

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 23 April 2008 at 10.30am.

PRESENT: J Baillie (Chair)
A Alexander
O Clarke
J Couper
M Docherty
A Faulds
K Geddes
J King
I Low
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)
F McKinlay, Assistant Director, Best Value (item 6-10)
A Clark, Assistant Director, Public Reporting (item 6-10)
C Wilson, Performance Auditor, Best Value (item 6)
B Crosbie, Senior Audit Manager, Audit Services (Local Government)
(item 6)
B Hurst, Director of Public Reporting (Health and Central
Government)(item 10)
R Frith, Director of Audit Strategy (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Financial Audit and Assurance Committee
4.	Chair's Introduction
5.	Report by Controller of Audit
6.	Best Value Audit of Falkirk Council
7.	Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Progress Report
8.	Best Value Improvement Plan for Best Value 2
9.	Best Value Audits – Progress Update
10.	Programme of National Performance Audit Studies
11.	National Fraud Initiative – 2006/07 Exercise
12.	Other Business

1. Apologies

Apologies for absence were intimated on behalf of Adrienne Kelbie.

2. Minutes

The minutes of meeting of 19 March 2008 were submitted and approved.

3. Financial Audit and Assurance Committee

The minutes of meeting of 2 April 2008 were submitted and noted subject to the under noted amendments:-

- The inclusion of Isabelle Low in the sederunt
- The inclusion at the end of article 2 of the following – “It was agreed to delegate to the Chair of the Committee to approve correspondence to audit firms in relation to local authority audit completion matters”
- The inclusion at the end of the second paragraph of article 5 of the following –
“One member questioned whether the committee’s involvement in the advance vetting of external auditors’ professional standards was necessary and whether such involvement might possibly blur the responsibility and accountability of Audit Scotland.”

(Action – Catherine Coull to amend minute)

4. Chair’s Introduction

The Chair reported on a meeting he had attended with Ruth Parsons of the Scottish Government as part of the consultation into Best Value round 2.

He also reported on the arrangements for the hearing into the Best Value report on Aberdeen City Council.

The position was noted.

5. Report by the Controller of Audit

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

Scrutiny Improvement Programme
Education, Lifelong Learning and Culture Committee
Best Value audits

The Commission noted the terms of the report.

6. Best Value Audit of Falkirk Council

There was submitted a report by the Secretary introducing the Controller of Audit’s report of the Best Value Audit of Falkirk 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 the members of the Commission.

Thereafter the Commission agreed to make findings as contained in the Appendix to these minutes.

7. Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services – Progress Report

With reference to items 6 and 9 of the minute of meeting of 19 March 2008, there was submitted a report by the Secretary advising that the Chair, Isabelle Low and Douglas Sinclair had met on two occasions and advising of progress which had been made. Arising from the report it was noted that a meeting was arranged with the Chief Executives (or equivalent) of the relevant scrutiny bodies at which the Commission would be represented by the Chair, Isabelle Low and Douglas Sinclair but that Ruth Parsons was now unable to attend the meeting.

The position was noted.

8. Best Value Improvement Plan for Best Value 2

There was submitted a report by the Director of Public Reporting (Local Government) inviting the Commission to consider a framework through which it could develop its approach to the second round of audits of Best Value and Community Planning in councils, in readiness for the introduction of Best Value 2 in 2009. The framework was set out in a draft Best Value Improvement Plan which was attached to the report.

Discussion took place on the draft Best Value Improvement Plan and it was agreed that the following points be taken into account in developing the plan:-

- The need for greater emphasis on the public interest and customer focus
- The need for greater emphasis on outcomes
- Earlier and stronger reference to the tension between continuous improvement and additional cost
- Clarification that the Best Value audit will be based on self assessment and the need for a single corporate assessment system to be designed
- The need for feedback on good practice and for Audit Scotland to ensure that best practice was disseminated to all councils
- Greater emphasis on the need for extra rigour in pursuing the evidence base
- The key principles in table 1 should include the characteristics of a Best Value council.

