

**Performance Audit  
Committee minutes**

**2021**

MEETING: 11 MARCH 2021

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 25 FEBRUARY 2021

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Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 25 February 2021, at 11.45am.

PRESENT: Christine Lester (Chair)  
Andrew Cowie  
Sophie Flemig  
Tim McKay  
Elma Murray  
Stephen Moore

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Michelle Borland, Business Manager, Performance Audit and Best Value (PABV) (Item 4)  
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 8)  
Antony Clark, Audit Director, PABV (Items 5, 6 and 7)  
John Gilchrist, Manager, AQA (Item 8)  
Christopher Lewis, Senior Auditor, PABV (Item 7)  
Carolyn McLeod, Audit Director, PABV (Item 5)  
Mark MacPherson, Senior Manager, PABV (Item 5)  
Jillian Matthew, Senior Manager, PABV (Items 6 and 7)  
Tricia Meldrum, Senior Manager, PABV (Item 5)  
Mark Roberts, Audit Director, PABV (Item 4)  
Rebecca Seidel, Senior Manager, PABV (Item 5)  
Kathrine Sibbald, Audit Manager, PABV (Item 7)  
Owen Smith, Senior Manager, AQA (Item 8)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 26 November 2020
4.	Work programme update
5.	Policy briefing: Justice, Education and Lifelong Learning cluster
6.	Policy briefing: Health, Care and Communities cluster
7.	Social care sustainability – update
8.	* Audit delivery and quality update
9.	Any other business

\* This item was considered in a joint session with the Financial Audit and Assurance Committee. Only the points raised by members of the Performance Audit Committee are contained in this minute.

1. Apologies for absence

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

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 26 November 2020

The minutes of the meeting of 26 November 2020 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee noted advice from the Committee Chair, in relation to items 5 and 6, that arising from the ongoing Commission review of its committees, the Secretary was discussing with the Performance Audit and Best Value team options for future briefing of policy cluster business to the Committee, to be considered further by the Committee in due course.

4. Work programme update

The Committee considered a report by the Audit Director, PABV, providing an update on the progress of the local government annual audit programme, the joint Commission and Auditor General for Scotland short-term work programme for 2020/21, Best Value assurance work, and wider Covid-19 development work.

During discussion, the Committee:

- Noted advice from the Director of Audit Services on progress with the two outstanding local government financial statements audits (namely Falkirk Council and the West of Scotland Archaeology Service), meaning that all audits will have been signed off by the end of February.
- Noted advice from the Committee Chair that the Best Value Working Group had agreed at its 16 February meeting to recommend to the Commission a revised schedule of Best Value Assurance Reports taking account of continued restrictions and operational challenges.
- Noted advice from the Secretary, in response to a query from Andrew Cowie, that he would update the Committee on progress with the ongoing housing benefit audit on the impact of Covid-19 on benefit services.
- Noted advice from Mark MacPherson, in response to a query from Andrew Cowie, that he would update the Committee on the outcome of the consideration by Edinburgh Partnership on 15 December of the published Best Value Assurance Report on City of Edinburgh Council.

*Action: Director of PABV*

Following discussion, the Committee noted the report.

5. Policy briefing: Justice, Education and Lifelong Learning cluster

The Committee considered a report by the Senior Managers, PABV, introducing a briefing for the Justice, Education and Lifelong Learning policy cluster.

During discussion, the Committee:

- Noted advice from Mark MacPherson, in response to a point by Stephen

Moore, that he would take account of the role played by the third sector in supporting and delivering community justice, in both ongoing engagement with stakeholders and as part of the scoping work for any future performance audit.

*Action: Director of PABV*

- Noted advice from Elma Murray that she would expect work programme development proposals and Commission strategic messages to incorporate clear acknowledgement of:
  - growing evidence of increasing inequalities – such as child poverty – caused by the Covid-19 pandemic.
  - the Commission’s strategic interest in the wellbeing of young people, including in relation to matters such as employability and mental health.

*Action: Director of PABV*

- Noted advice from Elma Murray that future development of the work programme will require to reflect on the strategic priorities of a new Parliament and Government following the May 2021 parliamentary election.
- Noted further advice in this regard from Elma Murray that she was progressing the development of the Commission’s approach to Parliamentary engagement, thus being related to an ongoing review by Audit Scotland to the tripartite parliamentary engagement strategy in this regard (i.e. Accounts Commission, Auditor General and Audit Scotland), upon which she would report further to the Commission in due course.
- Noted advice from Tricia Meldrum, in response to a point by Sophie Flemig on the sustainability of private and third sectors providers of funded early learning and childcare, that data on early learning and childcare availability and take-up would be important considerations in work programme development, and reported appropriately to the Committee to assist its deliberations in this regard.

*Action: Director of PABV*

Following discussion, the Committee noted the briefing.

#### 6. Policy briefing: Health, Care and Communities cluster

The Committee considered a report by the Senior Managers, PABV, introducing a briefing for the Health, Care and Communities policy cluster.

During discussion, the Committee:

- Noted advice from Antony Clark, in response to a query from Andrew Cowie, that PABV would continue to monitor the impact of city and growth deals, with a view to informing future proposed work and reporting in this regard.

*Action: Director of PABV*

- Noted advice from Antony Clark, in response to a query from Andrew Cowie, that PABV would provide disaggregated statistics on deaths caused by suicide, assault and self-harm.

*Action: Director of PABV*

- Noted advice from Antony Clark, in response to a query from Elma Murray,

that he would continue to monitor and report appropriately to the Commission on additional costs incurred by public bodies as a result of the Covid-19 pandemic.

*Action: Director of PABV*

- Noted advice from Jillian Matthew, in response to a query from Elma Murray, that PABV would be reviewing the implications for work programme development of the recently published reports by the Citizens Assembly Scotland and the Social Renewal Advisory Board.

*Action: Director of PABV*

- Noted, in relation to a point by Stephen Moore, that work programme activity in relation to care services should reflect that such matters extend beyond the care of older people.

*Action: Director of PABV*

- Noted, in relation to a point by Stephen Moore, the importance that a new approach to auditing Best Value in integration joint boards reflect the need for regular public assurance.

Following discussion, the Committee noted the briefing.

