

ACCOUNTS COMMISSION

MEETING 19 MAY 2011

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, 14 April 2011, at 10:00 am.

PRESENT: John Baillie (Chair)
Michael Ash
Alan Campbell
Sandy Cumming
James King
Christine May
Bill McQueen
Colin Peebles
Linda Pollock
Graham Sharp
Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
Fiona Kordiak, Director of Audit Services
Mark Brough, Secretary & Business Manager
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement
Gordon Neill, Portfolio Manager, Best Value and Scrutiny Improvement [Item 8]
Barbara Hurst, Director of Performance Audit [Item 13]
Angela Canning, Assistant Director, Performance Audit Group [Item 13]
Claire Sweeney, Portfolio Manager (Primary and community care), Performance Audit Group [Item 13]
Carolyn Smith, Project Manager, Performance Audit Group [Item 13]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 17 March 2011
5.	Minutes of meeting of the Performance Audit Committee of 17 March 2011
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Best Value audit of fire and rescue services
9.	Scottish Government consultations on the future of policing and the future of the fire and rescue service in Scotland
10.	Northern Joint Police Board and Northern Constabulary
11.	Best Value in Public Services – Guidance for Accountable Officers
12.	Accounts Commission Digest
13.	Performance audit on Community Health Partnerships.

1. Apologies for absence

Apologies were received from Colin Duncan.

2. Declarations of interests

No declarations of interests were made.

3. Decisions on taking business in private

The Commission agreed to take item 13 in private in order to allow deliberation on a draft report.

4. Minutes of meeting of 17 March 2011

The minutes of the meeting of 17 March 2011 were submitted and approved.

5. Minutes of meeting of the Performance Audit Committee of 17 March 2011

The Commission noted the minutes of the meeting of the Performance Audit Committee of 17 March 2011.

6. Chair's introduction

The Chair reported that—

- he had received and circulated a letter from the Leader and Chief Executive of Dundee City Council, enclosing a report on progress with implementing the Improvement Plan that arose from the Best Value 2 pathfinder audit published in March 2010;
- a letter from the Chief Executive of The Highland Council, enclosing a minute of a special meeting at which the Commission's recent findings on the Controller of Audit's report on Caithness Heat and Power were considered, had also been received and circulated;
- he and the Deputy Chair had visited Argyll and Bute Council on 31 March at its invitation, and met with the Leader, the Chief Executive and the Head of Improvement and HR. The Chief Executive had given presentation on the improvement work the Council has been doing since its last Best Value audit report in December 2008;
- he had attended a meeting with representatives of the Commission on the Future Delivery of Public Services (Christie Commission) on 7 April, along with the Controller of Audit and the Secretary;
- following the Accounts Commission's strategy seminar on 21/22 March, a report on outcomes and actions would be submitted to a subsequent meeting.

Linda Pollock and Graham Sharp had attended the CIPFA Scotland conference on 17/18 March on behalf of the Commission, and gave a short report back.

Those members who had attended the COSLA conference on behalf of the Commission gave a short report back.

7. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on recent activity in relation to the audit of local government.

During discussion the Commission—

- noted the consultation by the Department of Communities and Local Government on the future of local public audit in England, and requested that it be kept informed of developments; and
- noted that, having met with COSLA, SOLACE, the Improvement Service and Directors of Finance to discuss the continued development of local outcome indicators, cost benchmarking and performance reporting, further discussion on the progress of various initiatives would be helpful before the Commission considers its approach to its 2011 statutory direction in the autumn.

8. Best Value audit of fire and rescue services

The Commission considered a report by the Director of Best Value and Scrutiny Improvement inviting it to consider proposals for its approach to conducting Best Value audit of fire and rescue services, and the reporting arrangements and timetable for the audits.

The Commission noted that it is expected that the audit work will provide evidence on the key issues regarding governance, accountability and the use of resources and on areas for improvement that will be relevant regardless of the future structure of the services.

Following discussion, the Commission agreed—

- that Best Value audit reports on each of the eight local fire and rescue services should be prepared by the Controller of Audit in accordance with Section 102(1) of the Local Government (Scotland) Act 1973;
- that the national overview report on fire and rescue services should be prepared in accordance with Section 97A of the Local Government (Scotland) Act 1973;
- that emerging messages from the local fire and rescue Best Value audit activity should be considered by the Commission in late 2011 before the national summary report is submitted to it;
- to consider the local reports in two sets of four reports in late 2011 and in early 2012;
- to consider the draft national summary report in early 2012, following the second set of local reports;
- that link members should be appointed for each local audit;
- that follow-up meetings should be offered to each fire and rescue authority following publication of the local reports; and
- that the use of fire service peers in the audit should be reviewed half way through the programme of local audits.

9. Scottish Government consultations on the future of policing and the future of the fire and rescue service in Scotland

The Commission considered a report by the Director of Best Value and Scrutiny Improvement on consultations issued by the Scottish Government on the future of policing and the future of the fire and rescue service in Scotland.

Following discussion, the Commission agreed that—

- while it could make no comment on policy matters and would seek to avoid any comment that may be perceived as constraining future audit judgements, audit work done on its behalf provides an evidence base for useful independent comment on the key principles of governance,

accountability and effective use of resources that require to be considered in all models of organising public services;

- draft responses to the consultations should be prepared for it to consider, with a view to a joint submissions with the Auditor General being made to the consultation on police services.

10. Northern Joint Police Board and Northern Constabulary

The Commission considered and noted a report of a meeting between Commission members, Her Majesty's Inspectorate of Constabulary for Scotland and representatives of the Northern Joint Police Board and Northern Constabulary on 4 March. This meeting was a follow-up to the Best Value audit report published in April 2010.

Following discussion the Commission agreed that the Chair should write to the Board with a copy of the report.

11. Best Value in Public Services – Guidance for Accountable Officers

The Commission considered a report by the Director of Best Value and Scrutiny Improvement informing it of the publication by the Scottish Government of guidance for accountable officers on Best Value in Public Services.

During discussion, the Commission noted—

- that the guidance applies to accountable officers of bodies subject to audit by the Auditor General for Scotland;
- the accountability arrangements for such bodies to Scottish Ministers;
- that the way in which Best Value issues are addressed in the audit of these bodies recognises this accountability; and
- that the audit approach will be reviewed in light of the guidance.

12. Accounts Commission Digest

The Commission considered and noted its regular briefing on current issues, and sought further information on a number of points.

13. Performance audit on Community Health Partnerships (In private)

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit report '*Community Health Partnerships*', prepared on behalf of the Commission and the Auditor General.

Linda Pollock declared an interest as a former Director of Nursing in a primary care trust.

Jim King declared an interest as a non-executive director of two NHS boards.

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion, and agreed that the key messages should be finalised accordingly.

ACCOUNTS COMMISSION

MEETING 19 MAY 2011

MINUTES OF PERFORMANCE AUDIT COMMITTEE

Minutes of the meeting of the Performance Audit Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 7 April 2011 at 10.30am.

COMMITTEE MEMBERS PRESENT:

Mike Ash
John Baillie
Alan Campbell
Jim King
Christine May
Colin Peebles

OTHER COMMISSION MEMBERS PRESENT:

Graham Sharp

IN ATTENDANCE:

Fraser McKinley, Director, Best Value and Scrutiny Improvement
Mark Brough, Secretary and Business Manager
Angela Cullen, Assistant Director, Performance Audit Group
Angela Canning, Assistant Director, Performance Audit Group
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 4 and 5]
Peter Worsdale, Performance Auditor, Best Value and Scrutiny Improvement [Item 4]
Cathy MacGregor, Project Manager, Performance Audit Group [Item 7]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 17 March 2011
4.	<i>Arm's-Length External Organisations: are you getting it right? – draft How Councils Work</i> series report
5.	<i>How Councils Work</i> report series
6.	Performance audit programme update
7.	<i>Getting it right for children in residential care</i> – proposed seminar
8.	Any other business

1. Apologies for absence

Apologies were received from Douglas Sinclair (Chair). In the absence of the Chair, the Committee agreed that John Baillie should preside at the meeting.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 17 March 2011

The Committee approved the minutes of its meeting of 17 March 2011.

4. *Arm's-Length External Organisations: are you getting it right – Draft How Councils Work series report*

The Committee considered a report from the Director of Best Value and Scrutiny Improvement presenting a draft report in the *How Councils Work* series on *Arm's-Length External Organisations: are you getting it right?*

The Committee welcomed the draft report and approved it as a basis for a final draft to be submitted to the Commission in due course, subject to consideration being given to a number of points raised in discussion.

The Committee made a number of suggestions for promoting the messages of this report following its publication and agreed that the options should be examined further when the final draft report is considered by the Commission.

5. *How Councils Work report series*

The Committee considered a report by the Director of Best Value and Scrutiny Improvement providing an update on progress with the *How Councils Work* series, considering matters relating to the Committee's oversight of the series, and inviting consideration of future priorities for work in the series.

The Committee noted the progress to date with the series. The Committee also noted that the series draws on evidence from other audit work, and takes account of other means by which some of the issues may be addressed – such as through performance audits or the annual overview report on local government.

Following discussion, the Committee agreed to recommend to the Commission—

- that the series should focus on subjects that are either particularly topical or where there is sufficient evidence of notable practice or regular concerns to merit a report to draw material together;
- arrangements for the management of the series, namely that the Committee should—
 - consider proposals periodically for future work and make recommendations to the Commission;
 - when considering draft reports in the series, also receive proposals for publication, distribution and promotion arrangements for each report; and
 - receive short reports at an appropriate stage, normally approximately one-year after publication, summarising the influence that the reports have had;

- that Audit Scotland should undertake preparatory work with a view to the next projects in the series being on the following subject areas—
 - approaches to performance management and improvement in local government;
 - workforce strategies and plans;
 - approaches to scrutiny and internal audit in local government.

6. Performance audit programme update

The Committee considered a report by the Director of Performance Audit providing an update on progress with performance audits being conducted on behalf of the Commission.

Following discussion, the Committee noted the report and agreed to recommend to the Commission that—

- the publication of the report *Scotland's public finances: planning for the future* be delayed until August 2011 to allow additional work to be carried out;
- the publication of the report *Community planning partnerships* be moved to November 2011 to smooth the publication of the work programme; and
- the performance audit *Commissioning for social care* should be brought forward from the rolling programme to the programme for publication during 2011/12.

7. Getting it right for children in residential care – proposed seminar

The Committee considered a report by the Director of Performance Audit on the proposal to hold a seminar to promote the conclusions and recommendations arising from the performance audit report *Getting it right for children in residential care*.

The Committee examined the developments since the publication of the performance audit report in September 2010. The Committee noted that the Scottish Parliament Public Audit Committee had taken evidence and produced a report on this performance audit, and noted the development of a number of other initiatives and events examining issues relating to the audit. In light of this other activity, the Committee agreed not to pursue a seminar on this audit.

