

The Accounts Commission for Scotland

Agenda

Meeting on Thursday 11 April 2013,
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 9 to 11 in private.
4. **Minute of meeting of 14 March 2013**
5. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
6. **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.
7. **Format and distribution of reports:** The Commission will consider a report by the Director of Performance Audit.
8. **Any other business**
9. **Equality outcomes and mainstreaming equalities:** The Commission will consider draft reports by the Chair of Audit Scotland's Diversity and Equality Steering Group.
10. **Joint report by Accounts Commission and Auditor General for Scotland: Managing early departures in the Scottish public sector:** The Commission will consider a draft report by the Controller of Audit.
11. **Roads maintenance follow up – an audit update:** The Commission will consider a report by the Director of Performance Audit.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of the meeting of the Commission of 14 March 2013	AC.2013.4.1
Agenda Item 6: Report by Controller of Audit	AC.2013.4.2
Agenda Item 7: Report by Director of Performance Audit	AC.2013.4.3
Agenda Item 9: Report by Chair of Audit Scotland's Diversity and Equality Steering Group	AC.2013.4.4
Agenda Item 10: Report by Controller of Audit	AC.2013.4.5
Agenda Item 11: Report by Director of Performance Audit	AC.2013.4.6

ACCOUNTS COMMISSION

MEETING 11 APRIL 2013

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 March 2013, at 10am

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

IN ATTENDANCE: Fraser McKinlay, Controller of Audit
Russell Frith, Assistant Auditor General [Item 11]
Paul Reilly, Secretary and Business Manager
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement (BVISI) [Item 9]
Alasdair Craik, Senior Audit Manager, Audit Services Group (ASG) [Item 10]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minute of meeting of 14 February 2013
5.	Minute of meeting of Performance Audit Committee of 28 February 2013
6.	Minute of meeting of Financial Audit and Assurance Committee of 28 February 2013
7.	Chair's introduction
8.	Update report by the Controller of Audit
9.	How councils work series – update report
10.	Measuring the impact of Audit Services Group work: local government, 2011/12
11.	Competition Commission: Statutory audit services for large companies market inquiry - provisional findings report
12.	Any other business

1. Apologies for absence

Apologies for absence from Bill McQueen were noted.

2. Declarations of interest

John Baillie declared an interest in Item 8, having accepted an invitation from the Chief Executive of the Improvement Service to attend as his guest the annual conference of COSLA.

3. Decisions on taking business in private

It was noted that there were no items of business that required to be considered in private.

4. Minutes of meeting of 14 February 2013

The minutes of the meeting of February 2013 were submitted and approved.

5. Minutes of the Performance Audit Committee meeting of 28 February 2013

The minutes of the meeting of the Performance Audit Committee of 28 February 2013 were submitted and approved.

Arising therefrom, in relation to paragraph 6, it was agreed that the Controller of Audit liaise with the audit team to establish if the proposed report updating the performance audit *Maintaining Scotland's roads: a follow-up report* would refer to the National Audit Office report *Planning for economic infrastructure* which was published on 16 January 2013.

Action: Controller of Audit

6. Minutes of the Financial Audit and Assurance Committee of 28 February 2013

The minutes of the meeting of Financial Audit and Assurance Committee of 28 February 2013 were submitted and approved.

7. Chair's introduction

The Chair reported that:

- On 21 February, he attended a meeting of the Board of Audit Scotland.
- Also on 21 February, on an invitation from the Leader of Inverclyde Council, he spoke at a meeting of the Council on the Commission's role and its strategy.
- On 28 February, he chaired a meeting of the community planning partnerships audit steering group, also attended by Douglas Sinclair and Bill McQueen.
- On 7 and 8 of March he attended the annual conference of COSLA, along with Jim King and Graham Sharp.
- On 12 February, the Scottish Government published its response to its consultation on its proposals for health and social care integration. A report in this regard would be considered at the Commission's next meeting.
- On 7 March, the Society of Local Authority Chief Executives (Scotland) launched its benchmarking project. The Chair had written to the Chair of

SOLACE welcoming the publication of the benchmarking information, and encouraging them to ensure that the information is made available to citizens and is developed further into the future. The Commission was to review the project again later in the year, in the lead-up to considering its annual performance information Direction for 2013.

