

ACCOUNTS COMMISSION

MEETING 8 SEPTEMBER 2011

MINUTES OF MEETING OF 14 JULY 2011

Minutes of the meeting of the Accounts Commission
held in the offices of Audit Scotland at
18 George Street, Edinburgh, on
Thursday, 14 July 2011, at 10am

PRESENT: Douglas Sinclair (Deputy Chair)
Sandy Cumming
Colin Duncan
Christine May
Bill McQueen
Colin Peebles
Linda Pollock
Graham Sharp

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and
Scrutiny Improvement (BVSI)
Fiona Kordiak, Director of Audit Services
Gordon Smail, Acting Secretary & Business Manager
Martin Walker, Assistant Director, BVSI [Item 8]
Antony Clark, Assistant Director, BVSI [Item 9]
Russell Frith, Assistant Auditor General [Items 11, 12, 13]
Owen Smith, Manager, Benefits (Technical) [Items 11, 12, 13]
Barbara Hurst, Director of Performance Audit (PAG) [Items 14, 15]
Angela Cullen, Assistant Director, PAG [Items 14, 15]
Miranda Alcock, Portfolio Manager, PAG [Item 14]
Sally Thompson, Project Manager, PAG [Item 14]
Mark Roberts, Portfolio Manager, PAG [Item 15]
Kirsty Whyte, Performance Auditor, PAG [Item 15]

<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 16 June 2011
5.	Minutes of the Performance Audit Committee of 9 June 2011
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Performance indicators and performance management systems
9.	Engagement with and assurance from shared risk assessment
10.	Accounts Commission digest
11.	Annual report on benefits audit
12.	Aberdeenshire Council – report by the Controller of Audit
13.	Aberdeenshire Council – consideration of Controller's report
14.	Performance audit draft report – justice overview
15.	Performance audit draft report – modernising the planning system
16.	Accounts Commission strategy event

1. Apologies for absence

Apologies for absence were received from Mike Ash, John Baillie, Alan Campbell and Jim King.

2. Declarations of interest

Linda Pollock declared an interest in Item 14 as a member of the Board of the Scottish Legal Complaints Commission.

3. Decisions on taking business in private

The Commission agreed to take Items 13, 14, 15 and 16 in private to allow deliberations on: actions arising from its consideration of the Controller of Audit's report on Aberdeenshire Council (Item 13); draft audit reports to be published in September (Items 14 and 15); and actions arising from the Commission's annual strategy event (Item 16).

4. Minutes of meeting of 16 June 2011

The minutes of the meeting of 16 June 2011 were submitted and approved.

5. Minutes of the Performance Audit Committee of 9 June 2011

The Commission noted the minutes of the meeting of the Performance Audit Committee of 9 June 2011. Emerging message papers for performance audits will in future include recommendations and the minute had been updated to reflect this.

6. Chair's introduction

In the Chair's absence, the Deputy Chair reported that:

- The Christie Commission report had been published on 29 June and that there would be discussion later on the potential implications.
- Also on 29 June, the Chair, Fraser McKinlay and Gordon Smail had provided a briefing to the Parliament's Public Audit Committee based on the local government overview report.
- On 19 July, he and the Chair were due to meet the Cabinet Secretary for Finance, Employment and Sustainable Growth to discuss scrutiny and improvement of local government and related matters.
- Following a joint seminar with the Improvement Service (IS) in March to promote the first report in the Commission's 'How councils work' series (on roles and working relationships) the Chair's presentation and other related materials had now been published by IS.
- The second in the 'How councils work' series (on ALEOs i.e. arm's-length external organisations) had been published on 16 June. Initial feedback from local government had been positive.

7. Update report by the Controller of Audit

The Commission considered and noted 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:

- that all local authorities had submitted their accounts for audit by the 30 June deadline.
- the Parliament's Health and Sport Committee had started an enquiry into the regulation of care for older people and that there would be links between this and the on-going performance audit on commissioning social care.
- further changes in senior staff in councils and, more generally, the potential risks associated with the high turnover of senior managers across councils.
- current issues at individual councils.