#### 7. Social care sustainability – update

The Committee considered a report by the Audit Director, PABV providing an update on current activities to scope work on social care sustainability.

During discussion, the Committee:

- Agreed, in response to a point by Elma Murray, that the Commission maintain a close interest in the proposed review by the Care Inspectorate of the oversight of the social care market, including commissioning and procurement matters.

*Action: Director of PABV*

- Noted advice from Elma Murray on discussions that she had with Alan Miller, Independent Co-Chair of the Scottish Taskforce for Human Rights Leadership, the report of which would be published in coming weeks, which would inform further engagement in this regard with the Strategic Scrutiny Group as well as informing the Commission's new equality outcomes, to be considered at its April meeting.

Following discussion, the Committee:

- Noted ongoing document review and engagement work by the audit team.
- Noted that the team is considering with the sponsors, Christine Lester and Stephen Moore, the implications of the report of the Independent Review of Adult Social Care report and the Scottish Parliament's Health and Sports Committee inquiry report into adult social care.
- Noted that the team will work with the sponsors and Auditor General to consider the potential options for the work and bring a further paper to the Committee for consideration.
- Noted the report.

#### 8. \* Audit delivery and quality update

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA) on audit delivery for 2019/20 audit work and progress by AQA on actions agreed at previous Accounts Commission meetings.

During discussion, the Committee:

- Noted advice from the Director of Audit Services, in response to a point by Andy Cowie on revised audit deadlines to reflect pressures associated with the Covid-19 pandemic, that any proposal to the Commission in this regard would include reflection of matters such as quality of audit, stakeholder acceptability, timeousness and public assurance.
- Noted advice from the Director of Audit Services, in response to a query from Sharon O'Connor, that she would keep the Committee updated on matters associated with key staff leave arrangements in councils and other public bodies.

Following discussion, the Committee noted the report, including:

- The results of audit delivery for 2019/20 audits.
- The updated position on AQA actions arising from previous Commission consideration of AQA business.

9. Any other business

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

Close of meeting

The meeting finished at 1.05pm.

**MEETING: 10 JUNE 2021**

**REPORT BY: SECRETARY TO THE COMMISSION**

**MINUTES OF MEETINGS OF COMMISSION COMMITTEES OF 27 MAY 2021**

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### **Introduction**

1. This paper presents for the Commission's approval the draft minutes of the meetings of the Commission's two committees on 27 May 2021.
2. The Commission is also asked to consider approving the recommendations made by both committees to the Commission, as detailed below.

### **Background**

3. The Commission normally approves for its interest the minutes of its committees. The recent review of committees considered their role and their reporting relationship to the Commission. In keeping with this, this report is a new way of presenting the minutes of the Commission's committees. It helps clarify where the committees seek the Commission's approval as appropriate on their conclusions.

### **Minutes and recommendations**

#### ***Financial Audit and Assurance Committee***

4. The draft minutes of the Financial Audit and Assurance Committee meeting are available in Appendix 1. The Commission is asked to approve these minutes and consider any matters arising.
5. The Committee agreed to make the following recommendations to the Commission:
  - In relation to item 6 (Accounting and auditing developments), the Committee agreed to recommend to the Commission that it delegate to the Interim Chair, Interim Deputy Chair and past FAA Committee Chair to agree the terms of a response to the consultation by the UK Secretary of State for Business, Energy and Industrial Strategy on improving the UK's audit, corporate reporting and corporate governance systems in the private sector.
  - In relation to item 7 (Risk assessment and implications for the work programme), the Committee agreed to recommend to the Commission that further thought be given to ensuring robustness of approach to engaging with the public.
6. The Commission is also asked to note that, in relation to item 4 (Current audit issues in councils), the Committee agreed not to recommend to the Commission to direct the Interim Controller of Audit on any matters arising.
7. The Commission is asked to consider these recommendations for approval.

#### ***Performance Audit Committee***

8. The full minutes of the Performance Audit Committee meeting are available in Appendix 2. The Commission is asked to approve these minutes and consider any matters arising.

9. The Committee agreed to make the following recommendation to the Commission:

- In relation to item 6 (Risk assessment and implications for the work programme), the Committee agreed to recommend to the Commission that it develop a contingency planning exercise around capacity and responsiveness.

### **Conclusion**

10. The Commission is asked to:

- a) Approve the attached minutes and consider any matters arising.
- b) Agree the recommendations in the minutes.
- c) Note any other updates provided at today's meeting.

**Paul Reilly**  
**Secretary to the Commission**  
**1 June 2021**



**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE  
COMMITTEE MEETING OF 27 MAY 2021**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 27 May 2021 at 9.15am.

PRESENT: Tim McKay (Chair)  
Andrew Burns  
Sheila Gunn  
Elma Murray  
Sharon O'Connor  
Pauline Weetman  
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Antony Clark, Interim Controller of Audit  
Michelle Borland, Business Manager, Performance Audit and Best Value (PABV) (Item 7)  
John Cornett, Audit Director, Audit Services (Item 4)  
Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)  
Paul O'Brien, Senior Manager, PABV (Item 5)  
Mark Roberts, Audit Director, PABV (Item 7)

**Item No   Subject**

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 25 February 2021
4. Current audit issues in councils
5. Intelligence report
6. Accounting and auditing developments
7. Risk assessment and implications for the work programme
8. Any other business

1. Apologies for absence

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

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 25 February 2021

The minutes of the meeting of 25 February 2021 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, advice from the Interim Controller of Audit was noted that monitoring continued of an ongoing investigation into allegations of bullying within East Dunbartonshire Health and Social Care Partnership (i.e. the Integration Joint Board), upon which further progress would be reported to the Committee as appropriate.

*Action: Interim Controller of Audit  
and Director of Audit Services*

4. Current audit issues in councils

The Committee considered a report by the Interim Controller of Audit on emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Agreed, further to queries from Pauline Weetman, Geraldine Wooley and Sheila Gunn, to maintain close monitoring of ongoing equal pay claims in Dundee City Council, with the Interim Controller of Audit and Director of Audit Services reporting to the Committee as appropriate.