8. Any other business

There was no other business.

ACCOUNTS COMMISSION

MEETING 19 MAY 2011

REPORT BY THE CONTROLLER OF AUDIT

UPDATE REPORT

Introduction

1. The purpose of this regular report is to provide an update to the Commission to keep it informed of significant recent activity in relation to the audit of local government.
2. It is intended to complement the intelligence reports to the Financial Audit and Assurance Committee, which provide an update on issues arising in local government. The most recent such report was at the Committee meeting of 12 May.

Local government issues

3. The Shared Risk Assessment (SRA) process for this year is complete and a paper on the National Scrutiny Plan is on today's agenda.
4. At the time of preparing this report, we are finalising submissions to the consultations on the future of policing (response by Accounts Commission, Auditor General and Audit Scotland) and of fire and rescue services (response by Accounts Commission).
5. We have received correspondence from the Chief Executive of the SNP concerning the content of the 'Glasgow' magazine published by the City of Glasgow Council. We are currently considering the points raised, in accordance with our usual correspondence procedures.
6. On 14 April, Shetland Charitable Trust (SCT) published the opinion from Roy Martin QC on the constitution of the Trust. Mr Martin had been instructed by the Council and SCT to provide an opinion on whether the constitution of SCT requires to be changed to comply with current law and practice. The instruction went on to ask what changes (if any) would be considered necessary to meet the minimum requirements of achieving compliance with current law and practice.
7. Having considered the relevant law and guidance, in particular the Charities and Trustee Investments (Scotland) Act 2005 and related guidance from the Office of the Scottish Charity Regulator (OSCR), Mr Martin concluded that:

'It is my opinion that the constitution of the Trust as presently established, or at least the way in which it requires to function, may not in all circumstances be able to satisfy current law and practice. As a result, it would be advisable to alter the arrangements for the appointment of Trustees in order to address that concern.'

The critical matter is the fact that almost all of the Trustees are members of the council, and as a result the Trustees may not in every situation be able to comply with the duties imposed by section 66(1) of the 2005 Act, and the common law duties preserved by section 66(3), at least without making the functioning of the Trust unworkable.'

Having considered in some detail the potential (and likelihood) for conflicts of interest to arise, the opinion concludes that:

'...the constitution of the Trust must be altered so that it be composed of Trustees who in the main are not subject to that conflict of interest'

Mr Martin goes on to consider the changes that, in his opinion, may be required. In paragraph 82 of the opinion, he concludes:

'Taking all of these considerations into account, it is my opinion that with a total number of Trustees of fifteen, and a quorum of eight, no more than four trustees should be members of the council.'

The opinion goes on to describe alternative ways in which SCT may be able to demonstrate its independence, if Trustees were to decide to have a 'bare minority' i.e. 7 out of the 15 as councillor-trustees.

The full opinion is available on the SCT website:

<http://www.shetlandcharitabletrust.co.uk/news/opinion-of-senior-counsel-dated-25-march-2011-re-constitution-of-shetland-charitable-trust>

SCT met on the 15th of April to discuss the contents of the opinion. While no decisions have yet been made, the chair of SCT is quoted in the Shetland Times as saying he had not heard a dissenting voice to the QC's opinion and that the trust must submit to radical change. According to the Shetland Times, Convener of the Council Sandy Cluness and at least three other councillor-trustees were absent from the meeting.

My understanding is that a second opinion from Mr Martin, specifically relating to the grouping of SCT's accounts, is in draft and still under discussion. The audit team are continuing to monitor events closely.

Parliamentary news

8. The previous session of the Parliament ended on 22 March in advance of the Scottish election on 5 May. The new session began on the 11 May. Election coverage is contained in the monthly digest.

Other issues

9. Having completed its evidence sessions for the inquiry into the future of audit and inspection for local authorities in England, the Communities and Local Government Committee Select Committee at Westminster is preparing its final report. They received a wide range of written evidence and held six oral evidence sessions. There is no timescale for the publication of the report, but we expect it in the next couple of months. The detail can be found on the Committee's website:
<http://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/audit-com/>

Conclusion

10. The Commission is invited to consider and note this report.

Fraser McKinlay
Controller of Audit
11 May 201

ACCOUNTS COMMISSION

MEETING 19 MAY 2011

REPORT BY THE ASSISTANT AUDITOR GENERAL

AUDIT APPOINTMENTS – 2011/12 to 2015/16

Purpose

1. The purpose of this report is to seek the Commission's formal approval of the local government audit appointments for the years 2011/12 to 2015/16 (see Appendix 2).
2. The Auditor General has already approved the appointments for the sectors falling within his remit and Appendix 3 shows the resulting total volume of work to be undertaken by each of the auditors.

Background

3. At its meeting in March 2011, the Commission considered a report explaining the outcomes of the audit tender process that commenced in October 2010. The Commission approved that the successful and unsuccessful tenderers be notified of the outcomes as provided in The Public Contracts (Scotland) Regulations 2006 (as amended).
4. Appendix 1 identifies the successful tenderers and, along with the Audit Services Group, shows the sectors in which they were approved to carry out audits.
5. The Commission also considered a provisional allocation of local authority audits in March, and agreed that the approved auditors and the audited bodies be consulted about the proposed audit appointments.

Notification of outcomes to successful and unsuccessful firms

6. No material issues have arisen from notifying the tender outcomes to the successful and unsuccessful firms. For the most part, the successful firms are satisfied with the provisional audit allocations, although unsuccessful firms and those whose work volumes have decreased are understandably disappointed. There has been no challenge to the award decisions.
7. Several firms were complimentary about the tender process and the way that Audit Scotland staff and Commission and Board members engaged with them. This included PKF, one of the unsuccessful firms, which specifically asked that the tender interview panel be thanked for the courtesy extended to the firm during its presentation in February.
8. Some firms, including successful and unsuccessful tenderers have requested meetings to discuss their tenders and these are being held as soon as mutually convenient dates can be arranged.

Consultation with audited bodies

9. During April, Audit Scotland consulted all audited bodies individually about their proposed audit appointment.
10. No issues arose from the consultation in the local government sector. Those bodies that chose to provide feedback were content with the proposed audit appointment and no circumstances were identified that required us to reconsider any of the proposed appointments.
11. For the Commission's information, one set of circumstances was identified in the central government sector as result of which the Auditor General has approved that two audits be swapped between Audit Services and one of the approved firms. These changes do not affect the local government appointments and they have no significant impact on the total volume of work allocated to the auditors.

Next steps

12. The next steps are to:
 - issue formal letters (offers) of appointment to the approved auditors
 - confirm the audit appointment to each audited body; and
 - complete the EU tender process by publishing a tender award notice in the Official Journal of the European Union.

Recommendations

13. The Commission is recommended to:
 - approve the final allocation of local government audits in Appendix 2, which is unchanged from the provisional allocation approved in March
 - note that Audit Scotland will now proceed with the final steps in the audit tender and audit appointments process, as set out in paragraph 5.1.

Russell Frith
Assistant Auditor General
11 May 2011

Appendix 1

Approved auditors – 2011/12 to 2015/16

Auditors	LAs	Health	Water	FE Colleges	Central govt etc
Deloitte UK LLP	✓	✓			
Henderson Loggie				✓	
Grant Thornton UK LLP	✓			✓	✓
KPMG LLP	✓			✓	✓
PricewaterhouseCoopers LLP	✓	✓	✓		✓
Scott-Moncrieff	✓	✓		✓	
Wylie & Bisset				✓	
Audit Scotland (Audit Services Group)	✓	✓		✓	✓

This list is sorted by proposed 2011/12 auditor and council/board groupings

Body	Type	2010/11 auditor	Proposed 2011/12 auditor	2011/12 indic fee inc VAT £
North Lanarkshire Council	Co	PWC	SM	375,980
Comhairle nan Eilean Siar	Co	ASG	SM	163,110
South Lanarkshire Council	Co	PWC	PWC	367,830
Clyde Valley Learning and Development JC	JB	PWC	PWC	1,760
Lanarkshire VJB	JB	PWC	PWC	6,670
Dumfries and Galloway Council	Co	ASG	PWC	289,810
South West RTP	JB	ASG	PWC	8,810
Moray Council	Co	ASG	PWC	183,470
Grampian VJB	JB	ASG	PWC	6,670
Dundee City Council	Co	ASG	KPMG	301,950
Tay Road Bridge JB	JB	ASG	KPMG	11,170
Tayside Contracts JC	JB	ASG	KPMG	35,240
Tayside SDPA	JB	ASG	KPMG	2,640
Tayside VJB	JB	ASG	KPMG	6,670
Scottish Borders Council	Co	ASG	KPMG	231,210
East Lothian Council	Co	ASG	KPMG	187,150
Strathclyde Concessionary Travel Scheme JC	JB	KPMG	KPMG	4,560
Strathclyde Partnership for Transport	JB	KPMG	KPMG	60,220
Inverclyde Council	Co	ASG	GT	199,110
Stirling Council	Co	ASG	GT	188,890
Central Scotland Police JB	JB	ASG	GT	26,690
Midlothian Council	Co	ASG	GT	178,060
Strathclyde Fire and Rescue JB	JB	PWC	GT	31,140
Strathclyde Police Authority	JB	PWC	GT	62,290
Aberdeenshire Council	Co	ASG	DEL	283,360
Aberdeen City and Shire SDPA	JB	ASG	DEL	2,640
Grampian Fire and Rescue JB	JB	ASG	DEL	26,690
NESTRANS	JB	ASG	DEL	8,810
Clackmannanshire Council	Co	GT	DEL	159,650
Central Scotland VJB	JB	GT	DEL	6,670
Glasgow City Council	Co	ASG	ASG	505,190
Dams to Darnley Country Park JC	JB	ASG	ASG	3,570
West of Scotland Archaeology Service JC	JB	ASG	ASG	1,760
West of Scotland European Forum	JB	ASG	ASG	1,760
City of Edinburgh Council	Co	ASG	ASG	459,830
Forth Estuary Transport Authority	JB	ASG	ASG	13,370
Lothian and Borders Fire and Rescue JB	JB	ASG	ASG	22,250
Lothian and Borders Police JB	JB	ASG	ASG	40,040
Lothian VJB	JB	ASG	ASG	6,670
SESTRAN	JB	ASG	ASG	8,810
Fife Council	Co	SM	ASG	437,020
Edinburgh and SE Scotland SDPA	JB	SM	ASG	2,640
Highland Council	Co	ASG	ASG	345,210
Highland and Western Isles VJB	JB	ASG	ASG	6,670
Highlands and Islands Fire and Rescue JB	JB	ASG	ASG	13,350
HITRANS	JB	ASG	ASG	8,810
Northern Police JB	JB	ASG	ASG	22,250
Aberdeen City Council	Co	HL	ASG	323,860
East of Scotland European Consortium	JB	HL	ASG	1,760
Grampian Police JB	JB	HL	ASG	35,590
Renfrewshire Council	Co	ASG	ASG	267,920
Clyde Muirshiel Park Authority JC	JB	ASG	ASG	1,330
Glasgow and Clyde Valley SDPA	JB	ASG	ASG	2,640
Renfrewshire VJB	JB	ASG	ASG	6,670
Scotland Excel	JB	ASG	ASG	5,290
Falkirk Council	Co	ASG	ASG	261,730
Central Scotland Fire and Rescue JB	JB	ASG	ASG	17,800
West Lothian Council	Co	ASG	ASG	242,420
North Ayrshire Council	Co	ASG	ASG	230,840
East Ayrshire Council	Co	ASG	ASG	217,980
South Ayrshire Council	Co	ASG	ASG	213,260
Ayrshire VJB	JB	ASG	ASG	6,670
West Dunbartonshire Council	Co	KPMG	ASG	210,260
Dunbartonshire and Argyll and Bute VJB	JB	KPMG	ASG	6,670
Perth and Kinross Council	Co	HL	ASG	205,540
TACTRAN	JB	HL	ASG	8,810
Tayside Fire and Rescue JB	JB	HL	ASG	22,250
Argyll and Bute Council	Co	GT	ASG	202,110
Shetland Isles Council	Co	ASG	ASG	200,840
Orkney and Shetland VJB	JB	ASG	ASG	6,670
ZetTrans	JB	ASG	ASG	8,810
East Dunbartonshire Council	Co	KPMG	ASG	195,250
Mugdock Country Park JC	JB	KPMG	ASG	2,670
Angus Council	Co	HL	ASG	187,150
Tayside Police JB	JB	HL	ASG	35,590
East Renfrewshire Council	Co	ASG	ASG	175,240
Orkney Isles Council	Co	SM	ASG	173,510

