

MEETING: 7 JUNE 2018

MINUTES OF PREVIOUS MEETING

Minutes of the 446th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 10 May 2018, at 10.15am

PRESENT: Graham Sharp (Chair)
Sandy Cumming
Alan Campbell
Sheila Gunn
Sophie Flemig
Ronnie Hinds
Tim McKay
Stephen Moore
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Fiona Daley, Consultant, Appointments and Assurance Team (AAT) [Item 18]
Gemma Diamond, Senior Manager, PABV [Items 15 and 17]
Corrinne Forsyth, Senior Auditor, PABV [Items 14 and 16]
John Gilchrist, Manager, AAT [Item 18]
Brian Howarth, Assistant Director, ASG [Items 15 and 17]
Ross Hubert, Senior Auditor, ASG [Items 15 and 17]
Pat Kenny, Director, Deloitte [Items 14 and 16]
Mark MacPherson, Senior Manager, PABV [Items 14 and 16]
Pearl Tate, Senior Audit Manager, ASG [Items 15 and 17]
Elaine Boyd, Assistant Director, Appointments and Assurance [Item 18]
Owen Smith, Senior Manager, AAT [Item 18]
Karlyn Watt, Senior Manager, Deloitte [Items 14 and 16]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 12 April 2018
5. Minutes of meeting of Financial Audit and Assurance Committee of 26 April 2018
6. Minutes of meeting of Performance Audit Committee of 26 April 2018
7. Audit Scotland Board update
8. Update report by the Secretary to the Accounts Commission
9. Update report by the Controller of Audit
10. Draft Commission Annual Report
11. Draft Commission Strategy Update
12. Commission engagement strategy: report and update
13. Best Value update
14. Audit of Best Value: East Ayrshire Council
15. Audit of Best Value: Fife Council
16. Audit of Best Value: East Ayrshire Council
17. Audit of Best Value: Fife Council
18. Draft Audit Quality Annual Report
19. Commission business matters

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

The following declarations of interest were made:

- Sandy Cumming, in items 15 and 17, as Chair of Scotland's Rural College which has a campus in Cupar, Fife.
- Sophie Flemig, in items 14 and 16, since family members are resident in East Ayrshire.
- Ronnie Hinds, in items 15 and 17, as a former Chief Executive of Fife Council. (He took no part in consideration of item 15 and left the room during consideration of item 17.)
- Stephen Moore, in items 15 and 17, as a former chief officer of Fife Council. (He left the room during consideration of item 17.)
- Geraldine Wooley, in items 15 and 17, as a resident of Fife and as member of the Fife Valuation Appeal Committee.

3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Items 16 and 17 require the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 18 proposes a draft report which the Commission is to consider in private before publishing.

No business was notified by members for item 19 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 12 April 2018

The minutes of the meeting of 12 April 2018 were approved as a correct record.

Arising therefrom, the Commission:

- In relation to item 6 (third bullet), in response to a query from Tim McKay, noted advice from the Director of PABV that he would provide in early course information on any Barnett consequential arising from the additional funding provided to councils in England for the repair of potholes.

Action: Director of PABV

- In relation to item 8 (fifth bullet), in response to a query from Ronnie Hinds, noted advice from the Secretary that he would arrange a meeting in early course between the Chair, Deputy Chair and the Local Government Benchmarking Framework to discuss actions arising at the Commission meeting.

Actions: Secretary

5. Minutes of meeting of Financial Audit and Assurance Committee of 26 April 2018

The Commission approved as a correct record the minutes of the meeting of the Financial Audit and Assurance Committee of 26 April 2018.

6. Minutes of meeting of Performance Audit Committee of 26 April 2018

The Commission approved as a correct record the minutes of the meeting of the Performance Audit Committee of 26 April 2018, subject to noting that Sandy Cumming did attend the meeting.

7. Audit Scotland Board update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

During discussion, and having noted a verbal update from the Chair on recent Audit Scotland Board activity, the Commission:

- Noted advice from the Chair, in response to a query from Sophie Flemig, that a discussion on the engagement of young people in audit would take place at the August meeting of the Commission.
- Agreed, in response to a point by Alan Campbell, that future such reports include the agenda of the most recent meeting of the Board, even if the minute is not publicly available.

Action: Secretary

Thereafter, the Commission noted the report.

8. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- In relation to paragraph 5, in response to a query from Sophie Flemig, agreed that download information on supplements to performance audits be provided in the Secretary report.

Action: Secretary

- In relation to paragraph 11, in response to a query from Stephen Moore, noted advice from the Secretary that he would ensure access for Commission members to Quality Scotland information and services.

Action: Secretary

- In relation to paragraph 13, in response to a query from Stephen Moore, noted advice from the Director of PABV that a report on legacy matters relating to the 2014 Commonwealth Games was part of the work programme, scheduled for 2020/21.
- In relation to paragraph 41, in response to a query from Stephen Moore, to note advice from the Director of PABV that he would continue to monitor matters in relation to the proposal to establish safe injecting spaces for drug users in Glasgow.