*Action: Interim Controller of Audit*

- Agreed, further to a query from Pauline Weetman, to maintain close monitoring of the implementation of a new pay and grading system at Glasgow City Council, with the Interim Controller of Audit and Director of Audit Services reporting to the Committee as appropriate.

*Action: Interim Controller of Audit*

- Noted further in this regard the ongoing liaison between the appointed auditor and the Council.
- Noted advice from Anne MacDonald, on behalf of the Interim Controller of Audit, on auditor dialogue with councils around the administrative burden to councils of registered charities which fall within the scope of section 106 of the Local Government (Scotland) Act 1973

*Action: Interim Controller of Audit*

- Agreed, further to a query from Pauline Weetman, that more information be provided on the transfer of the social care finance function from the Inverclyde Council to Inverclyde Integration Joint Board.

*Action: Interim Controller of Audit*

- Noted advice from the Interim Controller of Audit, in response to a query from Geraldine Wooley, that he was liaising with auditors of the Scottish Government, in conjunction with the Auditor General, on the audit treatment of Scottish Government pandemic-related funding provided to councils.

- Noted advice from the Interim Controller of Audit, in response to a query from Sharon O'Connor, that council financial planning in relation to the resumption or enhancement of services as part of the recovery from the pandemic is an issue that appointed auditors would be considering as part of their annual audit work this year and that this was likely to feature as a theme in future overview reporting.
- Noted advice from the Interim Controller of Audit, in response to a query from Sharon O'Connor, that he was closely monitoring the ongoing legal case in relation to the awarding by Comhairle nan Eilean Siar of the lease of Lews Castle in Stornoway to an external hospitality operator, and the Comhairle's oversight of and response to the matter.
- Noted advice from the Interim Controller of Audit, in response to a query from Andrew Burns, that Scottish Government pandemic-related funding provided to local government would feature as a theme in future overview reporting.
- Noted advice from the Interim Controller of Audit, in response to a query from Tim McKay, on the scope of the review which led to a proposed revised integration scheme between Highland Council and NHS Highland.

Following discussion, the Committee:

- Noted the report, taking assurance that the auditors' responses detailed in the report recognises the scope of the risk identified and reflects the impact on planned audit work.
- Agreed in particular not to recommend to the Commission to direct the Interim Controller of Audit on any matters arising.
- Noted that it would consider under item 7 matters and issues arising from this paper which affect either the business risks of the Commission or audit risk (and thus the planned audit response set out in the work programme).

## 5. Intelligence report

The Committee considered a report by the Secretary providing intelligence about councils from various sources: correspondence to Audit Scotland, the Scottish Public Sector Ombudsman, the Ethical Standards Commissioner, the Standards Commission for Scotland and the Scottish Information Commissioner.

During discussion, the Committee:

- Noted advice from the Secretary, in response to a query from Pauline Weetman, that he would provide more information on how respondents in the Audit Scotland correspondence process are advised on options available to them to pursue particular matters with other appropriate bodies.

*Action: Secretary*

- Noted advice from the Interim Controller of Audit, in response to a query from Tim McKay, on how Audit Scotland deal with whistleblowing cases.

Following discussion, the Committee:

- Noted the report.
- Noted that it will consider under item 7 on the agenda matters and issues arising from this paper which affect either the business risks of the Commission or audit risk (and thus the planned audit response set out in the

work programme).

- Agreed to a shorter version of the report for future meetings.
- Agreed to the proposal in the paper for more up-to-date data in future reporting.

## 6. Accounting and auditing developments

The Committee considered a report by the Director of Audit Services informing members of recent accounting and auditing developments.

During discussion, the Committee:

- Agreed to recommend to the Commission that it delegate to the Interim Chair, Interim Deputy Chair and past FAA Committee Chair to agree the terms of a response to the consultation by the UK Secretary of State for Business, Energy and Industrial Strategy on improving the UK's audit, corporate reporting and corporate governance systems in the private sector.

*Action: Secretary*

- Agreed to maintain a watching brief on the announcements of the UK Government in response to the report from Sir Tony Redmond into the local audit of, and financial reporting by, local authorities in England.

*Action: Secretary and Director of Audit Services.*

Following discussion, the Committee noted the report.

## 7. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an updated assessment on business and audit risk.

During discussion, the Committee:

- Noted advice from the Secretary and Mark Roberts about the ongoing development by Audit Scotland Audit Directors Group of a framework for public sector and local government audit risk.

Following discussion, the Committee:

- Endorsed the proposed categories of business risk, subject to further thought being given to:
  - Incorporating risk relating to agility of response of the Commission to matters arising from audit (point raised by Pauline Weetman and Geraldine Wooley).
  - The appropriateness of including risk relating to the conduct of individual members (Geraldine Wooley).
  - Reflecting perception of failure as well as failure itself (Geraldine Wooley).
  - Ensuring that contingency planning and crisis management feature appropriately in controls (Sheila Gunn).
  - Including interim appointments, both to the Commission and the

Controller of Audit role, as a risk in relation to maintaining relationships with partners and external stakeholders (Geraldine Wooley).

- Including audit firms who are appointed as local government auditors as an audit partner (Tim McKay).

*Action: Secretary*

- Agreed to recommend to the Commission that further thought be given to ensuring robustness of approach to engaging with the public (Elma Murray).

*Action: Secretary*

- Endorsed the assessment of business risk, further to the Secretary considering the categorisation of risk 1c (relationships with audit partners) and 2c (co-ordinated scrutiny of local government).

*Action: Secretary*

- Endorsed the assessments of audit risk and thereby agreeing that the planned audit response, as set out in the work programme, is appropriate, subject to noting the Committee's ongoing interest in a number of matters arising in annual audit, as set out in item 4.

*Action: Interim Director of PABV*

#### 8. Any other business

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

#### Close of meeting

The meeting finished at 11.00am.

**MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE**  
**MEETING OF 27 MAY 2021**

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 27 May 2021, at 11.45am.