8,795,250

All sectors - proposed audit portfolios - 2011/12

Appendix 3

Firms		2011/12		% by fees	2010/11		% by fees	2011/12		% by fees	2010/11		% by fees	2011/12		% by fees	2010/11		% by fees
		No of audits	Days		Fees	Fees		No of audits	Days		Fees	Fees		No of audits	Days		Fees	Fees	
		LAs						Health						Central Government					
PricewaterhouseCoopers	PWC	7	1,970	865,020	9.8%	842,810	9.6%	4	1,037	455,400	13.3%	640,800	18.9%	9	545	247,460	6.6%	4,400	0.1%
KPMG	KPMG	9	1,902	840,810	9.6%	478,050	5.5%			547,700	16.1%			9	678	302,230	8.0%	579,800	15.3%
Scott-Moncrieff	SM	2	1,227	539,090	6.1%	611,130	7.0%	7	1,442	639,080	18.7%	358,100	10.6%	1	20	0	0.0%	134,700	3.5%
Henderson Loggie	HL	0	0	0	0.0%	817,940	9.3%							0	0	0	0.0%	4,400	0.1%
RSM Tenon	TEN													0	0	0	0.0%	7,300	0.2%
Wylie & Bisset	W&B																		
BDO Stoy Hayward	BDO																		
Grant Thornton UK	GT	6	1,541	686,180	7.8%	367,150	4.2%							5	494	224,130	6.0%	274,900	7.2%
Deloitte	DEL	6	1,102	487,820	5.5%			3	860	379,180	11.1%								
Firms		30	7,742	3,418,920	38.9%	3,117,080	35.6%	14	3,339	1,473,660	43.2%	1,546,600	45.6%	24	1,737	773,820	20.5%	1,005,500	26.5%
Audit Scotland (ASG)		47	12,214	5,376,330	61.1%	5,649,310	64.4%	9	4,420	1,938,510	56.8%	1,845,200	54.4%	50	6,535	2,992,670	79.5%	2,796,000	73.5%
All auditors		77	19,956	8,795,250	100.0%	8,766,390	100.0%	23	7,759	3,412,170	100.0%	3,391,800	100.0%	74	8,272	3,766,490	100.0%	3,801,500	100.0%
		Water						FE						All sectors					
PricewaterhouseCoopers		1	416	206,030	100.0%	205,400	100.0%							21	3,968	1,773,910	10.6%	1,693,410	10.1%
KPMG								7	204	99,940	18.3%	110,400	20.2%	25	2,784	1,242,980	7.4%	1,715,950	10.3%
Scott-Moncrieff								7	236	116,030	21.2%	116,600	21.3%	17	2,926	1,294,200	7.7%	1,220,530	7.3%
Henderson Loggie								7	204	99,940	18.3%	94,400	17.3%	7	204	99,940	0.6%	916,740	5.5%
RSM Tenon								0	0	0	0.0%	64,000	11.7%	0	0	0	0.0%	71,300	0.4%
Wylie & Bisset								7	193	94,620	17.3%	93,000	17.0%	7	193	94,620	0.6%	93,000	0.6%
BDO Stoy Hayward								0	0	0	0.0%	68,300	12.5%	0	0	0	0.0%	68,300	0.4%
Grant Thornton UK								6	175	85,960	15.7%			17	2,210	996,270	6.0%	642,050	3.8%
Deloitte														9	1,962	867,000	5.2%		
Firms		1	416	206,030	100.0%	205,400	100.0%	34	1,012	496,490	90.8%	546,700	100.0%	103	14,246	6,368,920	38.1%	6,421,280	38.4%
Audit Scotland (ASG)								3	102	50,250	9.2%	-	0.0%	109	23,271	10,357,760	61.9%	10,290,510	61.6%
All auditors		1	416	206,030	100.0%	205,400	100.0%	37	1,114	546,740	100.0%	546,700	100.0%	212	37,518	16,726,680	100.0%	16,711,790	100.0%

ACCOUNTS COMMISSION

MEETING 19 MAY 2011

REPORT BY ASSISTANT AUDITOR GENERAL

REVISED AUDITOR'S REPORTS

Purpose

1. This purpose of this paper is to seek the Commission's approval to the revised form of Auditor's Report for local government bodies and the new Auditor's Report for local authority pension funds.

Background

2. Section 101(4) of the Local Government (Scotland) Act 1973 requires that "within 14 days of the completion of the audit of the accounts of a local authority the auditor shall place on each duplicate abstract of those accounts.... a certificate, in such form as the Commission may direct, to the effect that he has audited the accounts in accordance with this part of the Act".
3. This provision means that the Commission is asked to approve the form of the Independent Report of the Auditor (audit certificate/opinion) for local government bodies. The draft reports attached at Appendices 1 & 2 have been extensively revised to reflect the provisions of the revised and clarified International Standards on Auditing (UK & Ireland) issued by the UK Auditing Practice Board in October 2010 and draw heavily on the Bulletin of illustrative audit reports issued by the APB in December 2010 for use in the private sector.
4. For previous audit reports there has also been a Bulletin of Public Sector illustrative audit reports but the Public Sector Sub-Committee of the APB recently agreed to drop the Bulletin as each audit agency produced its own guidance and the illustrations in the Bulletin needed extensive modification for use in each devolved administration.

Main changes from current audit reports

5. The main changes from the current audit reports reflect changes in the International Standards and are:
 - Shorter description of the role of the auditor
 - Reference to IFRS as adopted by the European Union and as adapted and interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom as the description of the financial reporting framework to reflect the move to IFRS
 - Separation of opinions on the financial statements from other opinions
 - Introduction of an explicit opinion on the consistency of the Explanatory Forward with the financial statements to reflect the requirement in the private sector and the rest of the public sector to include such an opinion in relation to the management commentary and parts of the director's report

- Introduction of an explicit opinion on parts of the Remuneration Report – the Remuneration Report itself being a new requirement for 2010/11 in Scotland
 - Introduction of a new section on matters reported on by exception which covers items such as the keeping of proper accounting records which auditors have traditionally not referred to unless there had been a problem
6. In preparing these drafts we have not experienced any significant issues in using the private sector illustrative examples as templates and these new reports therefore comply with the International Standards on Auditing.
 7. Earlier drafts, together with those for other sectors, have been the subject of consultation with the appointed auditors and their comments have been taken into account in the attached drafts. The drafts are for unmodified opinions; if modified (qualified) opinions are required then auditors will follow the guidance issued by the APB appropriate to the circumstances of the modification.
 8. Once approved the audit reports will be included in Audit Scotland's Note for Guidance to all auditors on Model Audit Reports.

Recommendation

9. The Commission is asked to approve the Model unmodified audit reports for local authorities and local authority pension funds as set out in Appendices 1 & 2.

Russell Frith
Assistant Auditor General
11 May 2011

Model auditor's report – local government bodies

Independent auditor's report to the members of (name of local government body) and the Accounts Commission for Scotland

I certify that I have audited the financial statements of (name of local government body) and its group for the year ended (insert date) under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise [specify the titles of the primary statements such as the group and authority-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the authority-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Accounts, and the Non-domestic Rate Account] and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the 2010/11 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Responsible Financial Officer and auditor

As explained more fully in the Statement of Responsibilities [set out (on pages ...)], the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the [describe the annual report] to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2010/11 Code of the state of the affairs of the group and of the local government body as at (insert date) and of the income and expenditure of the group and the local government body for the year then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985;
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2010/11 Code [or the Annual Governance Statement does not comply with Delivering Good Governance in Local Government]; or
- there has been a failure to achieve a prescribed financial objective.

Auditor

Address

Date

Model auditor's report – local government pension scheme

Independent auditor's report to the members of (name of local government body) as administering body for (name of pension fund) and the Accounts Commission for Scotland

I have audited the financial statements of (name of pension fund) for the year ended (insert date) under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the 2010/11 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Responsible Financial Officer and auditor

As explained more fully in the Statement of Responsibilities [set out (on page ...)], the Responsible Financial Officer is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the [describe the annual report] to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2010/11 Code of the financial transactions of the fund during the year ended [insert date], and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- The Governance Compliance Statement does not comply with guidance from the Scottish Ministers [or the Statement on the System of Internal Financial Control does not comply with the 2010/11 Code].

Auditor

Address

Date

ACCOUNTS COMMISSION

MEETING 19 MAY 2011

REPORT BY THE DIRECTOR OF BEST VALUE AND SCRUTINY IMPROVEMENT

**NATIONAL SCRUTINY PLAN FOR LOCAL GOVERNMENT 2011/12 AND
COMMENTARY REPORT**

Purpose

1. The purpose of this report is to introduce the National Scrutiny Plan for Local Government 2011/12 and the associated commentary report on findings and implications this year.

