

Minutes of the meeting of the Accounts
Commission held in the offices of Audit
Scotland, 110 George Street, Edinburgh
on Wednesday, 19 November 2008 at
10.30am

PRESENT: J Baillie (Chair)
M Ash
O Clarke
M Docherty
J King
I Low
W McQueen
I Robertson

IN ATTENDANCE: C Gardner, Deputy Auditor General and Controller of Audit
D Pia, Director of Public Reporting (Local Government)
C Coull, Secretary
F McKinlay, Assistant Director, Public Reporting
A Clark, Assistant Director, Public Reporting (item 7)
B Hurst, Director of Public Reporting (Health and Central Government)
(item 8)

<u>Item No</u>	<u>Subject</u>
1.	Membership
2.	Apologies for Absence
3.	Minutes
4.	Chair's Introduction
5.	Report by the Controller of Audit
6.	Argyll and Bute Council - Best Value Follow-up
7.	Best Value 1
	a. Progress Update Report
	b. Perth and Kinross Council
8.	Best Value 2
	a. Update on Best Value 2 Developments
	b. Proposed Approach to Auditing Leadership of Community Planning and Partnership Work
9.	Proposed Study Programme 2009/2010
10.	Joint Statement on Principles of Public Audit

1. Membership

The Chair welcomed Mike Ash to his first meeting of the Accounts Commission and congratulated him on his appointment.

2. Apologies

Apologies for absence were intimated on behalf of Ann Faulds, Adrienne Kelbie and Douglas Sinclair.

3. Minutes

The minutes of meeting of 15 October 2008 were submitted and approved and action was noted.

With reference to item 6 – Committee Membership – it was noted that Jim King had been appointed to the Performance Audit Committee and Mike Ash and Bill McQueen to the Financial Audit and Assurance Committee.

4. Chair's Introduction

The Chair reported that he had attended a meeting with John Swinney to discuss progress regarding the co-ordination of scrutiny. He had also attended a meeting of Audit Services managers.

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
- Single Outcome Agreements
- Completion of financial audits
- Meeting with COSLA, SOLACE and Scottish Government
- Parliamentary Audit Committee
- Audit Commission reports

The position was noted.

6. Argyll and Bute Council – Best Value Follow-up Report

There was submitted report by the Secretary introducing the report by the Controller of Audit on the Best Value follow-up audit at Argyll and Bute 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 leader of the Best Value audit team answered questions by members of the Commission.

Following discussion the Commission agreed to make findings as contained in the Appendix to this minute.

7. Best Value 1

a. Progress Update Report

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress with regard to the first round of Best Value audits.

b. Perth and Kinross Council

There were submitted and noted the note of meeting with representatives of Perth and Kinross Council on 17 October 2008 and a copy of the Council's Improvement Plan.

8. Best Value 2

a. Update on Best Value 2 Developments

There was submitted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 Improvement Plan and introducing the draft paper on the proposed approach to auditing leadership of community planning and partnership working. It was noted that proposals for the introduction of the Best Value audit for police and fire and rescue authorities would be submitted to the next meeting.

The Commission agreed to note the progress of the Best Value 2 Improvement Plan.

b. Proposed Approach to Auditing Leadership of Community Planning and Partnership Working

There was submitted a paper considering three possible approaches to auditing the leadership of community planning and partnership working as part of the Best Value 2 audit process. Approaches 2 and 3 raised wider questions about the application of Best Value to health and central government bodies and would require discussion between the Commission and the Auditor General about how they could be implemented. The paper also proposed a set of key lines of enquiry for councils which could be developed to apply to other audited bodies under Approach 2 or to the Community Planning Partnership as a whole under Approach 3.

The Controller of Audit outlined the position of Best Value in respect of health and central government bodies, where it was a formal responsibility placed on accountable officers. She considered that it would be possible under the existing audit arrangements for Best Value to be looked at across the public sector, and the Best Value toolkits which had been developed could be applied to every public body with a minimum of adaptation.