PRESENT: Elma Murray (Chair in the absence of Christine Lester)  
Andrew Cowie  
Sophie Flemig  
Tim McKay  
Stephen Moore

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Antony Clark, Interim Director of Performance Audit and Best Value (PABV)  
Michelle Borland, Business Manager, PABV (Items 4 and 6)  
Carol Calder, Senior Manager, PABV (Item 4)  
Christopher Lewis, Senior Auditor, PABV (Item 5)  
Mark MacPherson, Senior Manager, PABV (Item 4)  
Jillian Matthew, Senior Manager, PABV (Item 5)  
Mark Roberts, Audit Director, PABV (Items 4 and 6)  
Richard Robinson, Senior Manager, PABV (Item 4)  
Shelagh Stewart, Senior Manager, PABV (Item 5)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 25 February 2021
4.	Future approach to cluster briefings and update on 'Following the Pandemic Pound'
5.	Social care audit work update
6.	Risk assessment and implications for the work programme
7.	Any other business

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. Minutes of meeting of 25 February 2021

The minutes of the meeting of 25 February 2021 were noted, having previously been approved as a correct record by the Commission following minor amendment.

4. Future approach to cluster briefings and update on 'Following the Pandemic Pound'

The Committee considered a report by the Audit Director, PABV, updating the Committee on proposals for future cluster briefings on key risks and issues to inform the development of the Commission's work programme, and providing an update on activity associated with 'Following the Pandemic Pound'.

During discussion, the Committee:

- Noted advice from the Interim Director of PABV, in response to a point made by Stephen Moore, that matters relating to excess Covid-19 deaths, waiting times and closure or suspension of services would all be common features of both overview reporting for the Commission and for the Auditor General.
- Noted a link between audit reporting of public service recovery and of workforce planning (point made by Stephen Moore).
- Noted, in relation to the Scottish Government announcement of its plans for government, of the potential of Commission messages around 'investment in health' as opposed to 'investment in the NHS' (Elma Murray).
- Noted a desire that audit reporting ensures an emphasis on improving and learning from public service response to the pandemic (Andy Cowie).
- Noted advice from Mark Roberts, in response to a query from Andy Cowie, on how the Commission will be kept apprised of policy developments between committee meetings, principally through the monthly Secretary and Controller of Audit update reports to the Commission.
- Noted advice from Mark Roberts, in response to a query from Andy Cowie, on planned reporting in relation to infrastructure investment, namely the planned Auditor General briefing on the Infrastructure Investment Plan and on joint reporting on digital exclusion and connectivity.
- Noted that transformation of social care will be a feature of the forthcoming performance audit in this regard (Elma Murray on behalf of Christine Lester).
- Noted the Commission's significant interest in inequalities, and in particular a desire for ensuring that audit reporting underlines messages about exacerbating inequalities, both in terms of those already experiencing inequality and the numbers of people experiencing inequality, including considering an option of a policy cluster briefing in this regard (Elma Murray on behalf of Christine Lester).

*Action: Audit Director, PABV*

Following discussion, the Committee:

- Agreed the proposed future approach to briefings for the Committee.
- Agreed to review this approach after a cycle of four meetings.

*Action: Audit Director, PABV*

- Noted that it will consider under item 6 matters and issues arising from this paper which affect either the business risks of the Commission or audit risk (and thus the planned audit responses set out in the work programme).

#### 5. Social care audit work update

The Committee considered a report by the Interim Director of PABV providing a further update on the approach to auditing social care, following the update provided at the Committee meeting on 25 February 2021, which set out the background work carried out so far and emerging issues.

During discussion, the Committee:

- Noted the crossover between this work and that in Best Value auditing of integration joint boards (IJBs), considered to be a high profile area of Commission responsibility (point raised by Andy Cowie).
- Noted the ongoing dialogue between the audit team and appropriate Scottish Government officials on the Feeley Review, thus allowing monitoring of proposed structural change (Andy Cowie).
- Noted its interest in ensuring that proposed outputs maximise the Commission's influence in the ongoing debate and conversation on reforming social care (Sophie Flemig).
- Agreed that care at home be part of the scoping of the work (Elma Murray on behalf of Christine Lester).

*Action: Interim Director of PABV*

- Agreed that the scope of the work make clear links with wider health matters (Elma Murray on behalf of Christine Lester).

*Action: Interim Director of PABV*

- Agreed that the scope of the work make clear links with housing policy matters (Elma Murray on behalf of Christine Lester).

*Action: Interim Director of PABV*

- Agreed that the work consider carefully the assertion that social care reform will ensure that money is 'spent better' in the perception of different stakeholders (Elma Murray on behalf of Christine Lester).

*Action: Interim Director of PABV*

Following discussion, the Committee:

- Noted the briefing.
- Noted the proposed staged and flexible approach to audit work in this area.
- Noted that the Interim Director of PABV will bring a briefing paper and strategy for future social care audit work to the Commission for consideration in November.

#### 6. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an updated



assessment on business and audit risk.

Following discussion, the Committee:

- Endorsed the proposed categories of business risk, subject to further thought being given to the use of 'public confidence' when referring to reputational risk (point raised by Andy Cowie).

*Action: Secretary*

- Agreed to recommend to the Commission that it develop a contingency planning exercise around capacity and responsiveness (Andy Cowie).

*Action: Secretary*

- Noted advice from Mark Roberts, in response to a point by Stephen Moore, about the risks associated with high turnover of senior officers in IJBs, about proposed reporting of matters on leadership in overview reporting.

- Agreed that audit and reporting in relation to inequalities – and the promotion of such work - incorporate matters around people with disabilities (Stephen Moore).

*Action: Interim Director of PABV*

- Agreed that future reporting of risk to committees incorporate other presentational techniques such as heat maps (Sophie Flemig).

*Action: Secretary*

- Endorsed the assessment of business risk, subject to recategorising risk 1c (relationships with audit partners) and 2c (co-ordinated scrutiny of local government) to 'decreasing' (Elma Murray).

*Action: Secretary*

- Endorsed the assessments of audit risk and thereby agreeing that the planned audit response, as set out in the work programme, is appropriate, subject to noting the Committee's ongoing interest in a number of matters arising in annual audit, as set out in items 4 and 5.

*Action: Interim Director of PABV*

## 7. Any other business

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

### Close of meeting

The meeting finished at 12.40pm.