Background

2. Following the publication of the Crerar report on the 'Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland' in September 2007, the Scottish Government undertook to develop a simplified and more coherent approach to local government scrutiny. A key aspect of this was the need to better coordinate and streamline strategic scrutiny work at corporate and service level, whilst continuing to provide assurance to the public. This marked a fundamental shift from scrutiny which had typically been based on standard audits and inspections done on a routine cyclical basis, to a more risk-based and proportionate approach.
3. In March 2008 the Cabinet Secretary for Finance and Sustainable Growth asked the Accounts Commission to undertake a transitional "co-ordinating and gatekeeping role" in the planning of scrutiny activity in local government in Scotland. Since that time, the main scrutiny bodies for local government have worked together through the Local Government Scrutiny Co-ordination Strategic Group to identify and agree the key risks in each individual council and to develop a plan of scrutiny activity to respond to those specific risks. This co-ordination role was further underpinned by the introduction of a statutory duty of co-operation, introduced in the Public Services Reform (Scotland) Act 2010).
4. In the autumn of 2010 the Local Government Scrutiny Co-ordination Strategic Group revised and refined its approach to the Shared Risk Assessment (SRA) process based on learning from the first year of implementation and drawing on independent evaluation undertaken by ipsos-MORI. The Accounts Commission's transitional role was subsequently placed on a permanent footing by the Cabinet Secretary in March 2011 when he wrote to the Chair of the Accounts Commission confirming that, "facilitating and co-ordinating ...scrutiny relating to the corporate and strategic role of local government" should now be regarded as one of the accepted functions of the Accounts Commission.
5. The National Scrutiny Plan for Local Government is one of the key outputs from SRA work. The plan for 2011/12 is the second NSP and summarises the strategic scrutiny work for April 2011 to March 2012 described in each of the 32 council's individual scrutiny plans.

6. The associated commentary report outlines what we have achieved in developing this second annual National Scrutiny Plan, what the Plan tells us about national themes, what we have done to reflect feedback on the first year of the process and what we plan to do next.

Conclusion

7. The National Scrutiny Plan and Commentary report was agreed by the Local Government Scrutiny Co-ordination Strategic Group on 5th May 2011. The Commission is now invited to endorse the plan and report prior to publication.

Fraser McKinlay
Director of Best Value and Scrutiny Improvement
11 May 2011

National Scrutiny Plan 2011/12

Council	Date TBC	April	May	June	July	August	September	October	November	December	January	February	March
Aberdeen City		CP 73			F&R 3								
Aberdeenshire		2			F&R 3								
Angus							F&R 3				CP 79	LAC 1	
Argyll & Bute	HB 3			CP/AF 87				F&R 3					
Clackmannanshire	HMIE 2 Adoption & Fostering 10		F&R 3		SCSWIS ISLA 16								
Dumfries & Galloway	HMIC/AS 4 Adoption & Fostering 10				F&R 10	5							
Dundee City				SCSWIS ISLA 15		BV Fu 15	F&R 3	SHR Housing & Asset 15				CP/AF 81	
East Ayrshire	SCSWIS post ISLA 20		6					F&R 3			SCSWIS ISLA 17		
East Dunbartonshire			SCSWIS/Auditor 12					2	F&R 3				
East Lothian	AS HB 3 SCSWIS post ISLA 20			HMIC/AS 1		10	SCSWIS ISLA 17	F&R 3					
East Renfrewshire								F&R 3	SHR/AS 6				
Edinburgh City of			HB 3	SCSWIS ISLA 25	HMIC/AS 2			F&R 5				EPS FU 8	
Eilean Siar	Adoption & Fostering 12	EPS FU 4			BV 15		SCSWIS ISLA 17	F&R 3	HB 3	SCSWIS ISLA 20			
Falkirk			CP/AF 81	F&R 3		SHR review 20			SCSWIS ISLA 17		SCSWIS ISLA 20		
Fife		SCSWIS/Auditor Competitiveness 13	AS/ Auditor Sustainability 13		F&R 10								CP/AF 81
Glasgow City								F&R 5			VSE 94		
Highland	SCSWIS ISLA 6					30	F&R 3	C&S 6					
Inverclyde													
Midlothian	SCSWIS post ISLA 20	17	CP/AF 87	EPS FU 14	HB 3	HMIC/AS 1		SCSWIS ISLA 17	AS/HMIE 45	F&R 3			
Moray	HB 3	2	SCSWIS ISLA 16			F&R 3	EPS FU 8			BV 1		CP/AF 87	
North Ayrshire			SCSWIS ISLA 18					AS/HMIE 14	F&R 3				
North Lanarkshire	SCSWIS post ISLA 20		4					F&R 3				SCSWIS ISLA 17	
Orkney Islands	Adoption & Fostering 8		HCS 7		Review Capital projects 5			F&R 3	SCSWIS/Auditor CHSCP 5	SCSWIS/Auditor CHSCP Governance 5		Review Marine Services 5	
Perth & Kinross	HB 3						CP/AF 87	F&R 3					
Renfrewshire								F&R 3					
Scottish Borders	SCSWIS ISLA 17 SCSWIS post ISLA 20				HMIC/AS 1	10	CP/AF 87	HB 3	F&R 3	VSE 74			
Shetland Islands				5			BV FU 10	F&R 3	CP/AF 87				
South Ayrshire								F&R 3		CP 73			
South Lanarkshire	HB 3							F&R 3					
Stirling	SCSWIS ISLA 17 SCSWIS post ISLA 20	BV 40	F&R 3										CP/AF 32
West Dunbartonshire								F&R 3	CP/AF 81				
West Lothian	SCSWIS ISLA 16 Adoption & Fostering 9				HMIC/AS 1			F&R 3					

KEY		87 - number of days																	
Auditor	Audit Scotland (AS)	Audit Scotland (AS)	Audit Scotland (AS)	Collaborative working	Her Majesty's Inspectorate of Constabulary for Scotland (HMICS)	Her Majesty's Inspectorate of Education (HMIE)	Her Majesty's Inspectorate of Education (HMIE)	Her Majesty's Inspectorate of Education (HMIE)	Scottish Housing regulator (SHR)	Social care and social work improvement Scotland (SCSWIS)	A&F	Social care and social work improvement Scotland (SCSWIS)	CP/AF	Social care and social work improvement Scotland (SCSWIS)	CP	Social care and social work improvement Scotland (SCSWIS)	ISLA	Social care and social work improvement Scotland (SCSWIS)	
Review of Marine Services (MS)	AS: Best Value (BV)	AS: Housing Benefit Work (HBW)	AS: Fire & Rescue (F&R)		HMICS/AS	HMIE: Educational Psychology Services Inspection Follow up (EPS FU) Council requested Culture & sport (C&S)	HMIE: Validated Self Evaluation (requested by the council)	SHR: Review inc SHQS & Homelessness	SCSWIS: Adoption & Fostering (A&F)	SCSWIS: Child Protection inc Adoption & Fostering (CP/AF)	SCSWIS: Child protection (CP)	SCSWIS: Initial scrutiny level assessment (ISLA)	SCSWIS: Post Initial scrutiny level assessment (Post ISLA)	SCSWIS: Looked after children (LAC)	SCSWIS: Home Care Scrutiny (HCS)				

1. For Operational reasons the exact timing of dome of the activity may be subject to change.

2. Child Protection inspections include a range of organisations and the number of days allocated is split approximately one-third to be based in councils, and two-thirds in the Community Planning Partnership

A summary of Local Government Strategic Scrutiny Activity

National Scrutiny Plan for Local Government 2011/12

Prepared by the Local Government Scrutiny Co-ordination Strategic Group

May 2011

About this report

This report introduces Scotland's National Scrutiny Plan for Local Government 2011/2012. The report outlines what we have achieved in developing this second annual National Scrutiny Plan, what the Plan tells us about national themes, what we have done to reflect feedback on the first year of the process and what we plan to do next.

We have sought to be open and transparent and have included all strategic scrutiny activity of which we are currently aware, as well as assisted self-evaluation work requested by councils. In line with the phased approach requested by the Cabinet Secretary, our focus has been on planned scrutiny activity which assesses whole services or corporate functions. The plan does not, therefore, focus on scrutiny activity carried out at service unit or institution level e.g. school or care home inspections and we do not include the annual financial audit.

The National Scrutiny Plan for Local Government has been jointly prepared by the Local Government Scrutiny Co-ordination Strategic Group. This group includes the Accounts Commission, Audit Scotland, Her Majesty's Inspectorate of Education (HMIE), Social Care and Social Work Improvement Scotland (SCSWIS), Scottish Housing Regulator (SHR), Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) and NHS Quality Improvement Scotland. Details of each body can be found in [Appendix 1](#); they are collectively referred to as 'scrutiny bodies' in this report.

This second National Scrutiny Plan has been developed against the backdrop of a period of significant change in the scrutiny landscape of Scotland and budget reductions. A planned programme of reform of scrutiny bodies transfers the existing functions of the Care Commission, Social Work Inspection Agency, HMIE and NHSQIS to three new scrutiny bodies. Scrutiny bodies are managing their activity within the context of significant budget reductions - including the Scottish Government's commitment in the Spending Review 2010 to deliver a saving of at least 20 per cent over the four years to 2014/15 in the overall direct costs of external scrutiny.

In developing this plan we have engaged with COSLA and SOLACE on an on-going basis and we acknowledge the input we have had from them and councils to date in taking forward this scrutiny improvement work.

A Glossary of terms is included in [Appendix 2](#).

Background

Following the publication of the Crerar report on the 'Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland' in September 2007, the Scottish Government undertook to develop a **simplified and more coherent approach to local government scrutiny**, as part of its wider approach to improving the arrangements for the external scrutiny of public services. A key aspect of this was **the need to better coordinate and streamline strategic scrutiny work at corporate and service level, whilst continuing to provide assurance to the public**. This marked a fundamental shift from scrutiny which had typically been based on standard audits and inspections done on a routine cyclical basis, to a more risk-based and proportionate approach.

In March 2008 the Cabinet Secretary for Finance and Sustainable Growth asked the Accounts Commission to undertake a transitional "co-ordinating and gatekeeping role" in the planning of scrutiny activity in local government in Scotland. Since that time, the main scrutiny bodies for local government have worked together through the Local Government Scrutiny Co-ordination Strategic Group to identify and agree the key risks in each individual council and to develop a plan of scrutiny activity to respond to those specific risks. This approach, called Shared Risk Assessment (SRA), is designed to ensure proportionate and focused scrutiny and reduce the overall amount of external scrutiny activity in local government, whilst continuing to provide public assurance and help councils to improve. This co-ordination role was further underpinned by the introduction of a statutory duty of co-operation, introduced in the Public Services Reform (Scotland) Act 2010).

In the autumn of 2010 the Local Government Scrutiny Co-ordination Strategic Group revised and refined its approach to the SRA process based on learning from the first year of implementation, drawing on independent evaluation undertaken by ipsos-MORI (including feedback from councils on their experience of the process). The Accounts Commission's transitional role was subsequently placed on a permanent footing by the Cabinet Secretary in March 2011 when he wrote to the Chair of the Accounts Commission confirming that, "facilitating and co-ordinating ...scrutiny relating to the corporate and strategic role of local government" should now be regarded as one of the accepted functions of the Accounts Commission.

