

supporting improvement in local government

accounts
commission
annual
report
2009 | 10

The Accounts Commission was established in 1975 to secure the audit of Scottish local government and to consider reports arising from that audit. The Commission's original functions have developed and its responsibilities are now to:

- secure the audit of all accounts of local authorities and associated bodies (such as fire and rescue and joint police boards) either by Audit Scotland or by firms of accountants
- secure the audit of the performance by local authorities of their Best Value and Community Planning duties
- secure the audit of the performance by fire and rescue and joint police boards of their Best Value duties
- consider reports made by the Controller of Audit, to investigate all matters raised and to conduct hearings where appropriate
- undertake or promote performance audits
- give directions to local authorities on performance information
- make recommendations to Scottish ministers and to local authorities, and to impose sanctions on individual officers and members responsible for illegality
- help advise Scottish ministers on local authority accounting matters.

The Commission operates independently of local authorities and of the Scottish Government, and reports in public. It has a maximum of 12 members who are appointed by Scottish ministers following a public appointments process.

The Commission does not employ any staff. Audit Scotland was set up to support it and the Auditor General for Scotland in their work. The performance of Audit Scotland is outlined in a separate annual report, which can be found at www.audit-scotland.gov.uk

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Chair's message



The 2009/10 financial year was another challenging one for councils. The effects of the recession – reduced income and increased demand for some council services – began to be felt by local authorities. Add to that the uncertainty over future financial settlements from the government, and local authorities find themselves having to make tough choices about how to deliver quality services with tighter resources.

The current budgetary position makes it even more important that councils have the support they need to improve and the Commission is committed to working with the local government community throughout this demanding time.

Over the past year our work has covered a variety of areas. In our annual review *An overview of local government in Scotland 2009*, we welcomed improvements in council services but warned that councils will have to think radically about service design and delivery if they are to meet

the considerable financial challenges they will face in the future.

The Commission has continued to act as 'gatekeeper' during a time of transition for local government scrutiny. Over the past year we have overseen the development of shared risk assessments (SRAs), the creation of local area networks (LANs) and the drafting of a joint scrutiny code of conduct, designed to help all the scrutiny and inspection bodies involved work well together.

During the year, we issued Best Value (BV) first-time findings on the final two Scottish councils, South Ayrshire and East Dunbartonshire. We also published four progress reports and an overview which assessed the success of the first round of BV audits.

We have also directed the development of Best Value 2 (BV2) and considered findings on the first two pathfinder audits on Dundee City Council and East Ayrshire Council. BV2 will become the single corporate

assessment for local authorities in coming years.

We published nine performance audit reports including our annual overview. Six of these were joint reports with the Auditor General for Scotland in areas of shared interest. All attracted significant attention.

In 2009/10, we received the first impact reports from Audit Scotland. These are now published three and twelve months after each of our performance reports and allow us to assess the impact our reports are having with our stakeholders.

In addition to this work we have helped support improvement in local government by appearing at Parliamentary committees. I presented the local government overview report to both the Public Audit and Local Government and Communities Committees and gave evidence to the Finance Committee on the Public Services Reform Bill.

“ The Commission is committed to working with the local government community throughout this demanding time. ”

I have also spoken at several conferences on subjects including improving Scotland's public sector estate and shared services. The audiences at these conferences included council chief executives and leaders and offered another important way for the Commission to make its voice heard.

There have been some changes to our membership over the past year. Owen Clarke, Michael Docherty, Ann Faulds and Isabelle Low all retired from the Commission. I would like to thank them for their contributions over the past few years. Isabelle Low also gave excellent service in the role of deputy chair for a number of years. The post of deputy chair has been filled by Douglas Sinclair.

In October five new members were appointed to the Commission. I welcome Colin Duncan, Christine May, Colin Peebles, Linda Pollock and Graham Sharp, and I look forward to working with them.

There was one other departure this year. The Secretary to the Accounts Commission, Catherine Coull, retired in May 2009. Mark Brough has joined Audit Scotland on secondment from the Scottish Parliament and is working as Secretary and Business Manager to the Commission.

JOHN BAILLIE

Chair of Accounts Commission



Improving scrutiny



We made good progress in 2009/10 in the drive to develop a simplified and coherent system of scrutiny for local government. By the end of the financial year we had completed the initial design and development phase and we began to implement a new programme of more streamlined scrutiny.

The Commission's 'gatekeeping' role meant much of our work was focused on these significant changes. The chair of the Commission continued to chair a strategic group set up to steer developments and direct the work of an operational group made up of representatives from Audit Scotland, HM Inspector of Education (HMIE), the Social Work Inspection Agency (SWIA), NHS Quality Improvement Scotland, the Care Commission, the Scottish Housing Regulator and HM Inspectorate of Constabulary for Scotland (HMICS). COSLA and SOLACE also attend the strategic group as observers.

A joint scrutiny code of practice was drawn up in consultation with the other scrutiny bodies and COSLA and SOLACE. The code sets out the arrangements for cooperation between the scrutiny bodies in delivering more proportionate, risk-based scrutiny. The code establishes the respective roles of the Commission and our partners; explains how information and work will be shared; identifies areas where collaborative working could be beneficial and sets out arrangements for the resolution of any disagreements.