**MEETING: 9 SEPTEMBER 2021**

**REPORT BY: SECRETARY TO THE COMMISSION**

**MINUTES OF MEETINGS OF COMMISSION COMMITTEES OF 26 AUGUST 2021**

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## **Introduction**

1. This paper presents for the Commission's approval the draft minutes of the meetings of the Commission's two committees on 26 August 2021.
2. The Commission is also asked to consider approving the recommendations made by both committees to the Commission, as detailed below.

## **Background**

3. The Commission normally approves for its interest the minutes of its committees. The recent review of committees considered their role and their reporting relationship to the Commission. In keeping with this, this report is a new way of presenting the minutes of the Commission's committees. It helps clarify where the committees seek the Commission's approval as appropriate on their conclusions.

## **Minutes**

4. The minutes attached are as follows:
  - Financial Audit and Assurance Committee (FAAC) Appendix 1
  - Performance Audit Committee (PAC) Appendix 2
  - Joint meeting of committees Appendix 3
5. The Commission is asked to approve these minutes and consider any matters arising.

## **Recommendations**

### ***Financial Audit and Assurance Committee***

6. The FAAC agreed to make the following specific recommendation to the Commission:
  - That it welcome the revisions in ISA (UK) 240 which are intended to provide clarification in recognition of the recommendation in the Brydon Review (into the quality and effectiveness of audit) on the obligations of auditors in respect of detecting fraud, and to encourage implementation of appropriate changes identified in the recent consultation by the Secretary of State for Business, Energy and Industrial Strategy on improving the UK's audit, corporate reporting and corporate governance systems in the private sector (Item 5, third bullet point).
7. The Commission is asked to consider this recommendation for approval.

### ***Performance Audit Committee***

8. The PAC made no specific recommendation to the Commission.

## **Conclusion**

9. The Commission is asked to:
  - a) Approve the attached minutes and consider any matters arising.
  - b) Agree the FAAC recommendation in paragraph 6.
  - c) Note any other updates provided at today's meeting.

**Paul Reilly**  
**Secretary to the Commission**  
**3 September 2021**

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE  
COMMITTEE OF 26 AUGUST 2021**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held via online meeting on Thursday 26 August 2021 at 9.15am.

PRESENT: Tim McKay (Chair)  
Elma Murray  
Sharon O'Connor  
Pauline Weetman

OTHER COMMISSION

MEMBER PRESENT: Christine Lester

IN ATTENDANCE: Antony Clark, Interim Controller of Audit  
John Cornett, Audit Director, Audit Services (Item 4)  
Fiona Kordiak, Director of Audit Services  
Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)  
Paul O'Brien, Senior Manager, Performance Audit and Best Value (PABV) (Item 5)  
Gillian Woolman, Audit Director, Audit Services (Items 4 and 7)  
Mark Roberts, Audit Director, PABV (Item 8)

Item No    Subject

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 27 May 2021
4. Current audit issues in councils
5. Accounting and auditing developments
6. Joint strategic discussion – 25 November 2021
7. Audit Scotland Audit Services Group quality update
8. Risk assessment and implications for the work programme
9. Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Andrew Burns, Sheila Gunn and Geraldine Wooley.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 27 May 2021

The minutes of the meeting of 27 May 2021 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

4. Current audit issues in councils

The Committee considered a report by the Interim Controller of Audit on a summary of emerging issues and recurring themes across local authorities in Scotland.

During discussion, the Committee:

- Noted advice from the Interim Controller of Audit that the external auditor was investigating matters in relation to the departure of the former Director of Governance from Glasgow City Council, upon which the Controller would report further.
- Noted advice from the Interim Controller of Audit that the external auditor was investigating matters in relation to press reports about payments from Strathclyde Pension Fund to a deceased person, upon which the Interim Controller would report further.
- Noted advice from the Interim Controller of Audit that he is monitoring matters in relation to press reports about statements made by the Chief Executive of Strathclyde Passenger Transport Authority in relation to his personal conduct and the circumstances associated with his early retiral, upon which he was liaising with the appointed auditor and would report further.
- Noted advice from the Interim Controller of Audit, in response to a query by Christine Lester on behalf of Geraldine Wooley, about risks associated with management team make-up at Orkney Islands Council.
- Noted advice from the Interim Controller, in response to a point raised by Pauline Weetman in relation to the accounting treatment for Coronavirus funding, given the potential public profile of the matter, that it be considered as part of the Commission's overview reporting and Annual Assurance and Risks Report.

*Action: Interim Controller of Audit*

- Noted advice from the Interim Controller that he will consider matters in relation to financial leadership in public bodies in the context of the work programme and in relation to dialogue with stakeholders, including liaison with the Auditor General for Scotland given the cross-sector nature of the matters.
- Noted the Committee's ongoing interest in capacity issues in the finance function of Clackmannanshire Council, and agreed that the Controller provide an update on the matter as appropriate (Pauline Weetman).

*Action: Interim Controller of Audit*

- Noted its ongoing concern about the continuing delays in implementing the new pay and grading system in Glasgow City Council (Pauline Weetman).
- Agreed that further information be provided on matters associated with the implementation of new a new payroll and benefit system in East Renfrewshire Council and a new general ledger, accounts payable and payroll systems I Fife Council (Pauline Weetman).

*Action: Interim Controller of Audit*

- Noted advice from the Interim Controller of Audit that he anticipated that the external auditor will report on the investigation into allegations of bullying in East Dunbartonshire Integration Joint Board in the annual audit report (Christine Lester).

Following discussion, the Committee:

- Noted the report, taking assurance that the auditors' responses detailed in the report recognises the scope of the risk identified and reflects the impact on planned audit work.
- Agreed in particular not to recommend to the Commission to direct the Interim Controller of Audit on any matters arising.

#### 5. Accounting and auditing developments

The Committee considered a report by the Director of Audit Services informing members of recent accounting and auditing developments.

During discussion, the Committee:

- Noted the significance of new UK audit quality standards to the Commission's reporting of audit quality (point raised by Pauline Weetman).
- Agreed that the Associate Director, Audit Quality and Appointments brief the Committee on the impact of the new quality standards on quality reporting to the Commission and review of the audit quality framework (Elma Murray).

