

MEETING: 13 AUGUST 2020

MINUTES OF PREVIOUS MEETING

Minutes of the 469th meeting of the Accounts Commission held via online meeting on Thursday 11 and 18 June 2020, at 10.15am.

PRESENT: Graham Sharp (Chair)
Andrew Burns
Andrew Cowie
Sophie Flemig
Sheila Gunn
Christine Lester (11 June only)
Tim McKay
Stephen Moore (18 June only)
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)
Ruth Azzam, Auditor, PABV (Items 7 and 11)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 12)
Anne Cairns, Manager – Benefits, PABV (Item 15)
Morag Campsie, Senior Manager, Audit Services & PABV (Item 16)
Angela Canning, Audit Director, PABV (Item 15)
Antony Clark, Audit Director, PABV (Item 9)
Fiona Daley, Consultant, Audit Strategy (Item 12)
Gemma Diamond, Audit Director, PABV (Item 16)
Lucy Jones, Senior Auditor, PABV (Item 16)
Pat Kenny, Director, Deloitte (Item 7 and 11)
Fiona Kordiak, Director of Audit Services (Items 9 and 15)
Robert Leask, Project Manager, AQA (Item 12)
Mark MacPherson, Senior Manager, PABV (Items 7 and 11)
Bernadette Milligan, Audit Manager, PABV
Donna Rigby, Graduate Trainee Auditor, PABV (Items 7 and 11)
Sally Thompson, Audit Manager, PABV (Items 7 and 11)
Karlyn Watt, Senior Manager, Deloitte (Items 7 and 11)
Peter Worsdale, Audit Manager, Commission Support Team (Item 10)
Rikki Young, Business Manager, PABV (Item 9)

Item Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 21 May 2020
5. Audit Scotland Board update
6. Update report by the Controller of Audit
7. Best Value Assurance Report: North Ayrshire Council

8. * Update report by the Secretary to the Commission
9. * Work programme update
10. * Draft annual report 2019/20
11. Best Value Assurance Report: North Ayrshire Council (in private)
12. New audit appointments and Code of Audit Practice: update (in private)
13. Commission strategy (in private)
14. Planning Commission business (in private)
15. * National Fraud Initiative – draft Audit Scotland report (in private)
16. * Performance audit: Digital progress in local government – emerging messages (in private)
17. Commission business matters (in private)

* These items were considered on 18 June.

Opening remarks – Auditor General

The Chair advised members that this meeting would be the last Commission meeting during the appointment of the current Auditor General, Caroline Gardner. He noted the collaboration between the Commission and Ms Gardner in advancing public audit in Scotland, and he conveyed to her the best wishes of the Commission.

1. Apologies

It was noted that apologies for absence had been received from Stephen Moore (for the 11 June session) and Christine Lester (18 June) and for late arrival from Sharon O'Connor (11 June).

2. Declarations of interest

The following declarations of interest were made:

- Elma Murray, in items 7 and 11, as a former Chief Executive of North Ayrshire Council. Ms Murray removed herself from the meeting during consideration of these items.
- Geraldine Wooley, in item 15, as a member of the Fife Valuation Appeals Committee.

3. Decisions on taking business in private

It was agreed that items 11 to 17 be considered in private because:

- Item 11 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 appropriate council of its decisions, which the Commission does before making the decision public.
- Items 12 to 14 require the Commission to consider confidential commercial and contractual matters.
- Item 15 proposes a draft report which the Commission is to consider in private before it is published.
- Item 16 discuss the emerging messages from a performance audit report which may require consideration of confidential policy matters in advance of further audit work and subsequent publication.
- Item 17 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 private business was notified by members for item 17 and thus the Chair advised that the item would not require discussion in private.

4. Minutes of meeting of 21 May 2020

The minutes of the meeting of 21 May 2020 were approved as a correct record.

5. Audit Scotland Board update

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

Arising therefrom, in relation to paragraph 19 of the minutes of the Audit Scotland

Board of 29 January, and having heard from the Chair of the Commission, the Commission:

- Agreed that the said minute's account of the Commission's consideration of the Code of Audit Practice at its November meeting was unsatisfactory.
- Agreed to affirm the Commission's previous conclusion expressed at its meeting in February 2020 that it was satisfied that its said consideration of the Code of Audit Practice was consistent with good governance and due process requirements.
- Agreed that the Chair notify the Audit Scotland Board accordingly.

Action: Chair of the Commission

6. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity, including his liaison with the Convention of Scottish Local Authorities on the impact of the Covid-19 emergency on local government.