8. Update report by the Controller of Audit

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

During discussion the Commission noted advice from the Controller of Audit:

- In relation to paragraph 11 of the report, that he would monitor issues associated with the succession to the current Chief Executive of South Ayrshire Council.
- In relation to paragraph 12, that Frances Elliott had left her post as Chief Executive of Health Improvement Scotland.
- In relation to paragraph 14, that the appointment of George Graham was as interim Inspector, for a period up to mid-December 2013.
- In relation to paragraph 20, that Audit Scotland would be meeting Julie Bailey, of the 'Cure the NHS' group, to discuss issues around whistleblowing.

Thereafter the Commission agreed to note the report.

9. How councils work series – update report

The Commission considered a report by the Controller of Audit providing an update on the *How Councils Work* (HCW) series of reports, inviting the Commission to note the progress made to date, and inviting the Commission to consider the recommendations of the Performance Audit Committee on the potential topics for future reports in the series.

During discussion the Commission agreed:

- That the Controller of Audit explore with the Improvement Service the scope for future collaboration on material for elected members, particularly around training, induction and reference materials.

Action: Controller of Audit

- That the Chief Executive of the Improvement Service be invited to attend a future meeting at which issues of mutual interest be discussed.

Action: Secretary and Business Manager

- That given the importance of leadership in the current local government environment – as reflected in the local government overview report - the Controller of Audit consider the potential for some follow-up work around the first title in the HCW series, namely roles and working relationships.
- That the Controller of Audit consider the potential of developing online resources, as an extension of the HCW series, for elected members and officers.

- To approve the recommendation of the Performance Audit Committee that the following subject areas be prioritised for the next reports in the HCW series:
 - Option appraisal
 - Charging for services
- That case studies be used in the report on option appraisal to illustrate, amongst other things as appropriate, unsuccessful practice.

Actions: Controller of Audit

- That the reporting process for HCW reports involve presenting first drafts of reports to all members of the Commission through its two committees before full consideration by the Commission.

Action: Secretary and Business Manager

10. Measuring the impact of Audit Services Group work: local government, 2011/12

The Committee considered a report by the Director of Audit Services advising of the impact Audit Scotland's Audit Services Group has had as a consequence of audit work conducted on the 2011/12 financial statements of local government in Scotland.

During discussion the Commission:

- Noted and endorsed the decision of the Financial Audit and Assurance Committee that the Director and Controller of Audit consider how to compile and report such information for all auditors of local government.

Action: Director of Audit Services and Controller of Audit

- Noted that issues relating to impact would feature at the Commission's Annual Strategy Seminar.

Thereafter the Committee noted the report.

11. Competition Commission: Statutory audit services for large companies market inquiry - provisional findings report

The Committee considered a report by the Assistant Auditor General advising of the provisional findings and possible remedies following the Competition Commission's investigation into the statutory audit services market.

During discussion the Commission:

- Noted advice from the Assistant Auditor General that he was considering how to reflect skills mix in the commissioning of audit work.
- Agreed that the Assistant Auditor General consider how to improve the reporting of audit quality issues to the Commission.

Actions: Assistant Auditor General

12. Any other business

The Commission noted that there was no other business to be considered.

ACCOUNTS COMMISSION

MEETING 11 APRIL 2013

REPORT BY CONTROLLER OF AUDIT

UPDATE REPORT

Introduction

1. The purpose of this regular report is to provide an update to the Commission on 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 a more detailed update on issues arising in local government.
3. The most recent such report was at the Committee meeting of 28th February 2013.

