1 Audit Scotland held to account for delivery	Commission scrutiny of quarterly performance information
		5.2 Members have performance assessed	Forward objectives and appraisals
		5.3 Improvement in cohesion and effectiveness	Annual review of corporate effectiveness