

MEETING: 12 OCTOBER 2017

MINUTES OF PREVIOUS MEETING

Minutes of the 438th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 10 August, at 10.15am

PRESENT: Ronnie Hinds (Acting Chair)
Alan Campbell
Sandy Cumming
Christine May
Geraldine Wooley
Pauline Weetman
Sheila Gunn
Sophie Flemig
Stephen Moore
Tim McKay
Graham Sharp

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Assistant Director, Audit Strategy [Item 10]
Antony Clark, Assistant Director, PABV [Item 13]
Mark Ferris, Senior Manager, Audit Services [Items 11 and 12]
Russell Frith, Assistant Auditor General [Item 10]
John Gilchrist, Manager, Audit Strategy [Item 10]
Mark McCabe, Senior Manager, PABV [Item 13]
David McConnell, Assistant Director, PABV [Items 11 and 12]
Claire Richards, Senior Auditor, PABV [Item 13]
Mark Roberts, Senior Manager, PABV [Items 11 and 12]
Fiona Selkirk, Audit Manager, PABV [Items 11 and 12]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 8 June 2017
5. Minutes of Performance Audit Committee of 15 June 2017
6. Audit Scotland Board Update
7. Update report by the Secretary to the Accounts Commission
8. Update report by the Controller of Audit
9. Commission meeting arrangements 2018
10. Annual Audit Quality Report
11. Audit of Best Value: Renfrewshire Council
12. Audit of Best Value: Renfrewshire Council
13. Performance audit: draft report: Equal Pay
14. Commission business matters

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

The following declarations of interest were made:

- Alan Campbell, in item 13, as a former chief executive of Aberdeenshire Council.
- Sophie Flemig, in items 11 and 12, as a family member is dealing with Renfrewshire Council on a personal basis in relation to services provided by the Council.
- Ronnie Hinds, in item 13, as a former chief executive of Fife Council. Mr Hinds advised that he would remain in the chair for this item but would not take part in any discussion of the item.
- Sheila Gunn, in item 7, as a non-executive Director of the Wheatley Group, in relation to references to housing matters.
- Christine May:
 - in item 12, as a former Chair of Fife Cultural Trust, in relation to references to arm's length external organisations
 - In item 13, as a former leader of Fife Council.
- Tim McKay, in item 13, as a former elected member in City of Edinburgh Council.
- Stephen Moore, in item 13, as a former chief officer of Fife Council.
- Geraldine Wooley, in item 17, as a member of the Fife Valuation Appeal Committee.

3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Item 12 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 13 proposes a draft audit report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.

The Chair advised that there was no business for item 14 and thus would not require discussion.

4. Minutes of meeting of 8 June 2017

The minutes of the meeting of 8 June 2017 were approved as a correct record.

Arising therefrom, in relation to item 12, the Commission noted advice from the Secretary that the Chair had written on 15 June to council leaders, copied to chairs of audit and scrutiny committees and chief executives, promoting the Benefits Performance Audit report.

5. Minutes of Performance Audit Committee of 15 June

The minutes of the meeting of the Performance Audit Committee of 15 June were noted.

6. Audit Scotland Board Update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

During discussion, and having noted a verbal update from the Chair on recent Audit Scotland Board activity, the Commission noted advice from the Secretary that background information in relation to the Board's review of its standing orders had been placed on the extranet.

Thereafter, the Commission noted the report.

7. Update report by the Secretary to the Accounts Commission

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

During discussion, the Commission:

- In relation to paragraphs 14 and 32, following a query from Stephen Moore, noted advice from the Director of PABV that matters in relation to workforce planning across the public sector would be taken forward as part of the current work programme.
- In relation to paragraph 24, following a query from Geraldine Wooley, noted advice from the Director of PABV that he would ensure that matters concerning building control services and emergency planning services would be included as part of the Commission's considerations of the refresh of its work programme in December 2017.
- In relation to paragraph 68, agreed to respond to the call for evidence by the Scottish Parliament's Equalities and Human Rights Committee on the gender split on public boards, by providing a summary of the Commission's activities in recent rounds of recruitment of new members.

Action: Secretary

- In relation to paragraph 74, noted advice from the Chair that he would be meeting the new President and Vice-President of COSLA in coming weeks.

Following discussion, the Commission agreed to note the report.

8. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

9. Commission meeting arrangements 2018

The Commission considered a report by Secretary proposing the schedule for meetings of the Commission and its committees in 2018.

During discussion, the Commission agreed:

- To schedule a January 2018 meeting.
- To retain the two optional committee dates.
- To schedule the Commission's strategy seminar and mid-year strategy seminar as proposed in the report.
- Until further notice, to schedule the September committee meetings in Glasgow.
- That opportunities be considered for holding meetings of the Commission or its committees in the north of Scotland, such as Inverness.
- To agree the proposed schedule of speakers for the remainder of 2017, and that members give further thought to speakers for 2018, notifying the Secretary accordingly.
- That, if business requires, meetings of the Financial Audit and Assurance Committee start earlier than 10.00am.

Actions: Secretary

10. Annual Audit Quality Report

The Commission considered a report by the Assistant Auditor General providing assurance that the work of appointed auditors has been of the high quality expected.

During discussion, the Commission:

- Noted advice from the Assistant Auditor General, in response to a query from Tim McKay, that staff feedback would be part of the performance information being developed for the Commission's monitoring of the quality of the audit, to be considered further by the Financial Audit and Assurance Committee as part of its oversight of the review of quality arrangements.
- Noted advice from the Assistant Auditor General, in response to a query from Pauline Weetman, that Financial Reporting Council and Code of Audit Practice requirements both feature in the proposed approach to external review of audit quality.
- Agreed that details of Audit Scotland staff knowledge café sessions be shared with Commission members.
- In relation to cold reviews:
 - Agreed that samples of cold reviews be shared with Commission members for their interest through the members' extranet portal.
 - Agreed its desire to maximise the level of assurance it gains from arrangements for cold reviews, including consistency in approach across audit providers, and thus be considered further as part of the ongoing review of quality arrangements.
 - Further in this regard, noted advice from the Assistant Auditor General that this matter would be subject of further discussion with all audit providers.

- Noted that the ongoing review of quality arrangements, being taken forward by the Financial Audit and Assurance Committee, includes development of the approach to quality reporting.
- Noted the positive assurance presented in the report.

Actions: Secretary and Assistant Auditor General

11. Audit of Best Value: Renfrewshire Council

The Commission considered a report by the Secretary to the Commission seeking its consideration of the Controller of Audit's report of the Best Value Assurance Report of Renfrewshire Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed:

- To note advice from the Controller of Audit that, in advance of the Commission's review in early 2018 of the first tranche of the new approach to auditing Best Value, he welcomed views from Commission members on the style, format and content of his reports.
- To consider in private how to proceed.

Action: Secretary

12. Audit of Best Value: Renfrewshire Council [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the audit of Best Value Assurance in Renfrewshire Council.

Following discussion, the Commission agreed:

- To make findings, to be published on 31 August 2017.
- As part of those findings, to note that in line with the new approach to auditing Best Value, the Controller of Audit will monitor progress through the annual audit and update the Commission accordingly.

Actions: Secretary and Controller or Audit

13. Performance audit: draft report: Equal Pay [in private]

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report *Equal pay*, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Sheila Gunn and Pauline Weetman.
- To approve the publication and promotion arrangements for the report and noting that further discussions in this regard would take place between the audit team and the audit sponsors.

Actions: Director of PABV

14. Commission business matters

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