Local government issues

Shared Risk Assessment (SRA) and scrutiny improvement

4. Assurance and Improvement Plans (AIPs) for each of the 32 councils will be published by the end of April. I propose to bring a report to the next Commission meeting summarising the Best Value Audit work undertaken during 2012/13 and outlining the work programmed for 2013/14.
5. The Local Government Scrutiny Co-ordination Strategic Group will consider the National Scrutiny Plan on 18th April. The final version of the plan will be published and will provide a summary of scrutiny activity for each council in Scotland. The plan is based on information contained in the individual AIPs. It has been developed against the backdrop of significant change in the public sector and scrutiny landscape of Scotland including:
 - the Children's Bill,
 - health and social care integration
 - police and fire reform.
 - significant budget pressures and in
 - the four pillars of the Scottish Government's public sector reform agenda.
6. To ensure that scrutiny evolves and responds to the reform agenda, the Local Government Scrutiny Co-ordination Strategic Group has identified four work-streams to continue to improve scrutiny in Scotland. These are:
 - improving the use of information and intelligence across scrutiny bodies – by improving the manner in which information and intelligence is gathered and used by scrutiny bodies
 - reviewing the shared risk assessment process – to align more effectively with scrutiny bodies risk assessment and planning and scheduling arrangements
 - supporting self evaluation – to develop a common understanding and approach to supporting self evaluation and improvement within public bodies in line with our

commitment to the Reducing Burdens Action Group recommendation to use self evaluation information to inform scrutiny activity

- an approach to place-based audit and inspection – to design a framework to assess the quality, impact and effectiveness of local public services

7. The aim is to produce outline recommendations by the end of the year.

Community Planning

8. The joint Commission/Auditor General reports on Community Planning in Aberdeen, North Ayrshire and Scottish Borders were published on 20th March. On the same day a further joint report summarising the key messages emerging across all three local reports was also published. The key messages report was presented to the Scottish Parliament's Public Audit Committee on 27th March.

Current activity in local government

9. COSLA has issued a statement on the potential impact changes to the benefits system will have on councils. It highlights the difficult position faced by councils as a result of what it describes as “the double whammy of the massive increase in people seeking council help at a time of diminishing resources.”
10. The Improvement Service has published an evaluation of a project to support self-assessment and improvement planning in Community Planning Partnerships. The project was based on self-assessment tools to determine whether governance, planning, performance management and resource management at individual CPPs were fit for purpose. The evaluation summarises the CPPs' experiences of using the tools and highlights areas for improvement identified across all CPPs.
11. During March, Councillor James Robb became council leader of Argyll and Bute Council replacing Councillor Roddy McCuish who is now deputy leader.
12. Councillor Johanna Boyd is the new leader of Stirling Council replacing the previous leader Councillor Corrie McChord.

Other Audit Agencies

National Audit Office

13. The National Audit office has published a report on Police procurement. It found that forces in England and Wales could make savings by working together to improve their buying power for essential goods and services but that the scope for savings remained unexploited. It also highlighted how agreement between forces on collaborative ways of buying and common specifications for equipment can deliver better value for money.

Audit Commission

14. The Audit Commission has published information on The National Fraud Initiative. It notes that since 1996 NFI has helped identify over £1 billion potentially lost to fraud, overpayment or error across the UK. This includes the prevention and detection of:
- 15,000 cases of pension overpayments worth £450 million,
 - almost 100,000 cases of council tax single person discounts incorrectly awarded worth £160 million and

- over £250 million of housing benefit overpayments.

Wales Audit Office

15. The appointed auditor for Caerphilly Council has reported that the council's senior pay setting was 'unlawful'. The report identifies significant failures in governance arrangements and inadequacies in processes to determine Chief Officers' pay.

Scottish Parliament

16. The Local Government and Regeneration Committee is continuing to take evidence from stakeholders as part of its inquiry into public service reform. Strand 3 of the inquiry is on developing new ways of delivering services. It aims 'to examine progress in relation to the development of shared services and other innovative ways of achieving economies of scale and in harnessing the strengths and skills of key public sector partners to deliver the best possible quality services in local areas.'
17. At its most recent meeting on 27 March the committee took evidence in a round table format discussing new ways of delivering services. Those involved in the discussion included: Alison Todd - Children and Family Service Director (Policy and Practice) Children 1st; Lorraine McMillan - Chief Executive, East Renfrewshire Council; David White - Assistant General Manager, Edinburgh Community Health Partnership; Ian Welsh - Chief Executive, Health and Social Care Alliance Scotland; Derick Murray - Director, and Alex Geddes, Health and Transport Steering Group co-ordinator, NESTRANS; James Thomson - Public Sector Audit Manager, Scott-Moncrieff; John Downie - Director of Public Affairs, Scottish Council for Voluntary Organisations; and Dave Watson - Scottish Organiser, UNISON.
18. The Commission and the Auditor General have been invited to give evidence to the Committee on 24th April.

