

ACCOUNTS COMMISSION

MEETING 17 JUNE 2010

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 13 May 2010, at 10.30am

PRESENT: John Baillie (Chair)
Douglas Sinclair (Deputy Chair)
Michael Ash
Colin Duncan
Adrienne Kelbie
James King
Bill McQueen
Christine May
Linda Pollock
Colin Peebles
Iain Robertson
Graham Sharp

IN ATTENDANCE: Caroline Gardner, Controller of Audit and Deputy Auditor General
Fraser McKinlay, Director of Best Value and Scrutiny Improvement
Lynn Bradley, Director of Audit Services (Local Government)
Mark Brough, Secretary & Business Manager
Fiona Mitchell-Knight, Assistant Director, Audit Services (Local Government) [Item 7]
Martin Walker, Portfolio Manager (Best Value) [Items 7 and 8]
Carol Hislop, Audit Manager, Audit Services (Local Government) [Item 7]
Russell Frith, Director of Audit Strategy [Item 9]
Lorna Meahan, Assistant Director Audit Services (Central Government) (Chair of the Diversity and Equality Steering Group) [Item10]

| <u>Item No</u> | <u>Subject</u> |
|----------------|--|
| 1. | Apologies for absence |
| 2. | Declarations of interest |
| 3. | Minutes of meeting of 15 April 2010 |
| 4. | Minutes of meeting of the Performance Audit Committee of 22 April 2010 |
| 5. | Chair's introduction |
| 6. | Update report by the Controller of Audit |
| 7. | Shetland Islands Council – Report by the Controller of Audit |
| 8. | West Dunbartonshire Council update on Best Value Progress Report – follow-up meeting with Council leadership |
| 9. | Audit Scotland medium term financial planning |
| 10. | Accounts Commission Equality Annual Review 2009/10 |
| 11. | Local government scrutiny co-ordination update |
| 12. | Accounts Commission Annual Report 2009/10 |
| 13. | The Public Services Reform (Scotland) Act 2010 |
| 14. | Strategy seminar 2010 |
| 15. | Any other business |

1. Apologies for absence

There were no apologies.

2. Declarations of interest

Christine May declared an interest in relation to Item 10 as Joint Chair of FRAE Five (Fairness, Race, Awareness and Equality).

3. Minutes of meeting of 15 April 2010

The minutes of the meeting of 15 April 2010 were submitted and approved.

4. Minutes of meeting of the Performance Audit Committee of 22 April 2010

The Commission noted the minutes of the meeting of the Performance Audit Committee of 22 April 2010. The Commission noted the action point under Item 8 – Drug and Alcohol Services Study – and agreed the recommendation that it should write to councils (and, jointly with the Auditor General, to Scottish Ministers) to remind them of the recommendations and encourage consistent implementation.

[Actions – Chair to write to councils and to consider, jointly with the Auditor General, writing to Scottish Ministers.]

5. Chair's introduction

The Chair reported on—

- The publication of the Best Value 2 Pathfinder audits of Angus, Highland and Scottish Borders Councils on 12, 13 and 19 May respectively;
- A joint workshop with the Auditor General on 22 April on the review of the performance audit programme, and plans for the further workshop with stakeholders on the afternoon of 13 May;
- An evidence session on the Overview of Local Authority Audits 2009 to the Parliament's Local Government and Communities Committee on 5 May;
- A meeting with the Improvement Service on 5 May;
- The Scottish Government's process for recruitment of new Accounts Commission members over the summer.

6. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on—

- Local government audit issues
- Relevant Scottish Parliament committee activity

Following discussion, the Commission noted that-

A report on further audit work by the appointed auditor (KPMG) at Strathclyde Partnership for Transport will be submitted at a future meeting;

A report on further audit work in relation to The Highland Council regarding the Caithness Heat and Power project is expected to be submitted to the Commission at its June meeting;

Consideration is being given to reviewing and, if necessary, refreshing the *Code of Guidance on Funding External Bodies and Following the Public Pound*, originally published jointly by the Accounts Commission and COSLA in 1996.