Local area networks were also set up for each of the 32 councils. These networks include representatives from each local government scrutiny body. The networks drew up joint scrutiny plans for each council based on an assessment of risk. In mid 2010 the first national joint scrutiny plan will be published which will target scrutiny resources on the areas where they will make the highest impact.

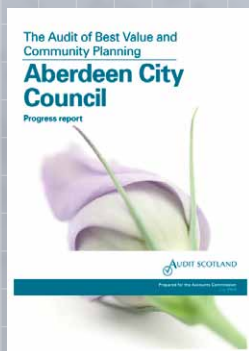
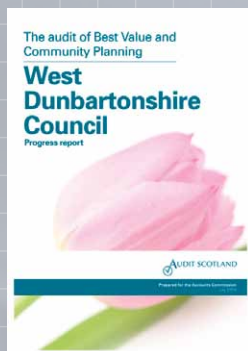
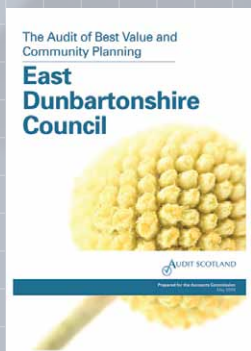
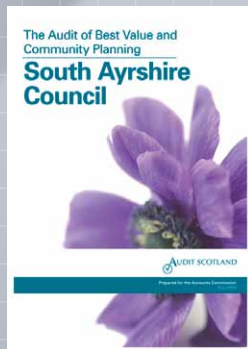
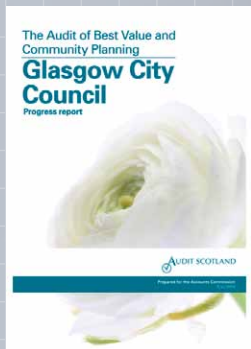
The new arrangements mark a fundamental shift from scrutiny based on standard inspections undertaken on a cyclical basis, to a more risk-based and proportionate approach. Self-evaluation will be at the heart of the approach, backed up at each local authority by a shared risk assessment (SRA) carried out by all the scrutiny partners.

Over the past year the Controller of Audit kept the Cabinet Secretary for Finance and Sustainable Growth up to date with progress on our behalf.



“ We made good progress in 2009/10 in the drive to develop a simplified and coherent system of scrutiny for local government. ”

Best Value



In 2009/10, the final two reports from the first round of Best Value audits were published, on South Ayrshire Council and East Dunbartonshire Council, along with four progress reports.

The progress reports showed that two councils, Glasgow City and Aberdeen City, had made improvements since our last audit although there was still work to do. The Commission was disappointed, however, to note that West Dunbartonshire Council had made insufficient progress with key improvement priorities, although it welcomed the fact that a number of services continued to demonstrate good levels of performance. We published two progress reports on this council, one in July 2009 and another in March 2010. These reports followed a hearing in the area in late 2006 and a first follow-up report in 2008.

During the year we assessed both the success of the first round of Best Value (BV) audits and the role that the Commission had been able to play

in supporting improvement in local government.

The report, *Making an impact: an overview of the audits of Best Value and Community Planning 2004-09*, concluded that the BV process has had a positive impact on local government in Scotland and has given the public an overall picture for the first time of how well their councils are performing.

The report marked a milestone in the BV process; the end of the first round.

It was also clear from this assessment that the best performing councils have effective political and managerial leadership and that good performance management is essential to improve services.

The report also highlighted the importance of the public hearings the Commission held in West Dunbartonshire and Aberdeen. Hearings give us the chance to ask searching questions of a council and are a key mechanism for holding councils publicly to account.

These findings gave us a good base for the development of Best Value 2.

Reports:

**GLASGOW CITY COUNCIL:
PROGRESS REPORT
(APRIL 2009)**

**SOUTH AYRSHIRE COUNCIL
(APRIL 2009)**

**EAST DUNBARTONSHIRE COUNCIL
(MAY 2009)**

**WEST DUNBARTONSHIRE COUNCIL:
PROGRESS REPORT
(JULY 2009)**

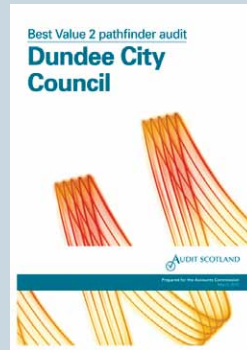
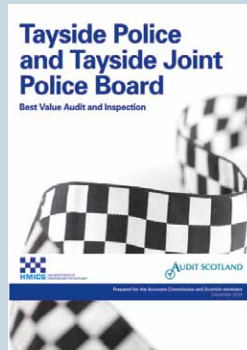
**ABERDEEN CITY COUNCIL:
PROGRESS REPORT
(JULY 2009)**

**WEST DUNBARTONSHIRE COUNCIL:
PROGRESS REPORT
(MARCH 2010)**

In 2009/10, we oversaw the development of Best Value 2 (BV2) and the publication of the first BV2 pathfinder report.