*Action: Secretary*

- Recommended to the Commission that it welcome the revisions in ISA (UK) 240 which are intended to provide clarification in recognition of the recommendation in the Brydon Review (into the quality and effectiveness of audit) on the obligations of auditors in respect of detecting fraud, and to encourage implementation of appropriate changes identified in the recent consultation by the Secretary of State for Business, Energy and Industrial Strategy on improving the UK's audit, corporate reporting and corporate governance systems in the private sector (Elma Murray).

*Action: Secretary*

Following discussion, the Committee noted the report.

#### 6. Joint strategic discussion – 25 November 2021

This item was subject of a joint meeting with the Performance Audit Committee and is contained in a separate minute.

7. Audit Scotland Audit Services Group quality update

This item was subject of a joint meeting with the Performance Audit Committee and is contained in a separate minute.

8. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an update assessment on business and audit risk.

Following discussion, the Committee:

- Agreed the assessment of the controls in place in relation to business risk.
- Agreed the assessment of the audit response in place in relation to audit risk, and thus agreed that there was no specific action required to inform the next refresh of the work programme at the Commission's December meeting.
- Noted advice from the Commission Chair that she would liaise directly with the Secretary on points arising from the report.
- Noted advice from the Committee Chair that the Secretary will report to the meeting on future reporting in this regard.

9. Any other business

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

10. Close of meeting

The meeting finished at 10.35am

**MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 26 AUGUST 2021**

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 26 August 2021, at 11.45am.

PRESENT: Christine Lester (Chair)  
Andy Cowie  
Sophie Flemig  
Tim McKay  
Elma Murray

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Antony Clark, Interim Director of Performance Audit and Best Value (PABV)  
Pauline Gillen, Senior Audit Manager, Audit Services (Item 4)  
Leigh Johnston, Senior Manager, PABV (Item 4)  
Fiona Kordiak, Director, Audit Services (Item 7)  
Becki Lancaster, Senior Auditor, PABV (Item 4)  
Ashleigh Madjitey, Audit Manager, PABV (Item 5)  
Carolyn McLeod, Audit Director, PABV (Item 4)  
Tricia Meldrum, Senior Manager, PABV (Item 4)  
Claire Richards, Senior Auditor, PABV (Item 4)  
Richard Robinson, Senior Manager, PABV (Item 5)  
Claire Tennyson, Auditor, PABV (Item 4)  
Gillian Woolman, Audit Director, Audit Services (Item 7)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 27 May 2021
4.	Cluster briefing on inequalities
<b>5.</b>	<b>Performance audit - Scotland's financial response to the Covid-19</b>
6.	Joint strategic discussion – 25 November 2021
7.	Audit Scotland Audit Services Group quality update
8.	Risk assessment and implications for the work programme
9.	Any other business



1. Apologies for absence

It was noted that apologies for absence had been received from Stephen Moore.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 27 May 2021

The minutes of the meeting of 27 May 2021 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

Arising therefrom, advice was noted from the Interim Director of Performance Audit and Best Value (PABV) that all actions assigned to him in the minutes were being taken forward as part of work programme development and thus reported to the Commission.

4. Cluster briefing on inequalities

The Committee considered a report by the Interim Director, PABV, updating the Committee on key risks relating to inequalities and how these are being considered as part of the work programme.

During discussion, the Committee:

- Agreed that the following themes be considered as part of the further development of the work programme:
  - Prevention, especially given the significant milestone of ten years since the Christie Commission's report (point raised by Andy Cowie).
  - Further in this regard, noting the potential public audit interest in the progress made by bodies such as Public Health Scotland and the Scottish National Investment Bank (Christine Lester).
  - Ensuring a 'wide lens' is applied to considering relevant areas such as child poverty, in other word reporting beyond, for example, progress against targets (Sophie Flemig).
  - More consideration of progress against outcomes, including the National Performance Framework and those at local partnership level (Andy Cowie).

*Action: Interim Director of PABV*

- Noted the importance to audit work of ongoing Scottish Government-led work on improving data at Scottish level and below (Sophie Flemig).
- Noted that further thought would be given by Commission members to points raised in recent Insight sessions in relation to the wellbeing economy (Elma Murray).
- Agreed that, as Audit Scotland develops how it will apply a human rights based approach to audit, that part of this approach include identifying more advanced approaches internationally (Elma Murray).
- Noted advice from Elma Murray on discussions between the Strategic Scrutiny Group and the Scottish Human Rights Commission on the impact on scrutiny of proposed Scottish human rights legislation.

Following discussion, the Committee noted the report.

## 5. Performance audit - Scotland's financial response to the Covid-19

The Committee considered a report by the Interim Controller of Audit with an update on current activities to scope work on Scotland's financial response to Covid-19, a joint performance audit with the Auditor General for Scotland.

During discussion, the Committee:

- Noted the importance of ensuring the reporting clarity on the reliability of data sources.
- Noted that it was anticipated that Commission sponsors have yet to be identified for this work, although it is anticipated from discussion with the Commission Secretary that this will be confirmed in coming days.
- Noted advice from the Interim Director of links between this work and other pieces of work, notably local government and NHS overview work.

Following discussion, the Committee:

- Agree the proposed approach to approving the scope and associated issues and investigation matrix.
- Agreed the timetable for the audit, including noting that the emerging messages would be considered by the Committee at its February 2022 meeting and the draft report considered by the Commission in March or April 2022.

*Actions: Interim Director of PABV*

## 6. Joint strategic discussion – 25 November 2021

This item was subject of a joint meeting with the Performance Audit Committee and is contained in a separate minute.

## 7. Audit Scotland Audit Services Group quality update

This item was subject of a joint meeting with the Performance Audit Committee and is contained in a separate minute.

## 8. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an with an update assessment on business and audit risk.

Following discussion, the Committee:

- Agreed the assessment of the controls in place in relation to business risk.
- Agreed the assessment of the audit response in place in relation to audit risk, and thus agreed that there was no specific action required to inform the next refresh of the work programme at the Commission's December meeting.
- Noted advice from the Committee Chair that the Secretary will report to the meeting on future reporting in this regard.

## 9. Any other business

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

meeting.

10. Close of meeting

The meeting finished at 12.50pm.

