

**MEETING: 9 JANUARY 2020**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the 463<sup>rd</sup> meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 12 December 2019, at 10.00am.

**PRESENT:** Graham Sharp (Chair)  
Andrew Burns  
Andrew Cowie  
Sophie Flemig  
Christine Lester  
Tim McKay  
Elma Murray  
Stephen Moore  
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)  
Carol Calder, Senior Manager, PABV (item 11)  
Antony Clark, Audit Director, PABV (item 12)  
Stuart Dennis, Corporate Finance Manager (item 14)  
David Love, Senior Auditor, PABV (item 11)  
Tricia Meldrum, Senior Manager, PABV (item 12)  
Fiona Mitchell-Knight, Audit Director, Audit Services (items 13 and 15)  
Mark Roberts, Audit Director, PABV (items 10 and 11)  
Kirstin Scott, Auditor, PABV (item 10)  
Kathrine Sibbald, Audit Manager, PABV (item 11)  
Rebecca Smallwood, Senior Auditor, PABV (item 12)  
Claire Sweeney, Audit Director, PABV (item 13)  
Claire Tennyson, Audit Officer, PABV (item 11)

**Item   Subject**

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 14 November 2019
5. Minutes of meeting of Financial Audit and Assurance Committee of 28 November 2019
6. Minutes of meeting of Performance Audit Committee of 28 November 2019
7. Audit Scotland Board update
8. Update report by the Secretary to the Commission
9. Update report by the Controller of Audit
10. Briefing: Preparing for withdrawal from the European Union (in private)
11. Local Government overview: Challenges and performance 2020: emerging messages (in private)
12. Performance audit: draft report - Early learning and childcare follow up (in private)
13. Update: Developing the approach to Best Value auditing in integration joint boards (in private)
14. 2019/20 local government audits - fees (in private)
15. Best Value statutory guidance (in private)
16. Commission business matters (in private)

1. Apologies for absence

It was noted that apologies for absence had been received from Sheila Gunn and Sharon O'Connor.

2. Declarations of interest

The following declarations of interest were made:

- Elma Murray, in various items, as a former officer of Glasgow City Council and chief executive of North Ayrshire Council, in relation to references to those councils in the reports.
- Christine Lester, in item 13, as a board member of Health Improvement Scotland.

3. Decisions on taking business in private

It was agreed that items 10 to 16 be considered in private because:

- Item 10 proposes a briefing paper which the Commission is to consider in private before it is published.
- Item 11 is to discuss the emerging messages from an overview report which may require consideration of confidential policy matters in advance of further audit work and subsequent publication.
- Item 12 proposes a draft performance audit report which the Commission is to consider in private before publishing.
- Item 13 updates the Commission on development work on a new approach to auditing Best Value which may require consideration of confidential policy and commercial matters.
- Item 14 reports on proposed fees for the local government audit, on which the Commission may wish to discuss confidential commercial matters with the author.
- Item 15 proposes a response to the Scottish Government on draft statutory guidance, which may require discussion of confidential policy matters.
- Item 16 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.

4. Minutes of meeting of 14 November 2019

The minutes of the meeting of 14 November 2019 were approved as a correct record.

5. Minutes of the Financial Audit and Assurance Committee of 28 November 2019

The minutes of the meeting of the Financial Audit and Assurance Committee of 28 November 2019 were approved as a correct record.

6. Minutes of the Performance Audit Committee meeting of 28 November 2019

The minutes of the meeting of the Performance Audit Committee of 28 November 2019 were approved as a correct record.

Arising therefrom, the Deputy Chair drew particular attention to item 10, in which the Committee had agreed a range of actions relating to the Committee's and the

Commission's business processes, on which the Commission will be further engaged in due course.

7. Audit Scotland Board update

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

During discussion, the Commission noted:

- Advice from Andrew Burns, Tim McKay and Elma Murray that they had taken up the invitation from the Audit Scotland Board Chair to all Commission members to attend a meeting of the Board, which they did on 27 November.
- Advice from the Commission Chair, in response to a query from Andrew Burns, that he would reciprocate the invitation to members of the Audit Scotland Board.

Following discussion, the Commission noted the report.

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.

During discussion, the Commission:

- In relation to paragraph 8, noted advice from the Secretary, in response to a query from Stephen Moore, that he would arrange with Audit Scotland for the note of the 'roundtable' event on 11 November on health and social care integration to be shared with Commission members.

*Action: Secretary and Director of PABV*

- In relation to paragraph 12:
  - Noted advice from the Secretary that:
    - The Group referred to is the Community Empowerment Advisory Group, which has been previously established by the Strategic Scrutiny Group.
    - Geraldine Wooley, rather than Christine Lester, attended the recent meeting of the Group.
  - Noted advice from the Deputy Chair that the recent meeting of the Group had yielded some useful thinking and discussion, matters arising from which would feature in the Commission's consideration at forthcoming meetings of its refresh of its work programme.
- In relation to paragraph 29, noted advice from the Secretary, in response to a query from Sophie Flemig, that the Commission would consider the implications for its work – including its stakeholder engagement strategy - of a proposed Scottish Parliamentary Bill implementing the United Nations Convention on the Rights of the Child.