As part of the streamlining of local government scrutiny the BV process is undergoing change. BV2, however, will continue to ensure that local authorities are publicly accountable, supporting improvement in local services, using public money efficiently and effectively and driving continuous improvement.

We also considered the first two BV2 audit and inspection reports on Scottish police forces and police authorities (see case study, pages 10 and 11).



CONSULTATION

The Commission held a widespread written consultation with stakeholders on proposals for BV2 during April and May 2009. We published our response to the consultation in August 2009. This was followed by a series of consultative meetings.

Responses were generally positive. There was strong support for our proposal for two new judgements on the council's overall performance. We suggested a 'direction and pace of change' judgement and a 'capacity for future improvement' judgement.

We also worked with Consumer Focus Scotland to hold two focus groups to find out what members of the public thought about the BV process and how it could be improved with the introduction of BV2 (see case study, pages 12 and 13).

PATHFINDERS

The Commission identified five councils to take part in the BV2 pathfinders: Angus, Dundee, East Ayrshire, Highland and Scottish Borders Councils. These councils were picked because they represent a spread of geography and size to test the framework.

Work on the pathfinders started in April 2009 with a shared risk assessment (SRA) which tailored the

“ As part of the streamlining of local government scrutiny the Best Value process is undergoing change. ”

audit to the circumstances of each council. We considered two of the audits, Dundee City Council and East Ayrshire Council at our March 2010 meeting with the reports on Angus Council, Scottish Borders Council and the Highland Council due to be considered at our April meeting.

The Dundee City Council pathfinder was published in March. The remaining four were due to be published shortly after the start of the new financial year.

EVALUATION

We are currently evaluating how well the pathfinders have worked, and have appointed Ipsos MORI to assist with this. This analysis will complement Audit Scotland's own learning and impact assessments and will be used to refine our BV2 audit approach prior to full implementation later in 2010.

Reports:

**BEST VALUE AUDIT AND INSPECTION:
TAYSIDE POLICE AND TAYSIDE JOINT
POLICE BOARD
(DECEMBER 2009)**

**BEST VALUE 2 PATHFINDER AUDIT:
DUNDEE CITY COUNCIL
(MARCH 2010)**



CASE STUDY: BEST VALUE AUDIT AND INSPECTION OF POLICE FORCES AND POLICE AUTHORITIES

The Accounts Commission and Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) both have the power to examine how well Scottish police authorities are delivering best value. HMICS also has a duty to inspect police forces and report on their performance. Both bodies agreed that a joint approach would be more efficient and effective, reducing duplication of work, and would give the public an overall picture of performance for the police authority and the force in their area. Two pilot areas were selected.

In November, the Commission considered findings on the first of the pilots, the *Best Value audit and inspection: Tayside Police and Tayside Joint Police Board*. The report was published the next month. We concluded that while there was a strong commitment from the board to

supporting the chief constable and while working relationships between the board and the force were good, the board was not achieving Best Value. We also felt that board members needed to gain a better understanding of their roles before the situation would improve.

Throughout 2009/10 we continued to work with HMICS to develop the joint approach and we made findings on the second pilot, on Northern Constabulary and Northern Joint Police Board, in March. That report was due to be published in April 2010.

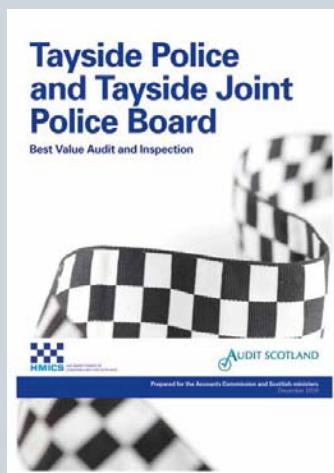
These publications were important, not only for their recommendations to the joint police boards and forces in the Tayside and Northern areas, but also as a demonstration of effective joint working between two scrutiny and inspection bodies.

We are now considering the results of the pilots to determine how the process can be further refined for future audits.

working

with other scrutiny bodies

“ The Accounts Commission and Her Majesty’s Inspectorate of Constabulary for Scotland (HMICS)... agreed that a joint approach would be more efficient and effective. ”



Report:

BEST VALUE AUDIT AND INSPECTION:
TAYSIDE POLICE AND TAYSIDE JOINT
POLICE BOARD
(DECEMBER 2009)



CASE STUDY: ENGAGING WITH THE PUBLIC

Councils and their partners are a key audience for Best Value 2 (BV2), but the Commission is keen to make sure that the new reports are also attractive to the general public. We asked Audit Scotland and Consumer Focus Scotland to carry out some work to gauge the public's views of the first round of Best Value (BV) and to hear how BV2 could be made more accessible.

Consumer Focus Scotland surveyed more than 100 of its volunteers about their awareness of, and interest in, BV reports. A further 21 attended discussion group sessions in Glasgow and Edinburgh in December.

Around a quarter of survey respondents said they had read a BV report before taking part in the survey, while 83 per cent said this was the kind of information they would like to receive about their council.

There was great support in both the

survey and during the discussion sessions for 'dual reporting' for BV2 reports – providing a shorter summary which complements the more detailed report.