**MINUTES OF JOINT MEETING OF COMMISSION COMMITTEES OF 26 AUGUST 2021**

Minutes of a joint meeting of the Financial Audit and Assurance Committee and Performance Audit Committees of the Accounts Commission held via online meeting on Thursday 26 August 2021 at 10.45am.

PRESENT: Tim McKay (Chair for item 6)  
Christine Lester (Chair for item 7)  
Andy Cowie  
Sophie Flemig  
Elma Murray  
Tim McKay  
Sharon O'Connor  
Pauline Weetman

IN ATTENDANCE: Antony Clark, Interim Controller of Audit  
Fiona Kordiak, Director of Audit Services  
Gillian Woolman, Audit Director, Audit Services (Item 6)

Item No    Subject

6.            Joint strategic discussion – 25 November 2021
7.            Audit Scotland Audit Services Group quality update

(Item numbers correspond to the item numbers on the agendas of both committees)

## 6. Joint strategic discussion – 25 November 2021

The Committees considered a report by the Interim Director of PABV proposing a joint strategic discussion session between the Commission's committees on 25 November as part of the ongoing development of the dynamic and agile work programme.

Following discussion, the Committees agree to hold a joint strategic discussion on the topic of 'the Scottish Government's public service reform and Covid-19 recovery agenda' as part of the scheduled committee meetings on 25 November.

## 7. Audit Scotland Audit Services Group quality update

The Committees considered a report by the Director of Audit Services providing an update on the progress made by Audit Scotland in addressing the quality improvement areas identified in the Quality of Public Audit in Scotland 2021 report published in June 2021. The report was made at the request of the Commission having considered a report by the Associate Director, Audit Quality and Appointments (AQA) on the matter at its August meeting.

During discussion, the Committees:

- Noted advice from the Director on:
  - The shape, size and activities of the quality assurance function being developed in Audit Services Group (point raised by Andy Cowie).
  - The resource implications to Audit Service Group of meeting audit quality requirements (Tim McKay).
  - The outputs from root cause analysis activity, including in identifying good practice (Andy Cowie) and learning and development (Tim McKay).
  - Considerations by Audit Services Group of engagement lead activities (Tim McKay).
  - The development of an improvement culture in Audit Services Group (Pauline Weetman).
- Noted the heightened awareness in the audit profession around identifying risks associated with material misstatement (Pauline Weetman).

Following discussion, the Committees:

- Noted the value of engaging directly with an audit provider such as Audit Services Group in addition to the independent quality reporting to the Commission provided by AQA (point raised by Pauline Weetman).
- Noted progress on the actions put in place as a consequence of quality review findings on 2019/20 audits.
- Commended the Director and her team on the improvement actions put in place progress being made.
- Noted that the Associate Director, AQA will provide a further report of progress in her interim quality update report to the committees in November.

## Close of meeting

The meeting closed at 11.30am.

**PERFORMANCE AUDIT COMMITTEE**

**MEETING: 24 FEBRUARY 2022**

**REPORT BY: SECRETARY TO THE COMMISSION**

**MINUTES OF PREVIOUS MEETING**

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**Introduction**

1. This paper provides updated information on the previous minute of the Committee.

**Updated information**

2. At its meeting on 9 December 2021, the Commission approved the attached minute as a correct record (Appendix 1 is the committee meeting minute; Appendix 2 is the joint meeting minute).
3. Arising therefrom, in relation to item 5 of the minute, the Commission noted advice from the Secretary that Stephen Moore had agreed to act as a sponsor alongside Christine Lester for the proposed publication on drug and alcohol services.

**Conclusion**

4. The Committee is asked to note:
  - The attached minute.
  - Any other updates provided at today's meeting.

**Paul Reilly**  
**Secretary to the Commission**  
**16 February 2022**

**MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE  
OF 25 NOVEMBER 2021**

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held via online meeting on Thursday 25 November 2021, at 12.35pm.

PRESENT: Christine Lester (Chair)  
Andrew Burns  
Sophie Flemig  
Tim McKay  
Elma Murray

IN ATTENDANCE: Paul Reilly, Secretary to the Commission  
Antony Clark, Interim Director of Performance Audit and Best Value (PABV)  
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (items 8 and 9)  
Angela Canning, Audit Director, PABV (Item 5)  
Blyth Deans, Audit Manager, PABV (item 7)  
John Gilchrist, Manager, AQA (items 8 and 9)  
Leigh Johnston, Audit Manager, PABV (item 7)  
Ashleigh Madjitey, Audit Manager, PABV (Item 5)  
Jillian Matthew, Senior Manager, PABV (Item 5)  
Richard Robinson, Senior Manager, PABV (Item 4)  
Mark Roberts, Audit Director, PABV (item 7)  
Rebecca Seidel, Senior Manager, PABV (item 7)  
Owen Smith, Senior Manager, AQA (items 8 and 9)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 26 August 2021
4.	Performance audit - Scotland's financial response to the Covid-19
5.	Proposed publication: drug and alcohol services
6.	Risk assessment and implications for the work programme
7.	Public sector reform and innovation
8.	Audit quality interim report
9.	Audit quality framework update 2021
10.	Any other business

1. Apologies for absence

It was noted that no apologies had been received.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 26 August 2021

The minutes of the meeting of 26 August 2021 were noted, the Commission having previously approved them as a correct record and agreed the recommendations therein.

4. Performance audit - Scotland's financial response to the Covid-19

The Committee considered a report by the Interim Director of PABV seeking the Committee's ratification of the scope of the joint Auditor General for Scotland and Accounts Commission performance audit on Scotland's financial response to Covid-19.

During discussion, the Committee agreed:

- To note advice from the Interim Director on the possibility of further flexibility being required in the reporting timeline, upon which he would report further to the Commission if required.

Following discussion, the Committee agreed:

- Ratify the scope and accompanying issues and investigation matrix of the joint performance audit *Scotland's financial response to Covid-19*, subject to the audit team, in conjunction with the sponsors Sophie Flemig and Sheila Gunn, addressing points raised in discussion.  
*Action: Interim Director of PABV*
- To note the current expectation that the emerging messages and the draft report will be considered by the Commission in February and March 2022 respectively.

5. Proposed publication: drug and alcohol services

The Committee considered a report by the Interim Director of PABV proposing a scope for a publication on drug and alcohol services.