Conclusion

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

Fraser McKinlay
Controller of Audit
3 April 2013

ACCOUNTS COMMISSION

MEETING 11 APRIL 2013

REPORT BY DIRECTOR OF PERFORMANCE AUDIT

FORMAT AND DISTRIBUTION OF REPORTS

Purpose of Report

1. The purpose of this paper is to provide the Accounts Commission with an update about the new format for national reports and the move to electronic distribution of reports.

Background

2. In 2012, Audit Scotland set up an e-publishing group to review and where appropriate identify options and implement solutions for:
 - Electronic distribution of reports.
 - The format of reports and making data more widely available.
3. The group has provided updates to Audit Scotland's Management Team and we are now ready to implement major changes to the format and distribution of reports.
4. Although it is not part of this corporate project, the Accounts Commission may wish to note that Audit Scotland's website is currently subject to a separate review. Accounts Commission members will be contacted soon to ask their views about this.

Electronic distribution of reports

5. Audit Scotland currently prints an average of 400 copies of each performance audit, overview, how councils work, best value and corporate report for distribution by mail.
6. From April 2013, Audit Scotland will be phasing in electronic distribution of all national reports and publications prepared on behalf of the Accounts Commission, Auditor General and Audit Scotland. By electronic distribution, we mean emailing recipients of reports with a hyperlink to the location of the report on the Audit Scotland website. We plan to stop printing reports and move to full electronic distribution in April 2014. In this transition period we will continue to print a small number of reports. There are a range of benefits to doing this:
 - By keeping up with changes in technology and ensuring that reports continue to be highly usable. In 2011, we surveyed stakeholders and most (83 per cent) who responded indicated that they would be content to receive our reports electronically.
 - Contributing to the overall goal of reducing the time taken to report our audit findings. Moving to electronic publication will allow us to reduce the time taken from final approval to publication at the end of the process.
 - Minor financial and environmental benefits. Financial savings will include the costs of the print contract, postage and stationery. By not printing reports we will continue to reduce our carbon footprint.
7. We are currently implementing a new system that will allow people to subscribe to our electronic mailing list to receive reports. In the meantime, we are carrying out final

checks to ensure that we have email addresses for all people who routinely receive reports.

8. Accounts Commission members will continue to receive hard copies of reports during 2013/14 unless they opt to receive them only electronically.

New report format

9. Our reports need to be as user-friendly, accessible and compatible with new technology as possible. Audit Scotland's website and reports are currently compatible with most existing devices (tablets, mobile phones) but we are seeing an increase in the use of mobile devices to view our website (up 40 per cent in the last year). We have therefore reviewed the format of our reports and believe there is scope to improve how our reports can be read online, particularly using mobile devices.
10. From April 2013, we will be moving to a new single-column format for reports. The single-column format will be easier to read online, with less scrolling and better navigation around reports. In addition, the new format of reports will be more information rich with interactive features, including hyperlinks to referenced reports and the ability to view the underlying data supporting exhibits by clicking a button. For those report readers that prefer to print them, the single-column format looks better, is easier to read and allows more white space to make notes.
11. We will provide a demonstration of the new online report format at the meeting on 11 April.
12. Moving to a single-format report while maintaining the reader experience, particularly online, means that we need to reduce the length of reports. We have therefore set a page limit of 44 pages maximum for all future reports.

Monitoring the impact of these changes

13. Although we are moving to this new process from April 2013, in practical terms this means that the first report to be published in the new format and distributed electronically will be *Managing early departures in the Scottish public sector*, which is due to be published mid-May 2013.
14. The e-publishing group will monitor the impact of the move to electronic distribution and new format of reports during 2013/14. We would be happy to provide an update to the Accounts Commission at a later date.

Conclusion

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

Barbara Hurst
Director of Performance Audit
29 March 2013