The volunteers were also keen to see the reports made available in a wider range of places such as libraries and community, leisure and advice centres. What this exercise clearly demonstrated is that there is an appetite for the kind of information BV reports contain. People are interested in how their councils are performing.

The survey and the discussion groups provided us with valuable information to help with the development of BV2. We spent time at our strategy seminar in March considering how best to take this feedback forward into the new programme of audits.

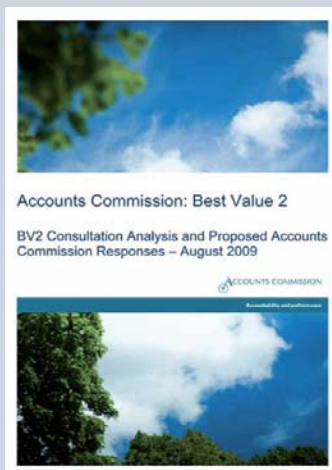
We hope the result will be a series of reports that will give councils, their partners and the public a clear picture of past delivery and what needs to be done to improve in the future.

In 2009/10 we found out what the public thought of Best Value

engaging

with the public

“ This exercise clearly demonstrated that there is an appetite for the kind of information Best Value reports contain. ”



Report:

BEST VALUE 2 CONSULTATION
ANALYSIS AND PROPOSED
ACCOUNTS COMMISSION
RESPONSES
(AUGUST 2009)

The Accounts Commission has the power to conduct studies and report on how particular local government services are performing. A total of nine were published in 2009/10, six of which were joint reports with the Auditor General for Scotland in areas of shared interest across the whole public sector (see case study, pages 16 and 17).

The Commission is committed to supporting improvement in local government so it is important to us to know that the work we are doing is making a difference. We need to monitor the impact, movement and change that has taken place and we are pleased to receive impact reports from Audit Scotland on each performance audit it conducts on our behalf.

“ The Commission is committed to supporting improvement in local government. ”

Impact reports are made at two points, three months and twelve months after a report is published. As well as giving a summary of the media and parliamentary attention that a report has attracted, they include feedback from stakeholders and measure the extent to which our recommendations are being put into practice. We considered eight impact reports in 2009/10 (see case study, pages 18 and 19).



Joint reports with the Auditor General for Scotland:

OVERVIEW OF MENTAL HEALTH SERVICES
(MAY 2009)

IMPROVING PUBLIC SECTOR PURCHASING
(JULY 2009)

IMPROVING CIVIL CONTINGENCIES PLANNING
(AUGUST 2009)

PROGRESS REPORT ON PLANNING FOR THE DELIVERY OF THE XXTH COMMONWEALTH GAMES 2014
(NOVEMBER 2009)

PROTECTING AND IMPROVING SCOTLAND'S ENVIRONMENT
(JANUARY 2010)

IMPROVING PUBLIC SECTOR EFFICIENCY
(FEBRUARY 2010)

Accounts Commission reports:

ASSET MANAGEMENT IN LOCAL GOVERNMENT
(MAY 2009)

MAKING AN IMPACT: AN OVERVIEW OF THE AUDITS OF BEST VALUE AND COMMUNITY PLANNING 2004-09
(OCTOBER 2009)

AN OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2009
(FEBRUARY 2010)



improving

civil contingencies planning

CASE STUDY: IMPROVING CIVIL CONTINGENCIES PLANNING

Improving civil contingencies planning examined how well key organisations, including local authorities, were prepared to deal with major disruptions and events like pandemic flu and severe weather.

The publication was particularly timely. In June, the World Health Organisation had declared a swine flu pandemic and just weeks after publication heavy rain caused serious flooding in the north of Scotland. Both these events saw local authorities having to work closely with a range of partners including the NHS, emergency services and the Scottish Government.

The report found that local authorities were working well with other organisations to plan for handling civil emergencies. However, they need to ensure continuity and recovery arrangements are in place and further