*Action: Secretary and Chair of Audit Scotland Diversity and Equalities Steering Group*

- In relation to paragraph 39, agreed that the Secretary provide more

information on the Scottish Elections Reform Bill, including any implications for the Commission's work.

*Action: Secretary*

- In relation to paragraph 42, noted advice from the Secretary, in response to a query from Christine Lester, that matters discussed by members at the visiting speaker session on 28 November on the National Performance Framework will feature in the Commission's consideration at forthcoming meetings of its refresh of its work programme.

*Action: Secretary and Director of PABV*

- In relation to paragraph 103, noted advice from the Secretary, in response to a query from Geraldine Wooley, that he would discuss with Commission members a paper on Commission engagement with citizens and communities.

*Action: Secretary*

Following discussion, the Commission agreed to:

- Note the report.
- In particular note, in relation to paragraph 42, advice from the Secretary that he would report to the next meeting on how the Commission will respond to the call for view by the Scottish Parliament's Local Government and Communities Committee on how to achieve community wellbeing.

9. Update report by the Controller of Audit

The Commission noted a verbal update from the Controller of Audit on his recent activity.

10. Briefing: Preparing for withdrawal from the European Union (in private)

The Commission considered a report by the Director of PABV introducing a briefing paper produced by Audit Scotland for the Commission and Auditor General on how public bodies have been preparing for withdrawal from the European Union, and seeking its view on how it wished to publicise the briefing paper.

During discussion, the Commission:

- Noted the report
- Agreed that before publication a number of revisions be made as noted in discussion.
- Endorsed proposed publication arrangements, subject to:
  - The Chair writing to councils and IJBs on publication.
  - As part of this communication, setting out the Commission's reasons for not undertaking a performance audit in this regard, as is included in the Commission work programme.

*Action: Secretary*

- Noting advice from the Director of PABV that the briefing would be shared with all appointed external auditors to facilitate further discussion with audited bodies.

11. Local government in Scotland 2020: Challenges and performance - emerging messages (in private)

The Committee considered a report by the Director of PABV proposing the emerging

messages for the *Local government in Scotland 2020: Challenges and performance* (local government overview 2020) report.

During discussion, the Committee agreed:

- To endorse the emerging messages, structure and tone of the report, subject to some revisions and other points to be addressed by the report team in conjunction with the report sponsors, Graham Sharp and Elma Murray.
- That the emerging messages form the basis of the report for *Local government in Scotland 2020: Challenges and performance*.
- That a draft audit report be brought to the Commission meeting in March 2020, prior to publication in April 2020.
- The proposed publication and promotion strategy be considered at its meeting in March 2020.

*Actions: Director of PABV*

12. Performance Audit: draft report - Early learning and childcare follow up (in private)

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report, jointly with the Auditor General, *Early learning and childcare follow up*, 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 in conjunction with the report sponsors, Sophie Flemig and Geraldine Wooley, points raised in discussion.
- To approve the publication and promotion arrangements for the report, including ensuring opportunities for the report sponsors to promote the report at relevant events such as conferences.

*Actions: Director of PABV and Secretary*

- To note the importance of ensuring that further work informs, and is informed by, the work of other scrutiny partners in this regard.

*Action: Director of PABV*

- That service user experience continues to be a feature of performance audit work, to be considered as part of the Commission's consideration of its refresh of its work programme at coming meetings.

*Action: Director of PABV and Secretary*

13. Developing the approach to Best Value auditing in Integration Joint Boards (in private)

The Commission considered a report by the Director of PABV introducing a discussion on a future approach to auditing Best Value in health and social care integration joint boards (IJBs).

During discussion, the Commission agreed a number of features to be considered by the Director in the further development of an approach in this regard.

*Action: Director of PABV*

Following discussion, the Commission:

- Endorsed the proposals on how to provide assurance on best value in IJBs in a way that is proportionate and adds value.
- Agreed that further development be undertaken by the Commission's Best Value Working Group, to be referred to the Commission for further consideration as appropriate.

*Action: Secretary and Director of PABV*

- Noted the importance of ensuring effective engagement with IJBs around the development of the approach and around Best Value in general, including IJBs' responsibilities relating to their duty of Best Value and associated statutory guidance.

*Action: Secretary and Director of PABV*

- Noted the influence of the approach on future consideration by the Commission of audit fee strategy in relation to a new Code of Audit Practice and new round of audit appointments.

#### 14. 2019/20 local government audits – fees (in private)

The Commission considered a report by the Corporate Finance Manager providing information on expected audit fees for the local government sector for the 2019/20 audit year.

Following discussion, the Commission agreed:

- To note advice from the Corporate Finance Manager that engagement would take place with appropriate audit bodies on planned fee levels for smaller local government bodies.
- To note the paper.

#### 15. Draft statutory guidance - Best Value (in private)

The Commission considered a report by the Secretary to the Commission providing an update on progress with Best Value statutory guidance and seeking the Commission's view on the terms of any response to the Scottish Government on the guidance.

Following discussion, the Commission:

- Agreed to endorse the draft statutory guidance as a basis for fulfilling its statutory responsibilities, forming a formal response in this regard to the Scottish Government, to be delegated for signing off by the Chair and Deputy Chair.
- Agreed that such a response include proposals raised in discussion.

*Actions: Secretary*

- Noted the next steps in relation to the guidance being taken forward by the Scottish Government.

#### 16. Commission business matters

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