The National Scrutiny Plan for Local Government is one of the key outputs from SRA work. The plan for 2011/12 is the second NSP and summarises the strategic scrutiny work for April 2011 to March 2012 described in each of the 32 council's individual scrutiny plans.

1. What has been achieved?

We have reduced the time we will spend in councils undertaking strategic scrutiny work in 2011/12 by a further 3% compared with actual activity undertaken in 2010/11

Our achievement is not simply in the reduction of scrutiny, which comes about through better co-ordination of work, assessment of risk and balancing of self-assessment evidence, but in the better focus of that scrutiny to contribute to the effectiveness of public services. A co-ordinated and proportionate scrutiny system will always be necessary to provide credible and independent public assurance.

Last year we reduced the amount of corporate and service level scrutiny in councils by 36%. Reflecting our continued commitment to *proportionate* scrutiny, compared to the level of scrutiny work undertaken in 2010/11, we have made a further **3%** reduction¹ in the time we will spend on *strategic* scrutiny work in councils in 2011/12. This is a reduction in the fieldwork element of our strategic scrutiny work. This is the part of our activity which impacts most directly on councils.

This reduction in fieldwork activity relates to scrutiny work that takes place at corporate or whole service levels of councils. This is

¹ 3% reduction in on-site contact days. That is the number of days spent in the council multiplied by the number of auditors/inspectors involved in the work.

only one element of the work we do. Each scrutiny body also undertakes a wide range of other activity which has always been outside the scope of the SRA process, such as baseline financial audit, inspections of schools, day care and care homes, policy development and provision of guidance.

We have reduced the total number of scrutiny ‘events’² being undertaken in councils across Scotland by 33% compared with the number that took place in 2010/11

Reflecting our commitment to *risk-based* scrutiny, compared to 2010/11, the number of separate pieces of audit or inspection work, referred to as ‘scrutiny events’, planned for 2011/12 is down by **33%**. This reflects a combination of Local Area Networks (LANs) developing a better understanding of their councils by drawing more effectively on councils’ self-evaluation evidence and changes in the scrutiny risk profiles across Scottish councils. There was a **13%** reduction in the number of assessments categorised as uncertain scrutiny risk, which result from a lack of information.

The summary National Scrutiny Plan for Local Government 2011/12 is contained in [Appendix 2](#). Details of each scrutiny event can be found in individual Assurance and Improvement Plans.

The balance of our work has shifted towards assisted self-evaluation work

An important part of the post-Crerar agenda is the focus on self-evaluation and continuous improvement capacity in councils. In line with this agenda, scrutiny activity is also a catalyst for improvement. We have individually made changes to our scrutiny approaches and methods to better support improvement. This includes support to councils in developing their improvement plans and voluntary support and capacity-building activities to help councils improve their self-evaluation arrangements, often at their request.

18% of the scrutiny events in the National Scrutiny Plan for 2010/11 were activities requested by councils to help support them in relation to self-evaluation³. The proportion of the scrutiny work planned for 2011/12 that is assisted self-evaluation requested by councils has increased to **24%**. However it should be noted that our experience last year suggests that additional pieces of supported self-evaluation work may be requested during the year so this proportion may increase.

Inspection work requested by Ministers in priority sectors has reduced from 52% of the planned activity in 2010/11 to 31% in 2011/12

This reduction reflects the Scottish Government’s commitment to working with scrutiny bodies and applying its Systematic Scrutiny Check approach to ensure risk based and proportionate activity. This year the high priority inspection work comprises of fostering and adoption inspections and child protection inspections, both of which are focused on high-risk groups which fall within the Scottish Government’s priority areas for independent external scrutiny. It is a legitimate and on-going function of Ministers to request inspection work as part of their responsibility for maintaining oversight of the performance of public services and in responding to issues of public concern/performance failures.

² Not Including assisted self evaluation visits requested by the council

³ This includes SCSWIS Supported Self Evaluation and HMIE Validated Self-evaluation work in both 2010/11 and 2011/12.

We have improved the transparency and comprehensiveness of the National Scrutiny Plan

In April 2008, the Accounts Commission agreed to a request from the Department for Work and Pensions (DWP) to take over the Benefit Fraud Inspectorate's responsibility for inspecting housing and council tax benefit (benefits) services in Scotland. This 'benefits performance audit' work has been incorporated into the annual audit of local government. This work is included in the plan this year to improve transparency of the work being undertaken in the year.

Delivering on its commitment to extend Best Value audit work to Fire and Rescue Services once it had concluded its initial cycle of local government BV audits and developed its BV audit approach in police, the Accounts Commission plans to undertake a focused programme of BV audits in Fire and Rescue during 2011/12 to complete the phased coverage of the local government sector. This comprises of individual audits of each of the eight Fire & Rescues Services in Scotland and a national summary report. A proportionate and targeted approach is being applied in each council, resulting in approximately 3 scrutiny contact days in each location. This work is included in the National Scrutiny Plan.

We have simplified our Shared Risk Assessment process and reduced the time taken to produce the scrutiny plans for councils

Why did we need to change the process for 2011/12? We made changes to reflect:

- Findings from our own on-going evaluation of the first cycle of SRA
- Initial feedback from the Ipsos Mori independent review
- The degree of uncertainty around council's financial settlements as we began the second cycle
- The significant structural changes in scrutiny bodies happening in 2011

What did we do differently this year? We:

- Agreed a 'refresh' process based on the consideration of new evidence to determine how that evidence changed the risk assessments we applied to the council last year and the scrutiny activity that was planned. This approach reflected the relative 'newness' of the Assurance and Improvement Plans (AIPs)
- Shifted the balance of LAN Leads by increasing the number led by HMIE and SCSWIS officers
- Developed new guidance for LANs and training for new members and LAN leads to improve consistency in terms of:
 - Risk assessments
 - Developing proportionate scrutiny responses
 - Engagement with councils by defining minimum standards and the principles of engagement in agreement with councils

- Updated the third National Risk Priority to reflect the economic reality and clarified how we wanted LANs to consider the national priorities.
- Simplified the quality assurance process to:
 - Improve consistency of approach by producing revised guidance
 - Improve consistency of feedback by reducing the number of reviewers involved in the quality panel
 - Make it more proportionate and less onerous by introducing an initial quality screening, with only a sample of the 32 Updates being referred to quality panel.

2. What does the National Scrutiny Plan for Local Government tell us?

National themes

The post-Crerar Policy and Approach Action Group (PAAG) recommended priorities for public service scrutiny which were accepted by the Government. We have adopted these national scrutiny priorities, which guide the SRA process and the decisions on scrutiny activity.

The National Risk Priorities are:

- Protection and welfare of vulnerable people (children and adults) including access to opportunities
- Assuring public money is being used properly

We also made a decision to take into account the impact of the economic situation as a national risk priority in driving our work:

- How councils are responding to the challenging financial environment

Each LAN considered and reported on how the national risk priorities are being addressed in each council.

- The protection of vulnerable people, welfare and access form a key element of councils' local outcomes and service provision. A significant proportion (**42%** of the activity and **77%** of the contact days) of the scrutiny plan for 2011/2012 is focused on these areas of risk, including the second round of child protection inspection as requested by Ministers, and much of the work carried out by SCSWIS.
- Assuring public money is being used properly is central to the management of local authorities. This is closely linked to the third national risk priority we considered relating to the current economic climate. Many councils are in the process of developing or implementing transformation programmes in order to ensure they are responding to the economic climate and making best use of public money. The impact of these programmes will become apparent over the next 12 to 18 months and work to follow up on progress is captured in many AIPs.
- It is clear that while all Scottish councils face significant challenges as a result of tightening fiscal environment, they have plans in place to manage council funding reductions and to attempt to mitigate the effects on the local economy. The nature of these plans varies across councils and progress will become apparent in the next 12 to 18 months and will be assessed as part of the baseline annual audit activity and the updated risk assessment. As part of the 2011/12 SRA, two elements of this national risk priority were assessed; the inherently uncertain budget

situation and how well placed the council is in dealing and planning for reduced budgets.

Effective self-evaluation remains an area for continued development

The ability of councils to undertake robust and reliable self-evaluation of the effectiveness of their corporate processes, performance of services and impact is central to a reduction in levels of external scrutiny undertaken by all scrutiny bodies. Detailed, accurate, up to date, readily available and verifiable information allows us to more accurately assess risk and target scrutiny activity to where it is most necessary.

Councils across Scotland are committed to developing robust self-evaluation arrangements as is evidenced, for example, by the increase in assisted self-evaluation activity and work being undertaken in partnership with the Improvement Service. The SRA refresh process indicates that councils are making progress in this area.

However, inconsistencies in coverage and the quality of information across services, outcome areas and corporate processes are still apparent and it will take time before all councils have fully effective self-evaluation arrangements in place. In particular, the use of benchmarking data to assess costs, quality and performance remains underdeveloped in many places. Further reductions in external scrutiny will therefore be contingent on the development by councils of improved self-evaluation processes on which external scrutiny may sample, test and validate evidence.

Service user views and customer satisfaction information are central aspects of self-evaluation and this remains a continuing gap in existing information in many councils. User views and customer satisfaction information is powerful evidence for us in assessing risk and deciding what scrutiny activity is required.

Independent challenge is an important component of effective self-evaluation. Improvements in the quality of self-evaluation processes and information in individual councils and services will help improve the targeting of scrutiny activity required to provide public assurance.

Credible public assurance relies on clear, evidence-based, independent evaluations and easily understood public reports. We will continue to review how we achieve this assurance, and we remain committed to delivering a scrutiny system for local government in Scotland that is accessible, risk based and proportionate.

3. What have we done to address our improvement actions?

We have made good progress on the specific commitments we made following the first cycle of SRA

In the commentary report published alongside the National Scrutiny Plan 2010/11 we made the following commitments:

- **We can make further efficiencies and take further opportunities to streamline our activity**

We have reduced the time we will spend in councils undertaking strategic scrutiny work in 2011/12 by 3% compared with 2010/11.

- **We need to reduce the time taken to complete our annual SRA/AIP drafting cycle**

We have reduced the SRA process from beginning to publication from 9 months to produce the 2010/11 National Scrutiny Plan to 6 and a half months. This was longer than planned but our ability to conclude the process sooner was

affected by the severe winter weather, significant organisational changes and the election period.

- **We need to embed the SRA approach more fully in our individual audit and inspection bodies**

The smooth progress of the SRA process this year, notwithstanding delays caused by the severe winter weather, is evidence of further embedding of the process within each scrutiny body. We will be reviewing this again in 2011, in light of the creation of the new scrutiny bodies.

- **We need to ensure consistency in delivering a proportionate response to scrutiny risk**

We developed a simpler quality assurance process involving a smaller number of personnel in order to ensure better checking of consistency of risk assessment and scrutiny response.