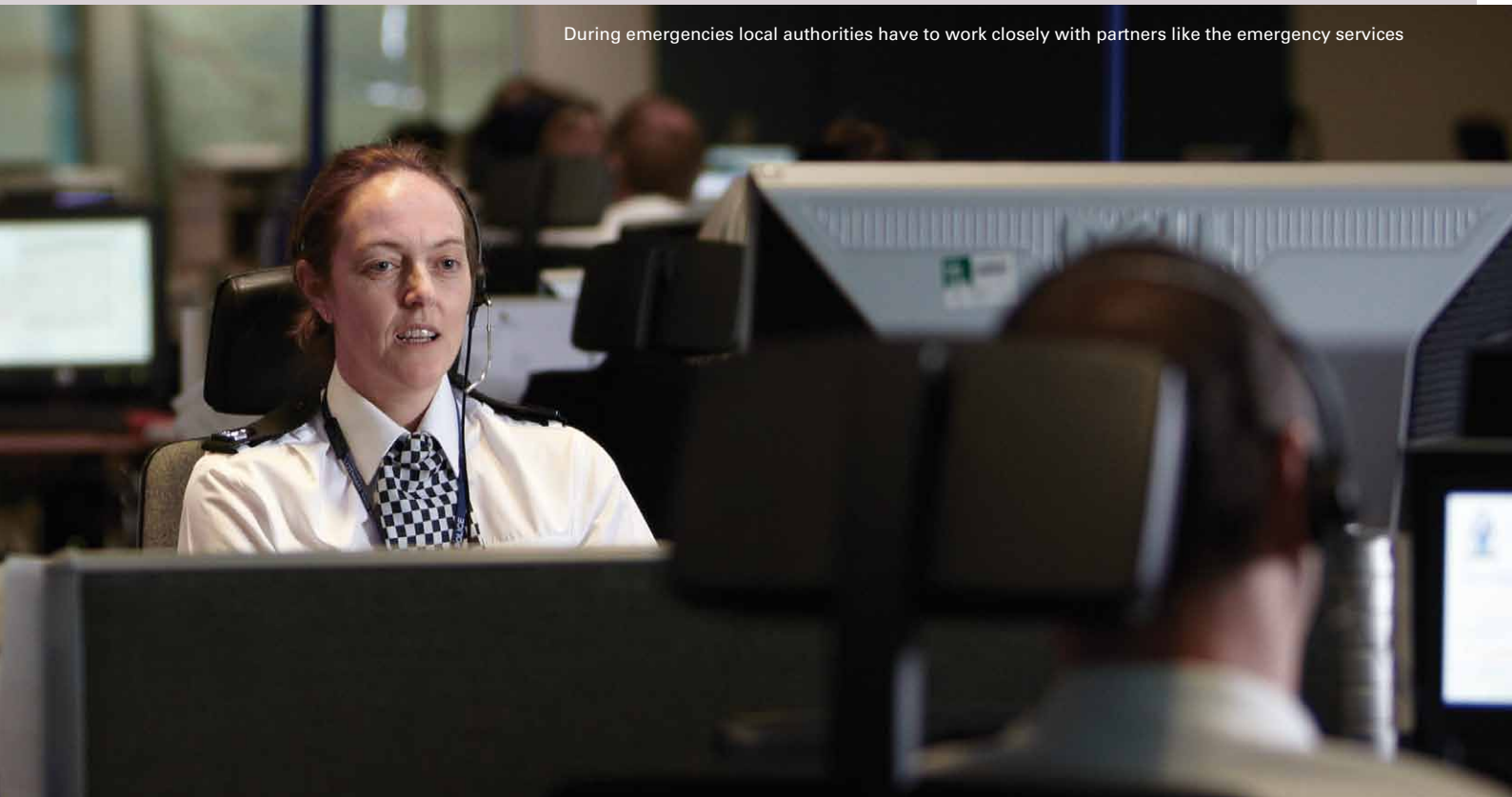
consider how they can improve communication with local businesses, charities and vulnerable individuals.

The report also highlighted the important role councillors have to play during and after emergencies in providing leadership and assurance to local communities, and said they could be better supported in this role.

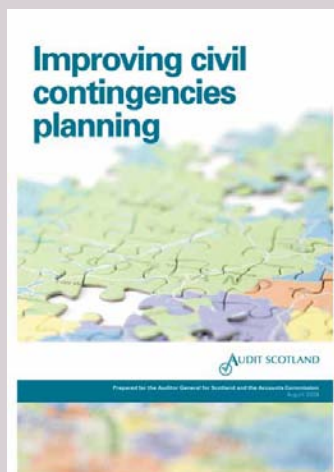
Other areas in need of improvement included agreeing formal business continuity plans, having systems in place for monitoring performance, and better tracking of resources used and costs incurred.

The report was well received in the media with a high level of interest from national titles and broadcasters and good coverage in local papers in areas like Falkirk where there is a major oil refinery nearby and Dumfries and Galloway where local agencies dealt with the Lockerbie disaster. Speaking engagements have also followed including one at a major emergency planning conference.

During emergencies local authorities have to work closely with partners like the emergency services



“ The report found that local authorities were working well with other organisations. ”



Report:

IMPROVING CIVIL CONTINGENCIES
PLANNING
(AUGUST 2009)



CASE STUDY: ENSURING OUR IMPACT

Our report, *Asset management in local government* had found that more than half of councils did not have an approved corporate asset management strategy and many did not have effective elected member scrutiny of property assets. Councils' own assessments showed 27 per cent of council buildings to be in poor or bad condition, and estimated that maintenance backlogs were in excess of £1.4 billion across Scotland.

The impact report showed that in the three months following its release, the study was downloaded from the Audit Scotland website 2,200 times. It attracted a good variety of media coverage and was also mentioned in a parliamentary question and a motion.

Local auditors also gathered feedback from 27 councils. All either agreed or strongly agreed that the report was easy to read and tackled topical issues. Councils also backed

its recommendations, with all respondents agreeing or strongly agreeing that they were relevant, justified and (with one exception) that they clearly flowed from the report's findings.

We also asked councils what action they had taken since the report's publication. The report was discussed at a meeting of the senior/executive management team in 17 councils; four councils had discussed the report at the audit committee, with nine discussing it at another relevant committee; 17 had made use of benchmarking data provided to them as a supplement at the time of publication; 15 had made use of more detailed data on building condition and suitability posted on Audit Scotland's website; elected members from nine councils had followed a property asset management checklist provided in the report and nine councils had a formally agreed action plan for meeting the report's recommendations.