The Commission:-

- i. noted the draft Best Value Improvement Plan subject to the comments above;
- ii. agreed to receive regular updates on progress in implementing the Improvement Plan at future meetings, and
- iii. agreed that the Chair write to external stakeholders to advise them of progress, including information relating to key principles and key points of the draft Improvement Plan, and that further consultation with external stakeholders take place once the proposals for Best Value 2 were available in late Autumn.

(Action – Chair to write to stakeholders)

9. Best Value Audits – Progress Update

With reference to item 15 of the minute of meeting of 19 March 2008 there was submitted report by the Director of Public Reporting (Local Government) with details of progress on the first round of Best Value audits and the elapsed time taken on each completed audit.

The report was noted and it was agreed that the Director of Public Reporting (Local Government) email all members with information regarding the number of actual working days taken for each Best Value report.

(Action – David Pia to send email to members)

10. Programme of National Performance Audit Studies

There was submitted report by the Directors of Public Reporting informing the Commission of the approach being taken by Audit Scotland to develop proposals for the future programme of national studies and inviting members to comment on the themes from which they would like to see specific study topics brought forward for further consideration.

It was agreed to approve the themes to underpin the selection of specific topics, subject to the following changes:-

- Fourth bullet point to read “examining efficiency and effectiveness”
- Attention to outcomes, the use of experience and the interests of client groups to be three separate themes
- Last bullet point to read “scrutinising public policy change and its impact”.

It was further agreed that more detailed information about potential studies, including information as to their relative importance, be submitted to the Performance Audit Committee for consideration at its meeting on 7 May.

(Action – report to Performance Audit Committee)

11. National Fraud Initiative – 2006/07 Exercise

There was submitted report by the Director of Audit Strategy with attached a near final draft of Audit Scotland’s report on the 2006/07 National Counter Fraud Initiative.

Discussion took place on the benefits of more information being included in the report as to the results of the initiative in terms of money recovered etc.

Thereafter the Commission noted the report.

12. Other Business

- a. Powers of Accounts Commission - It was agreed to remit to the Secretary to submit a report on the respective powers and responsibilities of the Accounts Commission and Audit Scotland;

(Action – Secretary to submit report)

- b. Local Authority Audit Completion, 2006/7 Audits – With reference to item 13 of the minute of meeting of 19 March 2008 Russell Frith circulated responses from the relevant firms regarding the late completion of annual audit reports.

The position was noted.

Falkirk BV report –findings

1. The Commission accepts this report on the performance of Falkirk 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. Falkirk Council shows good, solid performance with many characteristics of best value, while still having room for improvement in some areas. In particular, there is evidence that the council does well in regard to:
 - Vision and strategic direction
 - Community engagement
 - Customer focus
 - Partnership working
 - Performance management
 - The delivery of a number of major projects and initiatives contributing to economic development and regeneration
3. With regard to areas where the council needs to make progress we would highlight the following:
 - There is a need to ensure that the clear strategic vision and the culture of performance management, customer focus and community engagement is driven through into service improvement throughout the council
 - It is important that the current high level of senior management vacancies should be addressed as quickly as possible
 - Service performance is mixed. The council is aware of the areas where performance is poorer and needs to take appropriate action to bring about improvements.
 - The council should review its approach to scrutiny to ensure that the Best Value and Audit Forum meets in public, in accordance with the principles of accountability and openness.
 - Traditional financial planning is sound and the council has a prudent approach to financial management, but more needs to be done to align financial planning to the council's vision and to develop longer term planning.
 - The council's planned review of its commercial services should be accorded a high priority, to ensure that they are competitive
 - Work is needed to ensure that best practice is being delivered in people management and leadership development, with particular attention to areas where absence levels are high.
 - Priority should be given to leadership development and training of elected members, in view of the number of new members elected in May 2007
4. The Commission looks forward to receiving an improvement plan with measurable and achievable outcomes, which will build on the good work being done by the Council.