- **We need to ensure consistency in the way the LANs communicate and engage with councils**

We adapted the SRA guidance to detail a 'minimum standard' of engagement with councils and agreed a principle of flexibility in that the specific terms of engagement – frequency, timing, approach – for each individual council be agreed with chief executive at the outset. We made progress on this in 2011, and there remains room for improvement in making sure that the experience of all councils is consistently high.

- **We need to be more consistent in the way we consider the National Risk Priorities in individual councils as part of our SRA process**

Guidance was clarified and the Quality Assurance process focused on ensuring that risk assessments and identification of scrutiny activity where appropriate, were clearly stated for each National Risk Priority.

- **We need to better support improvement by more effectively and consistently identifying and sharing good practice**

We need to undertake further development work to achieve this aim. The primary focus of the SRA process is the development of a scrutiny plan for each council. In order to develop more of a role in the identification and sharing of good practice we need to work with the Improvement Service, CoSLA and councils in developing an approach to identify, calibrate and validate potential good practice examples.

- **We need to develop a National Scrutiny Plan for Local Government in future years that is clearer about the rolling programme of planned work for years two and three**

The first cycle of implementation of the SRA process has shown us that while future planning for years two and three are useful at the local level to signal future intentions and areas for improvement. However, due to the changing nature of the council context and the inherent uncertainties involved in planning for the second and third years, it is less useful to aggregate this provisional activity at the national level.

We have made progress on the other areas of improvement identified by Ipsos Mori

In addition to the improvement actions we identified ourselves last year, the Ipsos Mori independent evaluation raised an additional improvement activity which we have begun to address:

- **We need to reduce inconsistencies in the definition and interpretation of risk**

We have clarified the guidance issued to LANs and provided additional training for LAN leads.

4. Next Steps

We will continue to evaluate our approach

We undertook evaluation exercises throughout the development and roll out of the SRA process and the production of the AIPs last year. We commissioned an independent evaluation of the work which asked councils and other stakeholders for their feedback. Following the completion of this second year of implementation of the SRA process, we will undertake a further evaluation to check that we have addressed the improvement priorities identified last year.

We will focus on further improving our approach

We have achieved a great deal but recognise we have more to do. We are already clear on some key areas for improvement and development:

- We need to amend our Code of Practice to reflect the scrutiny body changes in 2011 and revised guidance
- We need to be more consistent in being transparent about how our LANs operate
- We need to ensure that all our LAN members are confident to challenge their fellow LAN members
- We need to ensure that all our LAN members have the appropriate authority to make decisions about scrutiny responses

Our commitment to further development and improvement of the new approach will be set out in the Local Government Scrutiny Co-ordination Operational Group Work-plan. Underpinning the specific objectives outlined in this work-plan, is the need for input from our key stakeholders and our commitment to on-going engagement.

We will work together to build on the achievements of the SRA and consider how we should further develop the scope of our work

The implementation of the Public Services Reform (Scotland) Act 2010 contains a statutory requirement; the Duty of Co-operation, which will enable closer working across scrutiny bodies. The coordination of our scrutiny work at the strategic and whole service level has resulted in significant improvements as rehearsed in this report and the similar report produced last year. This approach has a continued role to ensure that we sustain the co-ordination of our work but the potential for further large scale reductions in scrutiny activity at this level may be limited. Over the summer of 2011, the Local Government Co-ordination Strategic Group will consider the best ways our work can add value, align scrutiny activity to local and national priorities, support continuous improvement in the public sector and provide public assurance at a time of significant change and budget reductions.

We will continue to work with Scottish Government to ensure scrutiny remains proportionate

31% of the scrutiny activity described in the National Scrutiny Plan for Local Government 2011/12 has been requested by the Scottish Government on the basis that the public expects external scrutiny of high priority services such as childcare. This is a 40% reduction on the level seen in the 2010/11 National Scrutiny Plan. The Scottish Government continue to play an important role in delivering further reductions in scrutiny work by considering how requests for new scrutiny activity can be better assessed. We will continue to work closely with the Scottish Government to ensure that the Systematic Scrutiny Check approach is used to support Ministers in decisions on if, where, when and how scrutiny activity is to be applied.

Appendix 1

The Local Government Scrutiny Co-ordination Strategic Group Members

The Accounts Commission

The Accounts Commission is the public's independent watchdog for local government in Scotland. Its role is to examine how Scotland's 32 councils and 41 joint boards manage their finances, help these bodies manage their resources efficiently and effectively, promote Best Value and publish information every year about how they perform. The Accounts Commission has powers to report and make recommendations to the organisations it scrutinises, hold hearings and report and make recommendations to Scottish Government ministers.

Audit Scotland

Audit Scotland is a statutory body set up under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Accounts Commission and the Auditor General for Scotland (AGS). Working together, the Accounts Commission and Audit Scotland ensure that public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Her Majesty's Inspectorate of Education

Her Majesty's Inspectorate of Education in Scotland (HMIE) is a Scottish Government executive agency. HMIE aims to promote sustainable improvements in standards, quality and achievements for all learners in a Scottish education system which is inclusive. HMIE works towards the achievement of its aims by providing independent evaluations; providing advice and reports, based on the experiences and achievements of learners and vulnerable children and the provision made for them; working with establishments, services, their partners and other organisations, to increase their capacity to improve through rigorous self-evaluation and well targeted support; and providing professional advice for Scottish Ministers. Provisions in the Public Services Reform (Scotland) Act 2010 transferred responsibility for child protection inspections from HMIE to a new body, Social Care and Social Work Improvement Scotland (SCSWIS) in April 2011. The remaining functions of HMIE and the functions of Learning and Teaching Scotland (LTS) will be brought together in a new education improvement agency on 1st July 2011. The new agency will continue to carry out scrutiny and will continue to be fully involved in the SRA process.

Social Care and Social Work Improvement Scotland

The Public Services Reform (Scotland) Act 2010 dissolved the Social Work Inspection Agency and Care Commission and in April 2011 transferred their scrutiny and regulatory functions, along with HMIE's multi-agency child protection inspection, into a new body, Social Care and Social Work Improvement Scotland (SCSWIS).

The new body now combines all regulatory and external scrutiny responsibilities, including registration and complaints within a more integrated service. SCSWIS' purpose is to provide assurance and protection for people who use care, social work and children's services.

The Scottish Housing Regulator

Scottish Housing Regulator (SHR) is a Scottish Government executive agency. It exercises the regulatory powers of Scottish Ministers in the Housing (Scotland) Act 2001. SHR regulates registered social landlords and the landlord and homelessness services of local authorities. Its purpose is to protect the interests of current and future tenants and other service users; ensure the continuing provision of good quality social housing, in terms of decent homes, good services, value for money, and financial viability; and maintain the confidence of funders. SHR registers and regulates independent social landlords. It also inspects the housing and homeless services provided by local authorities. The agency drives improvements in landlords' efficiency and performance, and help to ensure that registered social landlords continue to attract private finance at competitive rates to build and improve affordable homes. Provisions in the Housing (Scotland) Act 2010 created a new independent Regulator and Scottish Ministers appointed a new Board on 1 April 2011. During 2011/12 the new Regulator will exist alongside the existing Scottish Housing Regulator agency. The agency will continue to regulate using Scottish Ministers' powers under the Housing

(Scotland) Act 2001 until the new Regulator has carried out its consultation and is ready to exercise the new functions from the 2010 Act. On 1 April 2012 the status of agency will change from an executive agency to a non-Ministerial department.

Her Majesty's Inspectorate of Constabulary for Scotland

Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) operates independently and is responsible for inspecting the eight police forces in Scotland and the five police services provided by the Scottish Police Services Authority (SPSA) in order to improve those services. HMICS does this by inspecting and advising police forces and the services; undertaking a risk-assessed programme of thematic inspections, including working with partners on joint inspection activity; working with the police service in Scotland on driving forward an annual self assessment programme that promotes continuous improvement; and sharing good practice. HMICS provides public reports and independent advice to Ministers, police board members and police forces and services.

NHS Quality Improvement Scotland

The function of NHS Quality Improvement Scotland (NHS QIS) is to improve the quality of health care in Scotland by setting standards and monitoring performance, and by providing advice, guidance and support to NHSScotland on effective clinical practice and service improvements. The two key aims of the organisation are to report to the public on the performance of NHSScotland against nationally agreed standards, and to support NHSScotland in improving the quality of care and treatment it provides. NHS QIS achieves this by developing and implementing, in partnership with health care professionals and the public, a national framework to determine, share and promote consistent high quality care across Scotland. Provisions in the Public Services Reform (Scotland) Act 2010 will dissolve NHS QIS and transfer its functions to a new health improvement body, Healthcare Improvement Scotland in April 2011.

Appendix 2

Glossary

Assurance & Improvement Plan (**AIP**) - Document which captures agreed areas of risk and good practice, and the resulting scrutiny response for each council. It is the primary planning document for scrutiny bodies

Fieldwork – the part of the scrutiny work that is undertaken at the council

Local Area Network (**LAN**) - Representatives from all the scrutiny bodies for each council to maximise the benefit of the scrutiny knowledge and understanding of the council

LAN Lead – LAN representative facilitating LAN discussions and responsible for engagement with the council and producing the AIP

National Scrutiny Plan (**NSP**) – the aggregation of the individual council's scrutiny plans into a national plan detailing all the scrutiny work planned across Scottish councils

Scrutiny contact days - the number of days spent in the council conducting fieldwork multiplied by the number of auditors/inspectors involved in the work

Scrutiny events – an individually defined piece of scrutiny work

Shared risk assessment (**SRA**) - A joint approach using key information about local government to plan scrutiny activity that is proportionate and based on risk

Supported self-evaluation (**SSE**) – Assistance provided by SCSWIS to councils on request, to help them develop their own methods and quality of self scrutiny

Validated self-evaluation (**VSE**) - Assistance provided by HMIE to councils on request, to help them develop their own methods and quality of self scrutiny

ACCOUNTS COMMISSION

MEETING 19 MAY 2011

ACCOUNTS COMMISSION DIGEST

Introduction

1. This digest is intended to provide Commission members with background information that may be of interest.
2. This month the digest includes:
 - Further details on government activity of interest to local government
 - An outline of recent media coverage of relevance to the Commission
 - Recent publications of interest
 - A note of forthcoming conferences which may be of interest to members.