We will look at progress again during 2010, once councils have had more time to change and improve things. The full impact report is available on the Audit Scotland website.



Nine councils have formally agreed an asset management action plan

ensuring

our impact

Impact reports:

MANAGING LONG-TERM
CONDITIONS IN SCOTLAND –
12-MONTH IMPACT REPORT
(MAY 2009)

IMPROVING ENERGY EFFICIENCY –
INITIAL IMPACT REPORT
(MAY 2009)

POLICE CALL MANAGEMENT:
AN INITIAL REVIEW – 12-MONTH
IMPACT REPORT
(MAY 2009)

IMPROVING THE SCHOOLS ESTATE
– 12-MONTH IMPACT REPORT
(MAY 2009)

SUSTAINABLE WASTE MANAGEMENT
– 12-MONTH IMPACT REPORT
(MAY 2009)

“ All councils either agreed or strongly agreed that the report was easy to read and tackled topical issues. They also backed its recommendations. ”

THE IMPACT OF THE RACE
EQUALITY DUTY ON COUNCIL
SERVICES – INITIAL IMPACT REPORT
(JULY 2009)

DRUG AND ALCOHOL SERVICES IN
SCOTLAND – INITIAL IMPACT REPORT
(AUGUST 2009)

ASSET MANAGEMENT IN LOCAL
GOVERNMENT – INITIAL IMPACT REPORT
(NOVEMBER 2009)

90%

All councils reported in-year council tax collection rates above 90% for the first time

The Statutory Performance Indicators (SPIs) cover a range of services, including roads and lighting, council tax collection and education and are intended to promote public accountability and to help appropriate comparisons of council performance to be made.

As well as being published on the Audit Scotland website, the SPI data are fed into our other work, including the BV audits and the annual overview report. This allows them to be considered beside a range of other information like the annual audit reports and gives the public a more rounded picture of council performance. SPI information is also considered as part of the shared risk assessment (SRA) process that Audit Scotland now undertakes on each council with colleagues from other scrutiny bodies.

The SPI Data Compendium which was published in December provides all the SPI data for Scotland's councils and fire and rescue services for the

previous financial year. It allows examination of councils' progress against each indicator (provided those indicators have been used in previous years). It also gives links to the Scottish Government's site that has all the results for the Scottish Policing Performance Framework which contains all the police SPIs.

THE MOST RECENT COMPENDIUM COVERS THE 2008/09 FINANCIAL YEAR. HIGHLIGHTS INCLUDE:

- All councils reported in-year council tax collection rates above 90 per cent for the first time, although half of all councils reported reduced rates during the year.
- The suitability and condition of council buildings improved in 2008/09. The proportion suitable for their current use increased from 69.7 per cent in 2007/08 to 72.1 per cent in 2008/09. The proportion in a satisfactory condition also rose from 67.6 per cent to 76.9 per cent.

- Around a third of Scotland's road network was considered to be in need of maintenance treatment. This varied from 28 per cent of A roads to 37 per cent of unclassified roads. The highest proportions of road network in acceptable condition (over 75 per cent) were found in Aberdeen City, Aberdeenshire, Dundee, Moray and the Orkney Islands.

The Local Government Act (1992) requires the Commission to direct local government bodies to report information publicly about their performance through the use of SPIs. We normally issue a Direction to councils each December. However, the Direction we issued in 2008 (to apply in the financial year 2009/10) was a significant departure from previous ones. There have been considerable changes to the local government environment in the past few years and we recognised this by reducing the number of specified indicators. We also asked local authorities to decide for themselves

76.9%

The proportion of buildings in a satisfactory condition improved in 2008/09 to **76.9%**

what other information they should report. To allow this new approach to take effect we decided not to make any changes to the Direction in 2009 and instructed councils to apply the 2008 Direction for a second year.

The new approach brings SPI requirements in line with the duties local authorities have under Best Value rules and allows councils more flexibility and the prospect of more streamlined performance reporting. Councils should be reporting on those aspects of performance that are of most importance to local communities and they should be using performance information to drive continuous improvement in services. We will look at the effect of the Direction later in 2010/11 when full-year reports emerge from local authorities.

“ There have been considerable changes to the local government environment in the past few years and we recognised this by reducing the number of specified indicators. ”

76

**audits were
completed
by the end
of September**

32

**scottish
councils**

44

**other local
authority bodies**

In February 2010, we published *An overview of local government in Scotland 2009*. The report drew on the full range of local government audit work in 2009, including the financial audits. In our findings we welcomed the substantial commitment that councils have made in responding to their BV duty to secure continuous improvement, and highlighted areas in which councils are providing good-quality outcomes for citizens. However, while councils and services are improving there is no doubt about the scale of the coming budget challenge. We called for local authorities to take urgent action and to continue to develop and implement plans to cope with the difficult financial outlook, including thinking radically about service design and delivery.

The Commission's chair, supported by a team from Audit Scotland, briefed the Scottish Parliament's Public Audit Committee on the overview report in March 2010. The chair also gave evidence on the 2008 overview to the

Local Government and Communities Committee in June 2009.

