

Minutes of the meeting of the Accounts  
Commission held in the offices of Audit  
Scotland, 110 George Street, Edinburgh  
on Wednesday, 17 December 2008 at  
10.30am

PRESENT: J Baillie (Chair; for items 14-19)  
M Ash  
O Clarke  
M Docherty  
A Faulds  
J King  
I Low (in the chair for items 1-13)  
W McQueen  
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  
M Taylor, Assistant Director, Audit Services (items 8-9)  
M Bruce, Senior Audit Manager, Audit Services (item 8)  
E Boyd, Senior Audit Manager, Audit Services (item 9)  
A Clark, Assistant Director, Public Reporting (items 12-13)  
R Nicol, Assistant Director, Public Reporting (items 14-19)  
A Taylor, Portfolio Manager (Performance Information) (item 14)  
T Yule, Local Government Improvement Adviser, Public Reporting  
(items 12-19)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for Absence
2.	Minutes
3.	Financial Audit and Assurance Committee
4.	Performance Audit Committee
5.	Chair's Introduction
6.	Report by the Controller of Audit
7.	Best Value audits – progress update
8.	Moray Council – Best Value follow-up audit
9.	Inverclyde Council - Best Value follow-up audit
10.	Shetland Islands Council – statutory report on annual audit 2007/08
11.	Aberdeen City Council – statutory report on annual audit 2007/08
12.	Update on Best Value 2 developments
13.	Best Value 2 - public consultation and proposed timetable
14.	Local Government Act 1992 – publication of 2008 direction on statutory performance information
15.	Framework for the Best Value audits of Police and Fire and Rescue
16.	Joint Statement on the Principles of Public Audit; and Audit Scotland's Corporate Plan
17.	Annual Disability Equality progress report
18.	Audit Scotland Financial and Performance information
19.	Strategic Development and Planning Authorities – Audit appointments

1. Apologies

Apologies for absence were intimated on behalf of Adrienne Kelbie and it was noted that John Baillie would be joining the meeting later.

2. Minutes

The minutes of meeting of 19 November 2008 were submitted and approved and action was noted.

3. Financial Audit and Assurance Committee

The minutes of meeting of the Financial Audit and Assurance Committee of 26 November 2008 were submitted and the recommendations contained therein were approved.

It was agreed to homologate the decision of the Chair that Bill McQueen be appointed to chair the committee.

4. Performance Audit Committee

The minutes of meeting of the Performance Audit Committee of 3 December 2008 were submitted and the recommendations contained therein were approved.

5. Chair's Introduction

In the absence of John Baillie, Isabelle Low indicated that she had no matters to report.

6. 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
- Local Government sector meeting
- Better Regulation Executive
- Parliamentary Audit Committee
- Audit Commission reports

The position was noted.

7. Best Value audits – progress update

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.

8. Moray Council – Best Value follow-up audit

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the Best Value follow-up audit at Moray 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.

Following discussion the Commission agreed to make findings as contained in Appendix 1 to this minute.

9. Inverclyde Council - Best Value follow-up audit

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the Best Value follow-up audit at Inverclyde 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.

Following discussion the Commission agreed to make findings as contained in Appendix 2 to this minute.

10. Shetland Islands Council – statutory report on annual audit 2007/08

Ann Faulds declared an interest in this item, as her firm acted as advisors to Shetland Islands Council, and took no part in the consideration thereof

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the 2007/08 annual audit of Shetland Islands Council. The report was made by the Controller of Audit under Section 102 of the Local Government (Scotland) Act 1973. The Controller of Audit answered questions by members of the Commission.

Following discussion the Commission agreed to make findings as contained in Appendix 3 to this minute.

11. Aberdeen City Council – statutory report on annual audit 2007/08

There was submitted a report by the Secretary introducing the report by the Controller of Audit on the 2007/08 annual 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 answered questions by members of the Commission.

Following discussion the Commission agreed to make findings as contained in Appendix 4 to this minute.

12. Update on Best Value 2 developments

There was submitted and noted a report by the Director of Public Reporting (Local Government) updating the Commission on progress of the Best Value 2 improvement plan and introducing a paper on the draft strategy for consulting with key stakeholders on the Commission's approach to Best Value 2.

The Commission agreed to note the progress of the Best Value 2 improvement plan.

13. Best Value 2 – public consultation and proposed timetable

There was submitted a paper setting out a draft strategy for consulting with key stakeholders on the Accounts Commission's proposed approach to the second round of Best Value audits. The paper also set out a timetable for undertaking and evaluating pathfinder BV2 audits during 2009. This would take place alongside the development and introduction of shared risk assessment and joint scrutiny planning processes which would enable the Commission to establish a local government scrutiny plan for Scotland, delivering on the Scottish Government's ambitions for more stream-lined and better co-ordinated local government scrutiny.