Action: Director of PABV

- In relation to paragraph 43, in response to a query from Sheila Gunn, agreed that more information be provided (by way of in the 'current issues' report to the Financial Audit and Assurance Committee) on the announcement by North Lanarkshire Council to purchase 100 houses each year on the open market.

Action: Secretary and Director of PABV

- In relation to paragraph 45, in response to a query from Stephen Moore, to note advice from the Director of PABV that he would continue to monitor matters in relation to downward trends in the number of specialist teachers supporting pupils with additional support needs.

Action: Director of PABV

- In relation to paragraph 51, in response to a query from Geraldine Wooley, noted advice from the Controller of Audit that matters arising from the inquiry into the construction of the DG One leisure centre, Dumfries, would be considered as part of the ongoing work for the Best Value Assurance Report on Dumfries and Galloway Council, to be considered by the Commission later in the year.

Action: Controller of Audit

- In relation to paragraph 80, noted advice from the Controller of Audit that he would provide more information on the involvement of Capita in providing services for Scottish councils.

Action: Controller of Audit

- In relation to paragraph 81, noted advice from the Secretary that he would provide further information on the recent Court of Appeal ruling in relation to the pay policy of Nottingham City Council.

Action: Secretary

Following discussion, the Commission noted the report.

9. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

10. Draft Commission annual report

The Commission considered a report by the Secretary proposing for publication the content of the Commission's annual report 2017/18.

Following discussion, the Commission agreed:

- to approve the annual report 2017/18, subject to some drafting changes agreed during discussion, to be published on 7 June.
- The publication arrangements and next steps for promotion and implementation of the annual report.

Action: Secretary

11. Draft Commission strategy update

The Commission considered a report by the Secretary to the Commission proposing a revised Commission Strategy 2018-23 and accompanying annual action plan, arising from the Commission's considerations at its Strategy Seminar.

Following discussion, the Commission agreed:

- That thought be given as to how to make supplementary planning guidance be made more accessible to Commission members and the public.

Action: Associate Director, ASG & PABV

- To approve the revised Commission Strategy 2018-23 and annual action plan,

subject to some drafting changes agreed during discussion, to be published on 7 June.

- The publication arrangements and next steps for promotion and implementation of the Strategy.

Action: Secretary

12. Commission engagement strategy: report and update

The Commission considered a report by the Secretary to the Commission proposing (a) a progress report against the Commission's Engagement Strategy 2017/18; and (b) a revised Engagement Strategy for 2018/19.

Following discussion, the Commission agreed:

- To approve a progress report against the Engagement Strategy 2017/18, to be published on 7 June.
- To approve a revised Engagement Strategy and action plan 2018/19, to be published on 7 June.
- The publication arrangements and next steps for promotion and implementation of the progress report and Strategy.

Action: Secretary

13. Best Value Assurance Report schedule 2019

The Commission considered a report by the Director of PABV inviting the Commission to consider a proposed schedule for the third tranche of Best Value Assurance Reports (BVARs).

Following discussion, the Commission agreed to endorse the proposed schedule of councils to be included in third tranche of BVARs.

Action: Director of PABV and Secretary

14. Audit of Best Value: East Ayrshire Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report on East Ayrshire Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

15. Audit of Best Value: Fife Council

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report on Fife Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

16. Audit of Best Value: East Ayrshire Council [private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the Best Value Assurance Report of East Ayrshire Council.

Following discussion, the Commission agreed to make findings, to be published on 29 May 2018.

Action: Secretary

17. Audit of Best Value: Fife Council [private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the Best Value Assurance Report of Fife Council.

Following discussion, the Commission agreed to make findings, to be published on 24 May 2018.

Action: Secretary

18. Draft audit quality annual report [private]

The Commission considered a report by the Assistant Director, Appointment and Assurance proposing the draft Audit Quality Annual Report 2017/18 for the Commission's endorsement, as part of the Commission reporting its assurance on quality in its own annual report.

During discussion, the Commission:

- Noted advice from the Assistant Director that:
 - In relation to a query by Ronnie Hinds, that she would be discussing with Audit Scotland the reported data in relation to staff surveys.
 - She would discuss with the Secretary how the Commission is updated on progress by audit providers against improvements identified in the report, including the involvement of the Commission's committees.
 - She would discuss further with the Commission matters around the use of the Financial Reporting Council grading system in internal reviews.
 - The reporting of the Commission's strategic audit priorities and the four dimensions of audit and Best Value as set out in the Code of Audit Practice would be taken forward as part of the development of annual planning guidance for the 2018/19 audit year.
- Agreed that future reports give more prominence to the improvements arising from quality assurance reporting.

Following discussion, the Commission:

- Endorsed the draft Audit Quality Annual Report 2017/18, subject to some drafting changes agreed in the discussion.

Action: Assistant Director, Appointments and Assurance

- Noted that the draft report would be approved by the Board of Audit Scotland, therefore including the Commission Chair.
- Noted that the report would be published on 15 June.

19. Commission business matters

The Chair, having advised that there was no business for this item, closed the meeting.