

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 19 March 2008 at 9.30am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
J Couper
M Docherty
A Faulds
K Geddes
A Kelbie
J King
I Robertson
D Sinclair

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
L Bradley, Director of Audit Services (Local Government)
M Taylor, Assistant Director, Audit Services (Local Government)
A Clark, Assistant Director, Public Reporting (item 4)
C Brown, Portfolio Manager, Public Reporting (item 4)
C Wyllie, external auditor (item 4)
B Hurst, Director of Public Reporting (Health and Central Government)
(item 10)
R Frith, Director of Audit Strategy (item 12)
A Reddish, Technical Adviser, Audit Strategy (item 12)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Chair's Introduction
4.	Update Report
5.	Aberdeen City Council – Audit of Best Value and Community Planning
6.	Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response
7.	The Development of Single Outcome Agreements
8.	East Lothian Council – Audit of Best Value and Community Planning
9.	Strategy Seminar 2008
10.	Developing Overview Reports of Policy Areas
11.	Commissioner for Public Appointments – Equal Opportunities Strategy
12.	The Audit of Housing and Council Tax Benefit from April 2008
13.	Audit Scotland Financial and Performance Information – Quarter 3
14.	Dates of Meetings
15.	Best Value Audits

1. Apologies

Apologies for absence were intimated on behalf of Isabelle Low.

2. Minutes

The minutes of meeting of 28 February 2008 were submitted and approved.

3. Chair's Introduction

The Chair reported that, since the last meeting of the Commission, he had appeared before the Audit Committee of the Scottish Parliament in connection with the overview report and had attended a meeting with government officials regarding the Crerar Report. In addition he and Isabelle Low had met with representatives of SOLACE, COSLA and the Scottish Consumer Council regarding the next round of Best Value audits and these meetings had proved constructive and helpful.

It was also noted that the report on Improving the School Estate was being published that day.

4. Update Report

There was submitted a report by the Controller of Audit providing an update on the following matters:-

- Progress of the programme of Best Value audits
- Audit Commission reports
- Tiner Report on NAO Governance.

The Commission agreed to note the report and that a report on the progress of Best Value audits would be submitted to the next meeting of the Commission.

(Action – report to be submitted to next meeting – CG)

5. Aberdeen City Council – Audit of Best Value and Community Planning

There was submitted a report by the Secretary introducing the Controller of Audit's report on the Best Value audit of Aberdeen City Council. The report was made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973.

The Controller of Audit and members of the Best Value audit team answered questions by members of the Commission. Thereafter the Commission agreed that, in light of the concerns highlighted in the Controller of Audit's report, it would hold a hearing.

(Action – arrangements to be made for hearing – CC)

6. Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Government Response

There was submitted a report by the Controller of Audit regarding in particular Recommendation 38 of the Crerar Review which asked the Accounts Commission to co-ordinate the scrutiny of local authorities until longer term changes were introduced. It was understood that the government's goal was to move to a position where Best Value was the key corporate level assessment tool, better aligned and co-ordinated

with other corporate audit and performance processes. During the transitional period this was likely to mean two broad roles for the Commission:-

- Clearing any scrutiny relating to the corporate and strategic role of local government, and
- Co-ordinating service related scrutiny of local government functions, including multi-agency inspections of service delivery.

The report set out a number of questions as to how these roles might be carried out in practice.

The Chair reported that he, together with Isabelle Low and Caroline Gardner, had met Ruth Parsons and Ian Mitchell, the senior officials responsible for the Scrutiny Improvement Programme, on 11 March. The two main points discussed had been the authority of the Accounts Commission and the resources which would be needed. The Cabinet Secretary for Finance and Sustainable Growth was to write to ask the Commission to take on this role and to report back in October on the experience and any lessons from implementing this new role.

Following discussion, the position was noted.

7. The Development of Single Outcome Agreements

There was submitted a report by the Controller of Audit providing an update on the development of single outcome agreements between the Scottish Government and local authorities and identifying likely implications for the work of the Commission. It was noted that the development of single outcome agreements provided the Commission with an opportunity to review the SPI regime and consider how best to develop its responsibilities under the 1992 and 2003 legislation in a changed local government environment.

During discussion the following points were made:-

- It would be important to retain those SPIs which would provide a better set of measures than under single outcome agreements
- The concordat and the development of single outcome agreements related to reporting to government, whereas the role of the Accounts Commission was in relation to public performance reporting
- Clear thinking would be required on the type of SPIs on which the Commission would consult – perhaps a mix of high level indicators together with a menu of indicators which would be more specific to local areas
- Consideration was needed to the issue of Community Planning Partnerships and the lead role of local authorities in that regard
- Some indicators should relate to the costs of providing specific services
- Consideration might be given to surveying local people to ascertain what information they would wish.

It was agreed to remit to the Controller of Audit to consider the issues raised during the discussion and bring back a further report to assist the Commission in developing the SPI regime.