Following discussion, the Committee

- Agreed to identify another sponsor to work alongside Christine Lester.  
*Action: Secretary*
- Approved the proposed scope, subject to the audit team in conjunction with the sponsors addressing points raised in discussion.
- Agreed the proposed approach and timescales for a web-based publication.

6. Risk assessment and implications for the work programme

The Committee considered a report by the Secretary providing an update assessment on business and audit risk.

During discussion, the Committee:



- Noted advice from the Committee Chair on the conclusions reached by the Financial Audit and Assurance Committee on a similar paper at its earlier meeting.
- Noted, following a point by the Interim Chair, that the Commission has in place a member development process, rather than an appraisal process.
- Noted advice from the Secretary, in response to a query from Sophie Flemig, about the critical importance of the need to monitor the controls in place for risks assessed as amber.

Following discussion, the Committee:

- Agreed the assessment of the controls in place in relation to business risk.
- Agreed the assessment of the audit response in place in relation to audit risk.
- Agreed that there was no specific action required to inform the next refresh of the work programme at the Commission's December meeting.

7. Public sector reform and innovation

This item was subject of a joint meeting with the Financial Audit and Assurance Committee and is contained in a separate minute.

8. Audit quality interim report

This item was subject of a joint meeting with the Financial Audit and Assurance Committee and is contained in a separate minute.

9. Audit quality framework update 2021

This item was subject of a joint meeting with the Financial Audit and Assurance Committee and is contained in a separate minute.

10. Any other business

The Committee Chair advised of her interest in considering how the Commission responds on matters relating to refugees. Advice was noted from the Commission Interim Chair in response that this matter could be considered as part of the paper on policy governance to be discussed at a private member forum meeting.

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

11. Close of meeting

The meeting finished at 2.00pm.

**MINUTES OF JOINT MEETING OF COMMISSION COMMITTEES  
OF 25 NOVEMBER 2021**

Minutes of a joint meeting of the Financial Audit and Assurance Committee and Performance Audit committees of the Accounts Commission held via online meeting on Thursday 25 November 2021 at 11.05am.

PRESENT: Tim McKay (in the chair)  
Andrew Burns  
Andy Cowie  
Sophie Flemig  
Sheila Gunn  
Christine Lester  
Stephen Moore  
Elma Murray  
Sharon O'Connor  
Geraldine Wooley

IN ATTENDANCE: Antony Clark, Interim Controller of Audit and Director of Performance Audit and Best Value (PABV)  
Fiona Kordiak, Director of Audit Services  
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (items 2 and 3)  
Blyth Deans, Audit Manager, PABV (item 1)  
John Gilchrist, Manager, AQA (items 2 and 3)  
Leigh Johnston, Audit Manager, PABV (item 1)  
Mark Roberts, Audit Director, PABV (item 1)  
Rebecca Seidel, Senior Manager, PABV (item 1)  
Owen Smith, Senior Manager, AQA (items 2 and 3)

<u>Item No</u>	<u>Subject</u>
1.	Public sector reform and innovation
2.	Audit quality interim report
3.	Audit quality framework update 2021

These item numbers are different from the item numbers on the agendas of both committees.

## 1. Public sector reform and innovation

The committees considered a report by the Interim Director of PABV as a basis for a discussion about the progress and extent of public sector reform and innovation and the role that audit might play in promoting these.

During discussion:

- The committees noted areas of further work and thinking by the Commission to develop the role of audit in:
  - promoting greater cross cross-organisational working and collaborative leadership
  - encouraging more innovation and risk-taking and involving more people in reform processes
  - shifting the debate away from structural changes to reform of how public services are delivered.
- The committees noted advice from the Commission Interim Chair on a private roundtable session that she and the Interim Deputy Chair had with council chief executives.

Following discussion, the committees agreed that the points raised in the discussion be reflected in further thinking around, and development of, of the work programme.

*Action: Interim Director of PABV*

## 2. Audit quality interim report

The committees considered a report by the Associate Director of Audit Quality and Appointments (AQA) presenting the Audit Quality Interim Report which summarised the results of AQA's work from 1 April 2021 to 30 September 2021 on the quality of audit planning.

During discussion, the committees:

- Noted advice from the Director of Audit Services and the Associate Director, in response to a query from Tim McKay, in relation to some auditors not using the provided planning template and thus not including Best Value related work in their audit plans.
- Noted advice from Sheila Gunn on feedback from representatives of South Ayrshire Council on the audit process from the recent private meeting with the Council on the recently published Best Value Assurance Report on the Council.
- Noted advice from the Director of Audit Services and the Associate Director, in response to a query from Sheila Gunn, on the difficulties in training new auditors during pandemic restrictions.
- Noted advice from the Associate Director, in response to a point made by Geraldine Wooley, that matters around remotely conducted audit work, including stakeholder and auditor feedback, will feature in the *Quality of Public Audit in Scotland* report, the draft of which will be considered by the Commission in May 2022.

Following discussion, the committees agreed to:

- Endorse the conclusion of the Associate Director that her report provides assurance that appointed auditors are preparing high quality audit plans and confirms that there has been considerable improvement in audit plans since the introduction of the Audit Quality Framework in 2017.
- Note other conclusions in the report, namely:
  - The failure of some auditors to comply with the 2021 guidance on planning the audit in respect of including their best value responsibilities in non-council local government body annual audit plans
  - The progress made with and final position on two Risk of Material Misstatements
  - The progress made by Audit Scotland in response to the issues raised in *Quality of Public Audit in Scotland 2021* report
  - The comments and focus of the Financial Reporting Council relating to audit quality in general and specifically on audit documentation.

### 3. Audit quality framework update

The committees considered a report by the Associate Director of AQA advising of a planned review of the Audit Quality Framework (AQF)

Following discussion, the committees agreed to:

- Endorse the current thinking of AQA on proposed changes to quality reporting for the AQF.
- Note the planned review of AQF during 2022, to align with new audit appointments and 2021 Code of Audit Practice, including further consultation with the Commission and with a view to presenting a draft revised AQF to the Commission in November 2022.

#### Close of meeting

The joint meeting of the committees closed at 12.20pm.