Considerable discussion took place, during which the view was expressed that the auditing of community planning and partnership working would benefit from Best Value being introduced as a clear duty across the whole public sector. Thereafter it was agreed:-

- i. that, in principle, Approach 2 should be adopted so far as possible – namely, the inclusion of an assessment of each partner’s performance in contributing to the achievement of shared partnership objectives. The BV2 audit report would record judgements from appointed auditors in other partner bodies which had been reported in audit reports on those bodies;
- ii. that Audit Scotland prepare a report for submission to both the Commission and the Auditor General on how Best Value could be audited across all public sector bodies and how that could contribute to assessing the performance of partnerships;
- iii. that the Controller of Audit submit a report detailing the responsibilities currently placed on public sector bodies in respect of Best Value.

Consideration was then given to the suggested key lines of enquiry to be assessed through the BV2 audit of leadership of community planning and partnership working and it was suggested that the list of points should include evidence of joint delivery; evidence of resources being joined to achieve savings; and the interest of the user/citizen/taxpayer.

(Action – further reports to be submitted – Controller of Audit)

9. Proposed Study Programme 2009/2010

There was submitted report by the Directors of Public Reporting inviting the Commission to consider and approve proposals for the Commission’s national studies programme for the period through to the end of 2010.

During discussion the point was made that it would be helpful to align the proposals for in depth investigations with the issues emerging from the Best Value audits.

The report was approved.

10. Joint Statement on Principles of Public Audit

There was submitted a report by the Chair of the Accounts Commission and the Auditor General for Scotland inviting the Commission to consider publishing a joint strategic statement about the principles of public audit in Scotland and to review and update the existing protocol between the Commission and the Auditor General in respect of working arrangements with Audit Scotland.

Following discussion it was agreed to proceed with publishing a joint strategic statement and with updating the existing protocol. It was considered that the strategic statement would provide a positive opportunity to reinforce the strategic view of the Accounts Commission and the Auditor General and that it should fit above the Audit Scotland Corporate Plan, which would give the details of the delivery of the strategy. It was suggested that consideration should be given to including in the strategic statement a description of the role of the Commission, and reference to the internal scrutiny arrangements of the Commission and Audit Scotland.

(Action – report on proposed strategic statement – Controller of Audit – report on review of protocol – Controller of Audit/Secretary)

ACCOUNTS COMMISSION FOR SCOTLAND

BEST VALUE FOLLOW UP REPORT ON ARGYLL AND BUTE COUNCIL

FINDINGS

In January 2006 the Commission published the report on the Best Value Audit of Argyll and Bute Council, together with its findings. The report and findings identified a number of areas for action by the council and the Commission required a further report by the Controller of Audit on the council's progress. The Commission accepts this report as fulfilling that requirement. We recognise that the report gives a broad picture of the council's performance based on the work of Audit Scotland and 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.

The Commission accepts the conclusion of the report that progress has not been sufficient in a number of key areas and that there remains much to be done to develop a culture of continuous improvement, and endorses the areas highlighted in the report as requiring particular attention. The council must increase the pace of change towards a position where it is fully implementing best value, underpinned by appropriate and functioning systems and processes.

We acknowledge the recent improvements in leadership and strategic direction and the council's innovative approach to its Audit Committee, with the appointment of external, non-executive members as Chair and Vice Chair. We also acknowledge the work of the newly appointed Chief Executive. However, we are concerned that a fully functioning performance management system is not yet in place and that key performance information has not yet been identified to enable monitoring and reporting of corporate and service plan objectives. We note, too, the limited progress that has been made in developing the role of Area Committees.

We encourage the council to act on the areas highlighted in the report and to increase the momentum towards the achievement of best value. We would ask the Controller of Audit to continue to monitor the situation and to consider whether it would be appropriate to revisit the council at an early stage in the Best Value 2 programme.