(Action – further report to be submitted in June - CG)

8. East Lothian Council – Audit of Best Value and Community Planning

There was submitted a letter dated 25 February 2008 from the Chief Executive of East Lothian Council enclosing a copy of the Improvement Plan and covering report which had been presented to that Council on 22 January, when the Improvement Plan had been formally approved.

The position was noted.

9. Strategy Seminar 2008

There was submitted a report by the Secretary with attached summaries of the discussions which had taken place at the Strategy Seminar on 27-28 February 2008.

It was noted that the Commission's three year Strategy Document was due for renewal. The format of the Strategy Document and proposed targets for 2008/9 were currently being considered and a report would be brought to the Commission in due course.

The position was noted, and it was agreed that appropriate timescales be attached to the action points from the seminar.

With reference to item 6 above discussion took place on the urgency for agreeing the brief and securing resourcing for a dedicated staffing resource to assist the Commission in dealing with its new responsibilities under Crerar. It was agreed to remit to a group comprising the Chair, Deputy Chair and Chairs of the two committees to consider the issues and report back to the Commission.

*(Action - timescales to be attached to seminar action points for meeting in April - CC
- meeting to discuss resource issues before next meeting - CC/JB)*

10. Developing Overview Reports of Policy Areas

There was submitted a report by the Director of Public Reporting (NHS and Central Government) regarding the development of overview reports in the central government sector. The work had been initiated for the Auditor General but it was becoming clear that some of the reports would have most value if they also included some coverage of local government, and the Commission was therefore asked to consider its involvement in future reports of this type.

Attached to the report was a draft of the Sport Overview report which was due for publication in Spring 2008.

During discussion a number of points were made:-

- Some reports would be specific to the Auditor General and it would not be appropriate for the Accounts Commission to be involved
- Consideration of whether reports should be joint should be done when the annual programme of reports was considered
- For areas of national policy where delivery was substantially the responsibility of local government, consideration should be given to a report being done jointly
- Reports should give consideration to the effectiveness of policies
- The extent to which a report might be "joint" might vary depending on the report. A protocol should be put in place to establish which body was in the lead

- It would be important to avoid any blurring of lines of responsibility between the Auditor General and the Accounts Commission.

The Commission agreed:-

- that consideration be given to joint reports when the annual study programme was submitted for consideration;
- that a report on the future handling of joint reports be submitted together with the forward work programme report, and
- that the Sport Overview Report should be issued as an Auditor General report.

(Action – report on future handling of joint reports to be submitted with forward work programme – CG)

11. Commissioner for Public Appointments – Equal Opportunities Strategy

There was submitted a report by the Secretary advising that the Commissioner for Public Appointments in Scotland had a responsibility to ensure that appointments by Scottish Ministers were made fairly and openly and based on the merit of the candidates. She was also required to prepare and publish an equal opportunities strategy for public appointments and, in this regard, had issued a consultation paper with 12 key questions on which comments were requested. A draft response was attached to the report for consideration and approval.

Discussion took place on the general issues and concern was expressed that the average number of applicants for public appointments had fallen at a time when the process was becoming more complicated. It was important to ensure that the process worked, that timetables were adhered to and that applicants were treated with respect throughout the process. Consideration was needed of the barriers to people applying. This should involve proper research and the proposed centre of expertise could tackle that. Dialogue with chairs of key bodies would be appropriate and an open day to allow for meeting the chairs of key bodies would be helpful.

It was agreed to send a general response rather than answer the questions which had been posed; and to remit to the Secretary, in consultation with the Chair, Adrienne Kelbie and Iain Robertson to finalise the reply.

(Action – reply to be agreed and submitted – CC)

12. The Audit of Housing and Council Tax Benefit from April 2008

There was submitted a report by the Director of Audit Strategy providing information of the plans drawn up by Audit Scotland to take over responsibility for the inspection of local authorities housing and council tax benefit services in Scotland from April 2008 and seeking authority to commence a rolling programme of risk assessments of the services from that date.

The Commission agreed:-

- to endorse Audit Scotland's plans for the audit of housing and council tax benefit services in Scotland from April 2008, and

- ii. to authorise Audit Scotland to commence a rolling programme of risk assessments of all housing and council tax benefit services in Scotland, to carry out focused audits when appropriate and to report its findings and recommendations to the Commission when both phases of the new audit had been conducted.

(Action – report back following completion of audit – RF)

13. Audit Scotland Financial and Performance Information – Quarter 3

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland for the nine months to 31 December 2007.

The position was noted and it was agreed that letters be sent to the relevant firms asking for an explanation for the late completion of annual audit reports and information regarding when the late reports had been sent to councils for comment.

(Action – letters to firms –RF)

14. Dates of Meetings

Discussion took place on the dates for meetings for the remainder of the year and it was agreed to add a provisional date of 13 August.

15. Best Value Audits – Timescales

Discussion took place on the timescales for carrying out and completing Best Value audits and the staffing of the Best Value teams.

It was agreed that the Controller of Audit would report back with details of the timescale for Best Value audits as previously agreed by the Commission.

(Action – report back on timescales to next meeting – CG)