The annual financial audits remain a mainstay of our approach to local government audit and are increasingly important in the current budget situation. Through the annual and performance audit reports we continue to provide independent assurance on the financial position, governance and management of local authorities.

We arranged for the audit of Scotland's 32 councils and 44 other local authority bodies, including police and fire and rescue authorities. This is a substantial undertaking which involves the audit of the £20 billion spent by local authorities in providing public services. All the annual audits are undertaken by Audit Scotland or firms of accountants on appointment by the Commission.

Local authorities were required by statute to submit their 2008/09 accounts for audit by 30 June 2009.

We required auditors to complete the audits by 30 September and to issue their annual audit reports by 31 October. All 76 audits were completed by the end of September and annual audit reports for 73 were issued by the end of October – the remaining three were issued soon after the deadline.

'Clean' audit certificates were issued for all councils except Shetland Islands Council – where the auditor reported continuing concerns about the misreporting of group accounting and the accounting treatment of financial assets. This is the fourth successive year that the council's accounts have been qualified. The Controller of Audit reported to us on these matters in December 2009. Based on the contents of this statutory report we asked for further audit work. We expect to receive a report on this work in early 2010/11.

The accounts of eight of the police and fire and rescue authorities were also qualified as a result of

£20 billion

spent by local authorities in providing public services

pension-related issues specific to these services. An intended change in the funding for pensions from 1 April 2010 should resolve this for future years.

Report:

**SHETLAND ISLANDS
COUNCIL: ANNUAL AUDIT 2008/09
(DECEMBER 2009)**

The National Fraud Initiative in Scotland

A third full round of the National Fraud Initiative (NFI) was completed in early 2010.

The NFI is a data-matching exercise undertaken by Audit Scotland which compares information from councils and other public sector bodies and from a range of financial systems (such as housing benefits, payrolls, public sector pensions). This helps

bodies stop overpayments made through fraud and error from continuing and, in many cases, recover money incorrectly paid out. Effective fraud arrangements may also act as a deterrent.

Housing and council tax benefits

The benefits performance audit is carried out on our behalf by Audit Scotland as part of the annual audit of local authorities. It assesses the risks to continuous improvement of councils' housing and council tax benefit services and asks local authorities to reduce the risks identified.

In 2009/10, risk assessments were carried out in 13 councils. All of the council benefits services have drawn up action plans to address the risks identified during the audit and the implementation of these plans will be reviewed in future audits.

In addition to the risk assessments, Audit Scotland hosted a seminar in June 2009. Audit Scotland shared the trends emerging from the risk assessments with stakeholders. These trends included the need for better business planning, better performance reporting and continuous improvement planning. Councils gave feedback on the audit experience and shared suggestions on how the audit might be improved. The feedback from this seminar has been taken into account in planning the 2010/11 audit.

The Commission



The chair and members of the Commission are appointed by Scottish ministers following an open recruitment process. They are appointed for a period of three years, normally renewable for a further three-year period. The members of the Commission during 2009/10 were as follows:



**JOHN BAILLIE
(CHAIR)**
Appointed:
November 2007
Term ends:
October 2010

Chair of Audit Scotland Board. Former partner of KPMG Scotland and London. Member of the Competition Commission. Visiting professor of accountancy at the University of Glasgow.



**DOUGLAS SINCLAIR
(DEPUTY CHAIR [FROM
OCTOBER 2009])**
Appointed:
February 2007
Term ends:
September 2012

Chair of Consumer Focus Scotland. Has held the position of chief executive in district, regional and unitary councils in Scotland, as well as being former chief executive of COSLA.



MICHAEL ASH
Appointed:
October 2008
Term ends:
September 2011

Non-executive director within the NHS. Former head-teacher and chief officer in a local authority education department in England. Ten years as a county councillor including four years as deputy leader of Cumbria County Council. He ran his own event management business for ten years.



COLIN DUNCAN
Appointed:
October 2009
Term ends:
September 2012

Non-executive board director of NHS Ayrshire & Arran. Member of the Business Committee of the General Council, University of Aberdeen. Former community councillor and actively involved in the voluntary/third sector. Commercial experience at a senior level in Marks & Spencer plc.

Members of the Accounts Commission

“ The chair and members of the Commission are appointed by Scottish ministers following an open recruitment process. ”

**IAIN A ROBERTSON**

Appointed:
September 2003
Term ends:
September 2010

Chair of the Scottish Legal Aid Board. Independent member of the BIS Legal Services Group Board. Chair of the Coal Liabilities Strategy Board. Independent member of HMRC Solicitor's Office Strategic Management Group. Former director of acquisitions BP America Inc, group strategy director of Anglian Water Group plc and chief executive of Highlands and Islands Enterprise.

ADRIENNE KELBIE NOT PICTURED

Appointed: November 2007
Term ends: October 2010

Director of operations for the Big Lottery Scotland. Former deputy chief executive of the Community Fund and member of the Scottish Consumer Council.