Parliamentary and government activity

3. The Controller of Audit's update report includes information on issues of most relevance to the Commission. Members may also be interested in the following matters.
4. **Elections to the Scottish Parliament.** The outcome is summarised in the following table:

Party	Total
Scottish National Party	69
Scottish Labour	37
Scottish Conservative and Unionist Party	15
Scottish Liberal Democrats	5
Scottish Green Party	2
Independent	1
Total:	129

5. The Scottish Parliament Information Centre (SPICe) has published a briefing for MSPs highlighting the "key issues" they will need to consider during the next session, including: transport infrastructure funding, scrutiny bodies, capital investment, implications of demographic change for health and social care and pensions, teacher employment, and NHS finances. The briefing paper is available at <http://www.scottish.parliament.uk/business/research/briefings-11/SB11-28.pdf>
6. Further submissions to the **Commission on the Future Delivery of Public Services** (Christie Commission) have been published. CIPFA and the Directors of Finance made a joint submission in which they stated that they wished to see "that the reform of external audit and inspection is accelerated in line with the

original recommendations of Professor Crerar, principally the development of a single external scrutiny body for all public services, focussed on reviewing progress towards the delivery of outcomes in local areas.”

7. Dr Bill Maxwell, currently Senior Chief Inspector of Education, has been appointed as the transitional Chief Executive Officer of the **Scottish Education Quality and Improvement Agency**, the new agency bringing together the work of Learning and Teaching Scotland (LTS) and HMIE. Appointment effective for one year. New agency effective from 1 July.
8. **Scrutiny coordination.** The Sheriff Principal to the Fatal Accident Inquiry into a 2004 fire at a care home in Uddingston urged Scottish Ministers to “formalise the relationship between the various regulatory bodies”, including the Fire and Rescue Authorities, the Health & Safety Executive, and Social Care and Social Work Improvement Scotland, to prevent confusion during inspections.
9. The UK Parliament’s Public Accounts Committee published its report on **Accountability for Public Money**. The report is available at: <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmpubacc/740/74003.htm>
10. The **Office for Budget Responsibility** has been established as a permanent, statutory body, under the provisions of the Budget Responsibility and National Audit Act 2011.

Other issues

11. The **Chairman of the Audit Commission** issued a statement welcoming the publication of the Department of Communities and Local Government’s consultation paper on the future of local public audit.
12. Researchers at Strathclyde University found that more than half of **social care staff** working in the third sector have had their pay frozen over the last three years and working conditions had deteriorated. They said the results revealed the “stark reality” of budget cuts to third sector social care providers and noted that the cuts had led to a lack of investment in staff training, which meant a knock on effect on the quality of services.
13. The charity Crisis said that UK Government changes to **housing benefit** could lead to an increase in homelessness.

News summary 5 April - 9 May

14. There has been coverage in the last month of the following Accounts Commission reports:
 - **North Ayrshire Best Value report and findings:** The local authority welcomed the findings at a briefing meeting. “Despite branding the progress made since the last round ‘disappointing’ the Accounts Commission’s report was broadly favourable”. Ardrossan Herald. North Ayrshire Council look set to respond to a critical audit of the way they operate with a detailed plan of improvements, covering eight areas and going up to 2012. Irvine Times.
 - **Maintaining Scotland’s roads:** Report mentioned in news that Scotland’s councils have paid out £3 million to motorists in the last five years for

damaged cars and injuries caused by potholes. Covered by national papers. Mentions in local stories about repairs.

- **Highland CHaP report and findings:** Most of the householders linked to Wick's community heat scheme have signed up with the company bidding to take it over. Mention of Accounts Commission's report. P&J 6 April. Letter expressing concerns about the tendering process for the Ignis company, mentions the Accounts Commission's findings. John O Groat Journal 1 April.
- **Local Government overview report:** "The local government workforce is set to fall sharply as councils strive to meet savings targets according to Scotland's Accounts Commission's annual overview....." Councils face increasingly difficult choices, Chair urged councils to build on improvements made in recent years to meet the significant challenges. Engaging with citizens, strong leadership and governance are crucial." Public Finance March 2011. Article by CIPFA about the implementation of spending cuts mentioned that the Overview report said there will be further pressure from accounting changes and steps should be taken to ensure that these changes are achieved without compromising vital finance functions. Holyrood magazine 28 March.
- **Pension funds:** "Leaders of Scotland's 11 local government pension funds are preparing for a battle for control over their finances amid Scottish Government plans that could see their assets amalgamated into a single £22bn fund. A recent Accounts Commission report into public sector pensions has already acknowledged the challenges in persuading councils that an amalgamation would be a good idea" On behalf of COSLA , as part of the drive to shared services, Deloitte has been looking at merging the funds. Due to report in June and said to have been spearheaded by John Swinney. However many councils are said to be unhappy with the proposal. Sunday Herald.

15. References to the police and fire and rescue restructuring debates include:

- The **Scottish Police Federation** voted overwhelmingly to oppose plans for a single national police force. The Scottish Government is conducting a consultation exercise on the issue. Daily Mail, Herald, Record, P&J 21 Apr
- **Strathclyde Police** board cast serious doubts on plans for a single national force, despite all the major parties being committed to the plan. Daily Express, Star, Herald 20 Apr
- **Grampian Chief Constable** set out 12 reasons why Grampian Police should not be merged into a single Scottish police force. He said the move would ruin improvements to policing in the area. Evening Express 23 Apr
- **Tayside Police** expressed concern that crime rates could increase if major reform is carried out to the structure of Scotland's law enforcement. Courier 22 Apr
- **Chief Constables** of Grampian, Dumfries and Galloway and Northern forces criticised proposals for a single Scottish force. Daily Express, Herald, Scotsman, P&J, Courier 30 Apr. Former deputy chief constable of Strathclyde Police, dismissed the criticism of three chief constables of the single force plan as a 'political stunt'. Sunday Post 1 May, BBC.
- **ACPOS** sent a letter to the Scottish Government accusing it of being "misleading" in its consultation process to determine whether all of Scotland's police forces should merge into a single unit. Police Professional magazine
- Jim Gallagher, **former head of the Scottish Government's Justice department**, article in which he said that creating a national police force for

Scotland will 'create bureaucratic turmoil and lead to a drop in performance'. Scotsman 8 April.

- A split is emerging in the Scottish Fire Service union. The leadership of the **Scottish Fire Brigades Union** said they back a single fire service. However, union officials say they have jumped the gun on agreeing with a future merger. Sunday Herald, Evening News.
- "Scottish Government plans to centralise the police and fire and rescue services were robustly rejected by **Angus Council** yesterday. " P&J 4 May
- **Dundee City Council** voted to back the merger of Scotland's eight police forces and fire and rescue services on a regional basis. P&J 22 Apr
- Letter from chief executive of the **SPSA** responding to an article that 'challenged the effectiveness of the SPSA' in discussion about the creation of a single police force. Refers to Audit Scotland's report. Scotsman 15 April

16. Other police and fire and rescue service issues include:

- **Central Police** has announced plans to take officers off the beat and base them in stations.
- Figures from **GMB** show that 1,546 back office jobs, equivalent to around one in five civilian workers, are at risk of redundancy across Scotland. Daily Mail 29 Apr.
- A plan to use police officers to carry out civilian roles is "economic madness", according to **Unison**. Scotsman, P&J
- **Northern Constabulary** has a new chief constable. George Graham was formerly deputy chief constable at Dumfries and Galloway Constabulary. BBC
- **COSLA** attacked the Scottish Government's policy of recruiting 1,000 extra police officers. Scotsman 2 April

17. Articles about workforce, including early retirements. Including:

- **Edinburgh's** director of corporate services is taking early retirement. The director of finance will leave his post in June. Pension deals labelled "obscene" by taxpayers' groups. A review is underway to look at the posts of corporate services and finance directors, meanwhile appointments will be made for six months. Evening News 2 May
- **Glasgow City** workers face a reduction in paid public holidays under cost-cutting ideas being floated. This is part of negotiations with unions about changes to terms and conditions. Herald 13 April
- A survey of workers at **Aberdeen City** has found that 91% do not believe morale is good at the local authority. P&J 2 April
- "Some councils in Scotland have had to make staff **compulsorily redundant** as they persevere to balance their budgets, BBC Scotland has learned. Only a handful of staff have been forced from their jobs, but the figures show it is hard for local authorities to avoid this action completely."
- Members of Scotland's largest **teaching union** have agreed to a two-year pay freeze to save jobs, a deal which is expected to save around £45million in wages. Sunday Mail

18. Articles relating to Arm's-Length External Organisations include:

- **Edinburgh City's** audit committee has agreed to examine governance arrangements for the city's tram project after hearing from Audit Scotland that some elected members faced split loyalties due to their roles in the board of TIE. Evening News

- **Glasgow:** The SNP group called for the scrapping of the £250,000's worth of payments elected members receive for sitting on arm's-length organisations. Herald 2 April. Cross-party moves for a fresh allocation of posts on outside bodies. Herald 26 Apr. Council is accused of operating a system of 'patronage payments' to councillors who sit on the boards of external organisations. Sunday Express
- Claims that a new trust formed to manage sports and cultural services could save **East Dunbartonshire** £700,000 a year. Kirkintilloch Herald

19. Articles relating to the Edinburgh Trams Project include:

- **TIE** paid more than £45,000 in expenses to four consultancies on the project. Sunday Herald, Record 4 April
- At a breakfast organised by **Edinburgh Chamber of Commerce**, MSP Murdo Fraser said that when parliament voted in 2007 to give £500m to tram project, the Auditor General said the project was on time and budget. Evening News 21 Apr.
- **Vehicles** built for the tram project could yet be sold off to help with financing - but only with permission from the Scottish Government. Evening News 26 Apr.
- **TIE** could be stripped of its key responsibilities for the project over fears about its spending and performance. A council spokeswoman announced that the Parliament's Audit Committee had been notified of an impending review of the project. Sunday Herald 1 May.
- Edinburgh's tram leaders will ask the new Scottish Government for more **funding** to complete the scheme after calling off a two-year dispute with contractors. The main political parties have pledged not to increase government funding for the trams beyond £500m. Herald 30 Apr.
- **Tram line** from Edinburgh Airport may initially terminate at Haymarket, rather than St. Andrew Square, as a result of the cash crisis caused by construction disputes. Evening News, Scotsman 30 Apr.
- Business leaders want **more funding** to ensure the tram project is completed. Scotsman 3 May/ feature article about Ian Gray's campaign, mentions his position on the tram project – he was Transport Minister when it was approved but says it was up to the council to deliver and Labour wouldn't allocate any extra money. Mention of the initial Auditor General tram report – "in 2007 the AGS examined the project and said it was in good health and could be delivered..." Evening News 2 May.
- John Swinney said he had made it quite clear that the **limit of Government funding** set at £500m "would not be breached" but he was glad that mediation was taking place, adding that the Government had instructed Transport Scotland to assist in this.
- **Council** may have to use millions of pounds ring-fenced for major emergencies to get the tram scheme up and running". Scotsman 4 May

