

**MEETING: 21 MAY 2020**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the 467<sup>th</sup> meeting of the Accounts Commission held via online meeting on Thursday 7 May 2020, at 10.15am.

**PRESENT:** Graham Sharp  
 Andrew Burns  
 Andrew Cowie  
 Sophie Flemig  
 Sheila Gunn  
 Tim McKay  
 Stephen Moore  
 Elma Murray  
 Sharon O'Connor  
 Pauline Weetman  
 Geraldine Wooley

**IN ATTENDANCE:** Paul Reilly, Secretary to the Commission  
 Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
 Lucy Carter, Senior Auditor, PABV (Items 7 and 9)  
 Antony Clark, Audit Director, PABV (Item 6)  
 John Cornett, Audit Director, Audit Services (Items 7 and 9)  
 Mark Ferris, Senior Manager, Audit Services (Items 7 and 9)  
 Adam Haahr, Audit Manager, Audit Services (Items 7 and 9)  
 Shelagh Stewart, Audit Manager, PABV (Items 7 and 9)  
 Rikki Young, Business Manager, PABV (Item 6)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 12 March 2020
5. Note of informal meeting of Commission members, 9 April 2020
6. Update on work programme
7. Best Value Assurance Report: Argyll and Bute Council
8. Update report by the Secretary to the Commission
9. Best Value Assurance Report: Argyll and Bute Council (in private)
10. New audit appointments and Code of Audit Practice – update (in private)
11. Commission business matters (in private)

## Resignation

The Chair advised the Commission that he would be resigning on 31 July 2020 for health-related reasons. He also advised that Elma Murray had been appointed by the Minister for Local Government, Housing and Planning as Interim Chair until a recruitment process by the Scottish Government can be run.

Pauline Weetman advised that members would want to say more at a future meeting about the significant contribution made by the Chair over many years with the Commission. She thanked the Chair for keeping members informed in confidence of his decision and she indicated that members wished him continued good health. She also noted members' appreciation of the care taken by the Chair in working with the Deputy Chair and others to plan for continuity of leadership at this time, welcoming the actions from the Scottish Government and the Minister in providing continuity. She stated that members were looking forward to working with the Interim Chair in continuing to develop the Commission's work.

### 1. Apologies for absence

It was noted that apologies for absence had been received from Christine Lester.

### 2. Declarations of interest

No declarations of interest were made.

### 3. Decisions on taking business in private

It was agreed that items 9 to 11 be considered in private because:

- Item 9 requires the Commission to consider actions in relation to a report by the Controller of Audit.
- Item 10 requires the Commission to consider confidential commercial and contractual matters.
- Item 11 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 11 and thus the Chair advised that the item would not require discussion.

### 4. Minutes of meeting of 12 March 2020

The minutes of the meeting of 12 March 2020 were approved as a correct record.

Arising therefrom, in relation to item 5, the Commission noted advice from the Deputy Chair that she would consult with the Commission Chair and share with members any items of interest from the most recent meeting of the Audit Committee on 7 May.

*Action: Secretary*

### 5. Note of informal meeting of Commission members, 9 April 2020

The Commission endorsed the note of the informal meeting of Commission members on 9 April 2020.

### 6. Update on work programme

The Commission considered a report by the Director of PABV providing an update on

the Commission's work programme.

During discussion, the Commission agreed:

- To note advice from the Director, Audit Services on ongoing discussions with the Scottish Government and local government stakeholders on the impact of the Covid-19 emergency on the annual audit of local government bodies.
- Further in this regard that the Director circulate Scottish Government guidance on local government accounting and reporting as it becomes available.
- Further in this regard that the Director update the Commission on progress at forthcoming meetings.
- In response to a point from Pauline Weetman, to articulate as appropriate its view that the statutory statements that are required to accompany Scottish local government financial statements - required by the Scottish Government (rather than the UK Code of Practice on Local Authority Accounting) – are an important part of councils' public reporting obligations.

Following discussion, the Commission agreed:

- To note advice from the Director that in each meeting up to September he would update the Commission on progress with delivery of the work programme and the evolving thinking on the timetable and approach to the work programme refresh.