8. Characteristics of effective performance indicators and performance management systems

The Commission considered a report by the Director of Best Value and Scrutiny Improvement seeking its endorsement of the general principles of good performance management and performance indicators.

During discussion the Commission noted:

- improvement is important, but there may be cases where maintaining or reducing services are valid objectives. Measurement is the key issue.
- it is important that the right information is available to the right people at the right time i.e. the level of detail (strategic and operational) and timeliness are important factors.
- more information is needed on costs, to support performance management and to enable the public to make comparisons.
- there needs to be a more explicit link between costs, value for money and outcomes.
- there needs to be more emphasis on the outcome of partnership working and the related impact for individuals.
- the statutory performance indicators should be reviewed to ensure they complement the on-going wider developments and to ensure they are fit for purpose in the current context.

Thereafter the Commission agreed to endorse the characteristics of effective performance information and performance management set out in the report.

9. Accounts Commission engagement with and assurance from the shared risk assessment (SRA) process

The Commission considered a report by the Director of Best Value and Scrutiny Improvement setting out proposals for strengthening the arrangements for providing the Commission with assurance that the SRA process is leading to effective targeting of proportionate and risk-based audit and inspection activity in councils.

In discussion the Commission noted that the Local Area Networks (LANs) provide a good foundation for the proposed arrangements and that further development work would be needed to ensure that external auditors are equipped to comment on performance improvement.

The Commission agreed that annual reports to it on Best Value audit activity arising from the SRA process should include summary information on the performance and results of Audit Scotland's quality assurance arrangements.

Thereafter the Commission agreed to accept the proposed arrangements, subject to review based on experience of how the proposals work in practice.

10. Accounts Commission digest

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

11. Annual report on benefits audit

The Commission considered a report by the Assistant Auditor General on the outcome of Audit Scotland's benefits performance audit work during 2010/11. The report also highlighted possible implications arising from the UK government's proposals for reform of the welfare system.

During discussion, the Commission noted:

- due in part to the need for the unplanned Controller of Audit report on Aberdeenshire Council, nine risk assessments had been carried out by the end of March, seven less than planned.
- the possible implications of the proposed universal credit system for councils, service users and others.
- good practice examples highlighted in the report are disseminated through the networks in which Audit Scotland staff participate.

The Commission expressed continuing interest in the progress of the benefits performance audit work and, in particular, the outcome of the remaining seven risk assessments included in the 2010/11 programme. The Commission also requested the Controller of Audit to monitor developments in relation to the planned reform of welfare benefits and to report back as part of his regular Controller updates.

Thereafter the Commission agreed to note the report.

12. Aberdeenshire Council: Performance audit of housing and council tax benefit

The Commission considered the Controller of Audit's report on the performance audit of housing and council tax benefit administration at Aberdeenshire Council.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit and the audit team on a number of points in the report.

13. Aberdeenshire Council: Action on Controller of Audit's report (In private)

Following discussion, the Commission agreed to make findings which will be published in due course. The Commission also agreed, in view of the serious nature of the points raised in the report, to meet with senior officers and elected members of the Council to discuss the findings. The Commission will be represented by the Chair, Depute Chair and the Chair of the Financial Audit and Assurance Committee, along with such other members as the Chair may determine.

14. Performance audit draft report: An Overview of Scotland's Criminal Justice System (In private)

The Commission considered a report by the Director of Performance Audit inviting it to consider and approve the draft performance audit *An Overview of Scotland's Criminal Justice System*, prepared on behalf of the Commission and the Auditor General.

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion.

15. Performance audit draft report: Modernising the Planning System (In private)

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

The Commission approved the draft report for publication, subject to consideration being given to a number of points raised in discussion.

16. Strategy seminar 2011

The Commission considered a report by the Acting Secretary and Business Manager inviting it to consider how it wishes to proceed on points arising from its strategy seminar in March.

The Commission agreed: to authorise the Chair and the Secretary & Business Manager to discuss next steps based on the draft action plan set out in the Appendix to the report; and to authorise the Secretary & Business Manager to bring forward a framework under which progress against the agreed objectives can be monitored and reported to the Commission.