**JAMES KING**

Appointed:
November 2007
Term ends:
October 2010

Member of the Management Board of Glasgow's Metropolitan College. Treasurer of Stirlingshire and District Association for Mental Health. Non-executive director of the NHS National Services Scotland Board. Non-executive of Forth Valley Health Board. Former financial director for the Royal Mail in Scotland and Northern Ireland, experience in local government with both Glasgow City Council and Falkirk Council.

**CHRISTINE MAY**

Appointed:
October 2009
Term ends:
September 2012

Chair of the charity, Scottish Library and Information Council. Joint chair of FRAE (Fairness Race Awareness and Equality) Fife. Former leader and deputy leader of Fife Council, MSP and board member with Scottish Homes and Scottish Enterprise.

**WILLIAM McQUEEN**

Appointed:
October 2008
Term ends:
September 2011

Member of the Strategic Board of the Disclosure Scotland Agency and the Scottish Legal Aid Board. Lay member of the Employment Tribunals (Scotland). Former senior civil servant in various departments of the Scottish Government and deputy chief executive of the Crown Office and Procurator Fiscal Service.

The Commission continued

COLIN PEEBLES NOT PICTURED
Appointed: October 2009
Term ends: September 2012

Retired public servant with senior managerial experience in the Ministry of Defence. Former director of corporate services for the Scottish Police Service.



LINDA POLLOCK
Appointed:
October 2009
Term ends:
September 2012

Chair of a UK-wide advisory board to Pain Concern. Member of the Scottish Legal Complaints Commission and the Nursing and Midwifery Council boards. Former Mental Welfare Commissioner. Experience of senior roles within the NHS including at executive nurse director level; worked for the Scottish Executive on secondment from the NHS.



GRAHAM SHARP
Appointed:
October 2009
Term ends:
September 2012

Originally trained as chartered accountant with Thomson McLintock (now KPMG). Has held several senior positions in finance and has been a member of a number of boards, mainly in the City of London, where he was on the board of a leading merchant bank.



MARK BROUGH
Secretary and business manager to the Accounts Commission, on secondment from the Scottish Parliament

Four members left the Commission during the year:

ISABELLE LOW
(DEPUTY CHAIR)
Appointed: October 2001
Term ended: September 2009

Former senior civil servant, member of the State Hospitals Board for Scotland, the Scottish Consumer Council, the Statistics Commission, the Audit Scotland Board and chair of its audit committee.

OWEN CLARKE
Appointed: September 2003
Term ended: September 2009

Independent chair, National Performance Management Committee (NHS Scotland). Former head of Inland Revenue in Scotland/North of England and chair of Scottish Ambulance Service. Holds two non-executive posts within the Scottish Government.

ANN FAULDS
Appointed: September 2003
Term ended: September 2009

Partner in Dundas and Wilson CS LLP, Solicitors. Former solicitor in Central Regional Council.

MICHAEL DOCHERTY
Appointed: July 2007
Resigned: June 2009

Former chief executive of South Lanarkshire Council with over 20 years' experience of senior management in local government.

CATHERINE COULL
Secretary to both the Accounts Commission and the Audit Scotland Board.
Catherine retired in May 2009.

The Accounts Commission normally meets on a monthly basis, with additional meetings as required. There are two subcommittees, the Financial Audit and Assurance Committee and the Performance Audit Committee, which meet to consider specific delegated aspects of the Commission's functions. In 2009/10, the full Commission met 11 times. The Financial Audit and Assurance Committee met four times and the Performance Audit Committee five times. The minutes of Commission meetings are available on the Audit Scotland website.

The Commission held its annual strategy meeting in March 2010. As well as reviewing our recent work we considered our vision: strategic objectives for the development of our key work streams, including BV2 and scrutiny coordination activity; the opportunities and challenges created by the changing public finances and public sector landscape; and our engagement with the local government community, the public, and the Scottish Parliament and Government.

In addition to attending meetings, Commission members are closely involved in performance audits. Each audit is sponsored by two members who represent the interests of the Commission in discussions with the audit team. Members also attend follow-up meetings with councils and joint boards following consideration of BV reports. These meetings are led by either the Commission chair or deputy chair.

The chair of the Commission is also currently the chair of the Audit Scotland Board. This allows us to consider how well Audit Scotland is delivering the Commission's objectives. We also receive regular reports on Audit Scotland's performance against its priorities and targets. The performance of Audit Scotland is reported separately in its annual report, which is available at www.audit-scotland.gov.uk

The terms of several Commission members ended in autumn 2009, and five new members were appointed in October. All new members made a declaration of interests which is available on the Audit Scotland website. Douglas Sinclair was also appointed deputy chair to replace Isabelle Low who retired.

Reports

**ACCOUNTS COMMISSION
ANNUAL REPORT 2008/09
(JUNE 2009)**

**ACCOUNTS COMMISSION ANNUAL
REPORT ON GENDER EQUALITY:
A PROGRESS REPORT ON THE
ACCOUNTS COMMISSION'S
RESPONSIBILITY FOR GENDER
EQUALITY TO JUNE 2009
(JUNE 2009)**

**ACCOUNTS COMMISSION SINGLE
EQUALITY SCHEME 2009-12
(DECEMBER 2009)**

supporting improvement in local government

accounts
commission
annual
report

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