*Action: Director of PABV*

- To note the update on the impact of Covid-19 for the work programme and the issues raised within the report.
- To note the proposed approach to reviewing the work programme subject to further discussion with the Chair and Deputy Chair and Auditor General for Scotland.

*Action: Director of PABV*

#### 7. Best Value Assurance Report: Argyll and Bute Council

The Commission considered a report by the Secretary presenting the Controller of Audit's Best Value Assurance Report for Argyll and Bute Council.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

#### 8. Update report by the Secretary to the Commission

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

The Commission:

- Noted advice from the Secretary that, in line with members' agreement at their 9 April informal meeting, he had sought members' views and queries in advance of the meeting, and had circulated a response to members.
- Accordingly:
  - Noted that the Secretary had shared with the Director of PABV observations of Geraldine Wooley on matters affecting local government in relation to economic recovery and Covid-19, with a view

to this featuring in his review of the work programme.

*Action: Director of PABV*

- In relation to paragraphs 14 and 51, noted that the Director of PABV was monitoring the financial impact of Covid-19, including in relation to non-domestic rate income, and the Commission would be briefed on this (point raised by Geraldine Wooley).

*Action: Director of PABV*

- In relation to paragraph 18, noted that the Secretary would report further on the Crown Estate fund for councils in relation to coastal-based businesses (Tim McKay).

*Action: Secretary*

- In relation to paragraph 25, noted that the Commission would consider, as part of developing its reporting response to the Covid-19 emergency, how it reports on integration joint boards (Pauline Weetman).

*Action: Secretary and Director of PABV*

- In relation to paragraph 37, noted that the Director of PABV was monitoring budget announcements by the Scottish Government and would monitor any impact on policy commitments such as early learning and childcare (Geraldine Wooley).

*Action: Director of PABV*

- In relation to paragraph 110, noted advice from the Secretary on ongoing audit coverage of fraud, as reported in the Annual Assurance and Risks Report 2020 and in ongoing discussion around 2020/21 audit planning guidance, upon which the Commission would be updated at future meetings.

*Action: Secretary*

- Noted advice from the Secretary in relation to paragraph 128 that UK government guidance included a ban on public gatherings of more than two, rather than two or more, people.

Following discussion, the Commission agreed:

- To note and endorse the views submitted by Audit Scotland, in conjunction with the Commission Chair, Deputy Chair and Secretary, to the Scottish Government on its proposals in relation to the conduct and reporting of the 2019/20 Scottish local government annual accounts.
- To endorse the following principles to help guide further dialogue between the Commission, Audit Scotland, government and audited bodies, namely that the Commission:
  - Recognises the significant pressures under which local government finds itself as a result of the current Covid-19 emergency
  - Is of the firm view that the principles of sound financial management, good governance, public accountability and transparency are vital in this emergency situation, although how these are delivered and achieved are likely to be different
  - Therefore expects audit quality to be maintained in accordance with international standards and the Code of Audit Practice

- Is mindful of both the capacity of local authorities to prepare good quality financial reports, and the auditors they appoint to deliver high quality audit, when considering timescales for 2019/20.
- To promote these principles to stakeholders as appropriate, including publishing on the Commission website.
- To note the report.

9. Best Value Assurance Report: Argyll and Bute Council (in private)

The Commission discussed how to proceed in relation to the Controller of Audit's Best Value Assurance Report for Argyll and Bute Council.

Following discussion, the Commission agreed to make findings to be published on 21 May.

10. New audit appointments and Code of Audit Practice (in private)

The Commission considered a report by the Secretary providing an update on progress made with audit appointments and the new Code of Audit Practice.

Following discussion, the Commission:

- Noted the current position in relation to the projects on new audit appointments and Code of Audit Practice.
- In particular agreed the recommendation of the New Audit Appointments Steering Group in relation to audit appointments as set out in the report.
- Noted that further updates will be provided appropriately.
- Noted in particular advice from the Deputy Chair that she would update the Commission on further review of the procurement strategy as appropriate.

*Actions: Secretary*

11. Commission business matters

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