20. Education related articles:

- Teachers are working more hours than before the **McCrone** review, according to the Scottish Secondary Teachers' Association's submission to a new review of teaching. Scotsman 16 Apr
- Teachers across Scotland are ready to take **industrial action** over pay and conditions, the Scottish organizer for the NASUWT has warned. Herald 23 Apr. Around 300,000 members of the NUT are threatening to walk out in a row with the Government over pensions. Daily mail 23 Apr. Strike action by

teachers over threats to pensions is "inevitable", according to the NASUWT. Herald 25 Apr. Members of Scotland's biggest teaching union have narrowly accepted a real-terms pay cut in exchange for guarantees on jobs. Daily Mail, Daily Express, Herald, Scotsman, P&J 29 Apr

- **Western Isles** is to try and overturn a Government decision not to close its schools.. Herald, Scotsman, P&J, Courier 2 April
- **Argyll & Bute**: the education minister commented on the Council's actions after it agreed to start consulting on closing 11 primary schools" P&J, Herald 21 Apr, herald 22 Apr

21. Waste management related articles:

- **Stirling**: Two million tonnes of waste from a former landfill site is being used to generate green electricity, The project is one of the first of its kind in Scotland. BBC
- **Edinburgh City** has been criticised for imposing fines on those who put rubbish out on the wrong day, in a trial project in preparation for an Edinburgh-wide extension. The Scottish Government is currently carrying out a consultation which could see £50 fines raise to £200. Daily Mail 16 Apr, Mail on Sunday. Metro 18 Apr

22. The following is a limited selection of some other issues being covered in relation to individual councils and other organisations:

- **Edinburgh City**: continued coverage of the investigations into the awarding of repair contracts. Police are considering allegations of fraud. A "senior council source" quoted saying that the investigation "threatens to expose corruption and malpractice on a large scale" Herald 12 April. Deloitte is investigating. Sue Bruce has initiated a full review of this service area. BBC 13 April. Concerns over the awarding of repair contracts were raised with officials a year ago. Internal investigation took no action against any official. It was only after a tip-off to police that officers were suspended. Herald 15 April. Two more staff have been suspended. Herald 21 Apr, Evening News
- **Aberdeen City**: The former planning convener admitted embezzling thousands of pounds from his local sports group. He stepped down as Lib Dem group leader and quit his post as a councillor. Daily Express, Scotsman, P&J 29 Apr./Herald, Daily Express, Scotsman 28 Apr
- Retired NHS **Shetland** chief executive Sandra Laurenson to be brought in as a consultant to help drive through the council's improvement plan. Mention of Commission's public hearing. Shetland Times 27 Apr, BBC Shetland
- **Shetland**: Councillors voted to award a housing association a grant for building new rental homes. But they will have to dip into their reserves, prompting fears the funds could drop close to their £250 million limit. Shetland Times
- **Clackmannanshire**: SNP councillors said their mass walkout of a council meeting was over failure to consult with pool users over its future. Alloa Advertiser 27 April
- **Glasgow**: More than 150 people have demonstrated against cuts to services for disabled people. According to Unison the council is cutting services via 'personalisation' assessments., Scotsman 29 Apr. Hundreds of protesters have taken to the streets of Glasgow to oppose plans to slash £13m from disabled people's services. Evening Times
- A scheme which will pay families or individuals to care for elderly and disabled people has been approved by **Moray** councillors. P&J 15 April.

- A condition survey of **Fife's** council-owned buildings has revealed that the total cost of clearing the region's maintenance repairs backlog would come in at £193m. Courier 30 Apr
- **Renfrewshire:** A report was brought on whether transport group SPT provides Best Value, recommended that the report be presented to SPT by the council's representative and a response requested. A copy will also be sent to the Minister for Transport asking for a wider review of SPT. However the Labour group also had a report on this. Paisley Gazette 6 April
- Government plans to let councils appoint their own auditors criticised by chairman of **Audit Commission**. He said the proposed new framework is fragmented. Financial Times. The existence of the Audit Commission would be considered a 'bizarre aberration in years to come', the local government minister said. Financial Times. Local government minister promised to 'eat his hat' if the Audit Commission abolition fails to save at least £50m by 2015. Public Finance. Commons inquiry into the abolition of the Audit Commission held its first hearings in Feb. Article about the submissions. Public Finance. The Audit Commission paid £779,003 between April 2009 and last month for overnight stays, meetings and training events. Sunday Telegraph 1 May
- **COSLA:** Scottish local authorities 'must win' the battle of ideas over public sector reform 'even if traditional party allegiances might be damaged' COSLA has claimed . Municipal Journal. The manifestos of the main political parties are "unambitious, largely irrelevant and financially unsound", according to COSLA.P&J, Scotsman 18 Apr. Council leaders said they would boycott many of the flagship pledges by the four main parties and will not freeze council tax. Also said it is unrealistic to aim for no compulsory redundancies Daily Telegraph, Times, Daily Mail, Herald 18 April. Transferring social care from councils to the NHS could cost more than £300million according to COSLA. Daily Express, herald, Courier, Scotsman, P&J 25 Apr. More than one in seven Scots is living 'off the Richter scale' in terms of poverty and the gap between the nation's poorest and richest is growing and will only get worse", say COSLA. Record 18 Apr
- The **Centre for Public Policy for Regions** at Glasgow University predicted that 25,000 public sector jobs could be cut, in an effort to balance the budget in the next parliament. Combined with other factors, a £180 million shortfall is predicted by 2014-15.Sunday Herald 1 May.

Recent publications

23. The **National Audit Office** (NAO) published its report on Lessons from PFI and other projects, concluding that the large body of experience from using PFI can be applied to improve other forms of procurement and help drive towards infrastructure delivery cost targets of £2-3bn.
24. **Audit Commission:** Services for Young People: Value for Money Self-Assessment pack. 19 April 2011.This free self-assessment pack is a collaboration between the Audit Commission and the Confederation of Heads of Young People's Services (CHYPS). It aims to help make sure money spent on services for young people is well used and has the right impact. Already piloted in six areas, it was credited with:
 - helping statutory and voluntary providers to begin longer-term reviews of provision, staffing and costs;
 - increasing self-awareness among managers and staff about council youth services;

- stimulating discussion between partner organisations on improvement and how to achieve better value for money;
- identifying some 'quick wins'- for example, doing more to celebrate young people's achievements; and
- generally raising the profile of youth services.

The pack is organised into five modules which take users through a structured assessment of their services, drawing on their own and comparative data about spending and outcomes. It then helps them prepare an action plan to provide the best value for money services for young people, specifically tailored to their area and its resources.

25. The **Scottish Information Commissioner** has launched a new resource designed to advise the public on how to use their Freedom of Information rights.

Conferences

26. Forthcoming conferences and seminars include:

- **Promoting Equality During Austerity**
MacKay Hannah: 20 May, Linlithgow
This conference will consider how public bodies, including governments and local authorities, can balance the need to reduce budgetary spend with their obligations under the Equality Act to promote and extend equality, diversity and fairness.
- **Scotland's Third Sector: Making Change Happen**
Holyrood Conferences: 26 May, Edinburgh
The third annual third sector conference. Among the issues considered will be how the Scottish Government envisages working alongside, supporting and empowering voluntary and charitable organisations over the next parliament.
- **Analysing the Scottish Election 2011, Voting for Change?**
University of Edinburgh Institute of Governance: 27 May, Edinburgh
Speakers: Professor David McCrone (University of Edinburgh) and Professor John Curtice (University of Strathclyde).
- **The way forward**
ACPOS: 2/3 June, Dunblane
ACPOS notes that its conference comes at a time of change within the police service set against a backdrop of financial challenge.
- **Moving forward in an age of austerity**
ICAS/KPMG: 6 June, Edinburgh
Seminar for board members and senior executives of NDPBs
Speakers: Robert Black (Auditor General for Scotland) Lindsay Montgomery (Chief Executive of the Scottish Legal Aid Board), John Lambert (KPMG),
- **Scottish Public Sector Budgets: Finding the Savings**
MacKay Hannah: 21 June, Linlithgow
5th annual public sector budgets conference
Speakers include: Sue Bruce (Chief Executive, Edinburgh City Council) and Robert Black (Auditor General for Scotland).

Accounts Commission for Scotland

Agenda

**Meeting on Thursday 19 May 2011,
in the offices of Audit Scotland, 18 George Street, Edinburgh**

The meeting will begin at 10:00 am

1. **Apologies for absence**
2. **Declarations of interest**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 12, 13, 14 and 15 in private.
4. **Minutes of meeting of 14 April 2011**
5. **Minutes of meeting of the Performance Audit Committee of 7 April 2011**
6. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
7. **Update report by the Controller of Audit:** The Commission will consider a report from the Controller of Audit on significant recent activity in relation to the audit of local government.
8. **Appointment of auditors for 2011/12 to 2015/16:** The Commission will consider final proposals for audit appointments for 2011/12 to 2015/16 arising from the recent audit tender process.
9. **Audit certificates:** The Commission will consider proposals for a revised form of Auditor's Report for local government bodies and a new Auditor's Report for local authority pension funds.
10. **National Scrutiny Plan for Local Government 2011/12:** The Commission will consider a draft National Scrutiny Plan.
11. **Accounts Commission Digest:** The Commission will consider any points that arise from its regular briefing on current issues.
12. **Accounts Commission Annual Report:** The Commission will consider its annual report for 2010/11.
13. **Accounts Commission strategy seminar:** The Commission will consider matters arising from its recent strategy seminar.
14. **Arm's-length external organisations (ALEOs):** The Commission will consider a draft report in the 'How Councils Work' series.
15. **Performance audit on Transport for Health and Social Care:** The Commission will consider a draft report.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of the meeting of the Commission of 14 April 2011	AC.2011.5.1
Agenda Item 5: Minutes of the meeting of the Performance Audit Committee of 7 April 2011	AC.2011.5.2
Agenda Item 7: Update report by the Controller of Audit	AC.2011.5.3
Agenda Item 8: Report by the Assistant Auditor General	AC.2011.5.4
Agenda Item 9: Report by the Assistant Auditor General	AC.2011.5.5
Agenda Item 10: Report by the Director of Best Value and Scrutiny Improvement Draft National Scrutiny Plan	AC.2011.5.6 AC.2011.5.7
Agenda Item 11: Accounts Commission Digest for May 2011	AC.2011.5.8
Agenda Item 12: Accounts Commission Annual Report (<i>PRIVATE PAPER – For members only</i>)	AC.2011.5.9
Agenda Item 13: Paper to follow (<i>PRIVATE PAPER – For members only</i>)	AC.2011.5.10
Agenda Item 14: Report by the Director of Best Value and Scrutiny Improvement (<i>PRIVATE PAPER - For members only</i>) Draft 'How Councils Work' report (<i>PRIVATE PAPER - For members only</i>)	AC.2011.5.11 AC.2011.5.12
Agenda Item 15: Report by the Director of Performance Audit (<i>PRIVATE PAPER - For members only</i>) Draft performance audit report (<i>PRIVATE PAPER - For members only</i>) Draft key messages paper (<i>PRIVATE PAPER - For members only</i>)	AC.2011.5.13 AC.2011.5.14 AC.2011.5.15