The Commission was asked to consider the overall strategy for consultation, the proposed scope of the consultation materials and the proposed transition timetable.

The Commission agreed:-

- (i) That the Chair should issue a letter to all councils in January 2009 advising of the progress on the development of Best Value 2, and that further consideration should be given to the possibility of holding a national conference at the start of the roll-out of BV2, possibly in conjunction with the other scrutiny bodies
- (ii) That the consultation materials should be more specific on the characteristics of a Best Value council; and that the views of service users should be considered, together with the views of citizens;
- (iii) That the report be otherwise approved in principle; and
- (iv) To note that a further report would be submitted to the next meeting with more detailed proposals.

*[Action – letter to councils – Chair/David Pia; submission of further report – David Pia]*

14. Local Government Act 1992 – publication of 2008 direction on statutory performance information

There was submitted a report by the Director of Public Reporting giving details of the responses received to the Commission's consultation paper on the 2008 direction on statutory performance information. The Commission was invited to consider the responses received to the consultation, to confirm the overall approach to be taken for the 2008 direction and to consider a draft 2008 direction, as attached to the report.

During discussion concern was expressed that there had been no response from CoSLA and the Chair agreed to raise this with the President at their next meeting.

Following discussion the Commission agreed that:

- (i) the three unit cost PIs proposed in the consultation paper be not introduced meantime but that the study of unit costs contained in the national study programme be the means for the Commission to decide how to promote the use and reporting of cost indicators in the future;
- (ii) the current PIs on housing repairs and street cleaning be retained;
- (iii) two additional housing PIs be retained for a further year to assist the Scottish Housing Regulator to develop alternative data collection mechanisms to meet its requirements; and
- (iv) the 2008 direction, as attached to the report, be otherwise approved.

The Chair indicated that Alec Taylor was due to retire in the course of the next year, and this would therefore be the last SPI direction for which he would be responsible. He thanked him for all his work and wished him well for the future

15. Framework for the Best Value audits of Police and Fire and Rescue

There was submitted a report by the Director of Public Reporting (Local Government) setting out proposals for the introduction of Best Value audits in police authorities. Discussions had taken place with Her Majesty's Inspectorate of Constabulary for Scotland in this regard and the report set out a number of options for a more co-ordinated approach to reporting on police performance so that the public could receive a clear and consistent message about police services.

While the paper focused on the approach to the audit of police authorities, it was noted that much of the proposed approach would also apply in due course to fire and rescue authorities.

The Commission was asked in particular to consider a number of options with regard to reporting and considerable discussion took place.

It was agreed:-

- (i) that the best approach would be a single report, with the option of separate reporting if agreement could not be reached;
- (ii) that the proposed approach to consultation be approved in principle, and that consideration be given to HMCIC being involved; and
- (iii) that a further report be submitted with more detailed proposals.

*[Action – submission of further report – David Pia]*

16. Joint Statement on the Principles of Public Audit; and Audit Scotland's Corporate Plan

There was submitted a joint report by the Chair and the Auditor General for Scotland with attached as Annex 1 a draft joint statement on the principles of public audit in Scotland. In part the statement was designed to provide a strategic context for the Audit Scotland Corporate Plan, which had been approved by the Audit Scotland Board at its meeting on 9 December and which was attached as Annex 2 to the report.

Following discussion a number of drafting points were suggested.

Thereafter the Commission agreed:-

- (i) To approve for its interest the Joint Statement on the Principles of Public Audit, subject to consideration of the suggested drafting points; and
- (ii) To note the Audit Scotland Corporate Plan.

17. Annual Disability Equality progress report

There was submitted a report by the Director of Corporate Services referring to the duty on all public authorities to produce a disability equality scheme and action plan. The Accounts Commission equality scheme and action plan had been published in December 2006 and the required summary of progress on the scheme was attached as an appendix to the report.

The Commission agreed to approve the Disability Equality progress report.

18. Audit Scotland Financial and Performance information

There was submitted a report by the Director of Corporate Services presenting financial and performance information for Audit Scotland for quarter two, July to September 2008.

The Commission agreed to note the report

19. Strategic Development and Planning Authorities – Audit appointments

There was submitted a report by the Director of Audit Strategy regarding the appointment of auditors to three new strategic development planning authorities.

The Commission agreed to appoint the auditors as identified in the report and noted that these appointments would run until the completion of the 2010/11 audits.