[*Actions –*

- *Reports on follow-up audit work at Strathclyde Partnership for Transport and Caithness Heat and Power project to be submitted to future meetings – Controller of Audit;*
- *Controller of Audit to report to the Commission in due course on any further action on the Code of Guidance on Funding External Bodies and Following the Public Pound.]*

7. Shetland Islands Council – Report by the Controller of Audit

The Commission considered a report by the Controller of Audit on further audit work on Shetland Islands Council as requested in December 2009.

The Commission agreed to accept the Controller of Audit's report. In light of the nature of the issues covered in the report, the Commission agreed to hold a hearing and remitted to the Chair and Secretary and Business Manager to make the necessary arrangements.

The Commission agreed that the hearing would be conducted in public and, after taking evidence, would adjourn and reconvene at a later time in private for the Commission to consider its findings. The Commission agreed to delegate to the Chair authority to decide any matters in relation to expenses for persons appearing at the hearing or attending it for the purpose of giving evidence or producing documents.

[*Actions – Chair and secretary and Business Manager to make arrangements for a hearing.]*

8. West Dunbartonshire Council update on Best Value Progress Report – follow-up meeting with Council leadership

The Commission considered and noted a report of a meeting between Commission members and representatives of the leadership of West Dunbartonshire Council on 15 April.

Following discussion the Commission agreed that the Chair should write to the Council with a copy of the report and highlight key points on which progress should be made. The Commission noted that the appointed auditor would continue to monitor the situation at the Council closely, and further reports could be brought to the Commission if necessary.

[*Action – Chair to write to the Council with a copy of the report of the meeting.]*

9. Audit Scotland medium term financial planning

The Commission considered a report by the Director of Audit Strategy on Audit Scotland's approach to its medium term financial planning and fee setting.

Following discussion, the Commission approved the approach outlined in the report and noted that proposals for fees for local authority 2010/11 audits for will be submitted to the Commission in due course.

10. Accounts Commission Equality Annual Review 2009/10

The Commission considered and approved a Draft Equality Annual Review for the year to 31 March 2010, and noted that it would be linked to the Audit Scotland review and published electronically.

11. Local Government scrutiny co-ordination update report

The Commission considered a report by the Controller of Audit on developments in respect of the scrutiny co-ordination work which is being carried out under the Accounts Commission's gate-keeping role.

During discussion the Commission noted—

- the continuing work to finalise the local Assurance and Improvement Plans and to complete the National Risk Assessment process;
- that the Controller of Audit would meet with Scottish Government officials shortly to discuss progress.

12. Accounts Commission Annual Report 2009/10

The Commission considered a draft Annual Report for the year to 31 March 2010 and agreed that, provided that there are no significant practical difficulties, the report should be published separately from the Audit Scotland Annual Report. The Commission also agreed that consideration should be given to the report including information on the costs associated with the Commission.

13. Public Services Reform (Scotland) Act 2010

The Commission considered and noted a report by the Secretary and Business Manager on the implications for it of the Public Services Reform (Scotland) Act 2010.

Following discussion the Commission agreed that—

- the commencement of relevant provisions would be monitored by the Secretary and Business Manager;
- further reports and options would be brought to the Commission in due course on any specific matters on which action might be required;
- the implications of revised governance arrangements for the relationship between the Commission and the Audit Scotland board would be considered and reported to the Commission.

[Action – Further updates to be provided as appropriate on the implications of specific duties – Secretary and Business Manager.]

14. Strategy Seminar 2010

The Commission considered a report by the Secretary and Business Manager summarising the issues discussed at, and action points arising from, its strategy seminar.

Following discussion, the Commission agreed the terms of the Commission's development objectives arising from the seminar. The Commission authorised the Secretary to work with Audit Scotland to bring forward a framework under which progress against these objectives can be monitored, and agreed an approach to considering the action points arising from the objectives.

15. Any other business

No other business was intimated.

The next meeting of the Commission will be on Thursday 17 June at Audit Scotland's offices at 18 George Street.