

MEETING: 9 MAY 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 456th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 11 April 2019, at 10.15am.

PRESENT: Graham Sharp (Chair)
Andrew Burns
Andrew Cowie
Ronnie Hinds
Christine Lester
Tim McKay
Stephen Moore
Pauline Weetman
Sharon O'Connor
Sheila Gunn
Sophie Flemig

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Items 8 and 11)
Paul Craig, Senior Audit Manager, Audit Services (Item 9)
Fiona Daley, Consultant, AQA (Item 11)
Blyth Deans, Senior Auditor, Audit Services (Item 9)
Ffion Heledd, Audit Manager, PABV (Item 9)
Fiona Mitchell Knight, Audit Director, Audit Services (Item 9)
Paul O'Brien, Senior Manager, PABV - Professional Support (Item 8)
Richard Robinson, Senior Manager, PABV (Item 8)

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 7 March 2019
5. Audit Scotland Board update
6. Update report by the Secretary to the Commission
7. Update report by the Controller of Audit.
8. Local Government Independent Auditors Reports
9. Best Value Assurance Report – Stirling Council
10. Best Value Assurance Report – Stirling Council (in private)
11. New Code of Audit Practice and audit procurement – arrangements (in private)
12. 2018/19 Equalities mainstreaming update (in private)
13. Commission business matters

1. Apologies for absence

It was noted that Geraldine Wooley had submitted her apologies for absence.

2. Declarations of interest

No declarations of interest were made:

3. Decisions on taking business in private

It was agreed that items 10 to 12 be considered in private because:

- Item 10 requires 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 11 requires the Commission to consider confidential policy, business and commercial matters.
- Item 12 proposes a draft report which the Commission is to consider in private before publishing.

No business was notified by members for item 13 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 7 March 2019

The minutes of the meeting of 7 March 2019 were approved as a correct record.

Arising therefrom, in relation to item 10 (second bullet point), advice from the Secretary was noted that following discussion between him, the Chair and the Director of Audit Services, Tim McKay would act as sponsor for the scheduled housing benefit performance audit work.

5. Audit Scotland Board Update

The Commission considered a paper providing an update on the recent activity of the Audit Scotland Board.

Arising therefrom, in relation to item 11 of the minutes of the meeting of the Board of 29 January, advice from the Chair was noted that he had asked the Secretary to arrange a briefing for the Commission's committees on the work of Audit Scotland's Professional Support team.

Action: Secretary

6. Update report by the Secretary to the Commission

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

Following discussion, the Commission noted the report.

7. Update report by Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

8. Local Government Independent Auditor's Report

The Commission considered a report by the Associate Director, AQA proposing a revised form of Independent Auditor's Reports in respect of local government bodies to apply from the 2018/19 financial year.

Following discussion, the Commission agreed:

- To approve the model form of Independent Auditor's Report that will apply with effect from the financial year 2018/19.
- To note that the model form of report would be provided to auditors in a technical guidance note.

Action: Associate Director, AQA

9. Best Value Assurance Report – Stirling Council:

The Commission considered a report by the Secretary to the Commission presenting the Controller of Audit's Best Value Assurance Report for Stirling Council.

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

10. Best Value Assurance Report – Stirling Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for Stirling Council.

Following discussion, the Commission agreed to make findings, to be published on 25 April 2019.

Action: Secretary

11. New Code of Audit Practice and Audit Procurement Arrangements (in private)

The Commission considered a report by the Secretary setting out arrangements considered by the Board of Audit Scotland for a new Code of Audit Practice and procurement of auditors from 2021 and seeking the Commission's view on relevant matters.

In discussion, the Commission agreed:

- To note the decision of Audit Scotland Board to approve the broad terms of arrangements for the development of a new Code of Audit Practice and for identifying a set of appointable auditors and noting that the Chair of the Commission reserved his position pending further consultation with members of the Commission.
- That further assurance be sought from Audit Scotland on contingencies in place in relation to various areas of risk in the exercise including:
 - Capacity of Audit Scotland to deliver timetable
 - Any communication required between the Commission and a new Auditor General.

Action: Chief Operating Officer, Audit Scotland

- That Audit Scotland share a project plan, including contingencies, with the Commission.

Action: Chief Operating Officer, Audit Scotland

- That Audit Scotland share the outcome of a previous exercise on value for money of Audit Scotland's Audit Services Group.

Action: Chief Operating Officer, Audit Scotland

- To defer consideration of Commission's oversight, governance and reporting arrangements in this regard, pending the further information from Audit Scotland set out above.

Action: Secretary

12. 2018/19 Equalities mainstreaming update (in private)

The Commission considered a report by the Chair of Audit Scotland's Equality and Human Rights Steering Group seeking approval of the draft 2019 Mainstreaming Equality and Equality Outcomes progress report.

In discussion, the Commission agreed:

- To approve the draft report.
- That further consideration be given to the development of an outcome to address human rights and socio-economic inequality through audit work.

Action: Secretary and Chair of Audit Scotland Equalities and Human Rights Steering Group

13. Commission business matters

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