7. Best Value Assurance Report: North Ayrshire Council

The Commission considered a report by the Secretary presenting the Controller of Audit's Best Value Assurance Report for North Ayrshire 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 the approach agreed with Commission members as part of new business arrangements in the light of the Covid-19 emergency, members had provided comments on his report in advance of the meeting.

The Commission agreed to note the report.

9. Work programme update

The Commission considered a report by the Director of PABV providing an update on the Commission's work programme.

During discussion, the Commission noted a verbal update from the Director of Audit Services on the progress of the annual audit across local government.

Following discussion, the Commission noted the report.

10. * Draft Commission annual report 2019/20

The Commission considered a report from the Secretary proposing its draft Annual Report 2019/20.

Following discussion, the Commission agreed:

- To approve the draft annual report and associated publication arrangements, subject to the Secretary and Commission support team addressing points raised in discussion.
- That, in response to points raised by Sophie Flemig, Sharon O'Connor and Geraldine Wooley, to continue in future reporting to increase the accessibility of material through the use of plain English.

Actions: Secretary

11. Best Value Assurance Report: North Ayrshire Council (in private)

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

Following discussion, the Commission agreed to make findings to be published on 30 June.

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

The Commission considered a report by the Deputy Chair providing an update on progress made with audit appointments and the new Code of Audit Practice ('Code').

Following discussion, the Commission agreed:

- To note the update, including matters in relation to the extension of existing auditor appointments.
- To note in particular the updated milestones for the project agreed by the project Steering Group.
- To note that the Deputy Chair would report further to the Commission on:
 - Proposals for the Commission's role in engaging further with stakeholders on further drafts of the Code
 - The Commission's further input into the project, including Commission decision-making and the role of the Commission Secretary
 - The Commission's input into an interim review of the project being conducted by the project Steering Group
 - Further consideration by the Commission of the responses from stakeholders to the first consultation exercise
 - Further consideration by the Commission of the procurement strategy.

Action: Deputy Chair and Secretary

13. Commission strategy (in private)

The Commission considered a report from the Secretary discussing what the Covid-19 emergency means for the Commission's strategy and proposing how it takes forward its thinking in this regard.

Following discussion, the Commission agreed:

- To take forward its thinking in this regard over the next six months, including:
 - Engaging with Audit Scotland and stakeholders from government and local government.

- Further to such engagement, specifically progress its proposed engagement panel consisting public and community advocacy bodies.
- To put in abeyance publication of a Strategy, and meantime to continue to articulate the principles agreed at its April meeting on the Commission's expectations of audit in the light of the Covid-19 emergency.

Actions: Secretary

14. Planning Commission business (in private)

The Commission considered a report from the Secretary proposing a way forward for planning Commission business and considering its strategy in the light of the Covid-19 emergency.

Following discussion, the Commission agreed:

- To take forward its thinking over the next six months initially with a strategy seminar on 12 August (paragraph 5).
- Accordingly, agree the arrangements for how the Commission conducts its business as set out in the report, including:
 - Meeting virtually and more frequently
 - Revisiting its team development activities
 - Prioritising 'public-facing' business to be considered at formal meetings
 - More informal consideration of other business
 - Recording (and making such recordings publicly available) of formal public meetings of the Commission.

Actions: Secretary

15. National Fraud Initiative – draft Audit Scotland report (in private)

The Commission considered a report by the Director of Audit Services on the 2018/19 National Fraud Initiative exercise.

Following discussion, the Commission agreed:

- To note the draft report of the 2018/19 NFI exercise.
- To note the proposed publication arrangements.
- To promote the messages in the report to local government stakeholders.

Actions: Director of Audit Services and Secretary

16. Performance audit: Digital progress in local government – emerging messages (in private)

The Committee considered a report by the Director of PABV proposing the emerging messages for the *Digital progress in local* government performance audit report.

Following discussion, the Commission:

- Agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Andrew Cowie and Christine Lester, the matters raised in discussion.

- Agreed to consider a draft report at a future meeting.

Actions: Director of PABV and Secretary

17. Commission business matters

The Deputy Chair advised that this meeting would be the last meeting for the Chair. She, along with Chair of Financial Assurance and Audit Committee, Commission Secretary and Controller of Audit, conveyed the best wishes of the Commission to the Chair. In turn, the Chair thanked the members of the Commission for working with him, and also the staff of Audit Scotland for their support to the Commission during his term of office

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