

**Performance Audit
Committee minutes**

2019

PERFORMANCE AUDIT COMMITTEE

MEETING: 25 APRIL 2019

REPORT BY: SECRETARY TO THE COMMISSION

MINUTE OF PREVIOUS MEETING

Introduction

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

Updated information

2. At its meeting on 7 March 2019, the Commission approved the attached minute as a correct record.

Conclusion

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

Paul Reilly
Secretary to the Commission
25 April 2019

MEETING: 25 APRIL 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 21 FEBRUARY 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of 102 West Port, Edinburgh on Thursday 21 February 2019, at 14.00.

PRESENT: Ronnie Hinds (Chair)
Alan Campbell
Andy Cowie
Christine Lester
Stephen Moore
Graham Sharp

COMMISSION MEMBERS
ALSO PRESENT: Sheila Gunn (Item 5)
Pauline Weetman

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 9)
Carol Calder, Senior Manager, PABV (Item 8)
Antony Clark, Audit Director, PABV (Item 4)
Graeme Greenhill, Senior Manager, PABV (Items 5 and 6)
Leigh Johnston, Senior Manager, PABV (Item 8)
Martin McLauchlan, Audit Manager, PABV (Item 5)
Jillian Matthew, Senior Manager, PABV (Item 8)
Owen Smith, Senior Manager, AQA (Item 9)
Claire Sweeney, Audit Director, PABV (Item 8)
Sally Thompson, Audit Manager, PABV (Item 6)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 22 November 2018
4.	Work programme update
5.	Performance audit: emerging messages- Revenue financing of assets
6.	Performance audit: scope – Scotland’s city region and growth deals
7.	Risk management
8.	Policy briefing: Health, care and communities
9.	Audit quality activity 2018/19: update
10.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig.

2. Declarations of interest

The following declaration of interest was made:

- Ronnie Hinds, in items 5 and 6, as a non-executive director of the Scottish Government.

3. Minutes of meeting of 22 November 2018

The minutes of the meeting of 22 November 2018 were noted, having previously been approved as a correct record by the Commission.

4. Work programme update

The Committee considered a report by the Director of PABV on progress with the range of performance audit work carried out on behalf of the Accounts Commission and Auditor General.

During discussion, the Committee

- Noted an update from the Audit Director, PABV on publication and launch arrangement for the work programme.
- Agreed, in response to a query from Stephen Moore, that further consideration be given by the Committee to how criminal justice matters feature in the work programme, as part of the forthcoming policy briefing from the Justice, Education and Lifelong Learning policy cluster.

Action: Director of PABV

Following discussion, the Committee noted the report.

5. Performance audit: emerging messages – Revenue financing of assets

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, in conjunction with the Auditor General, *Revenue financing of assets: the Non-profit Distributing (NPD) and Hub models*.

Following discussion, the Committee agreed:

- To endorse the emerging messages, subject to a small number of revisions and other points to be addressed by the report team in conjunction with the report sponsors, Andy Cowie and Sheila Gunn.
- That a draft audit report be brought to the Commission meeting in May 2019, prior to publication in August 2019.
- The proposed publication and promotion strategy be considered at its meeting in May 2019.

Action: Director of PABV

6. Performance audit: scope – Scotland's city region and growth deals

The Committee considered a report by the Director of PABV proposing the approach to the performance audit, in conjunction with the Auditor General, on Scotland's city region and growth deals.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Andrew Burns and Pauline Weetman, the matters raised in discussion.

Action: Director of PABV

7. Risk management

The Committee considered a report by the Secretary proposing an approach to monitoring business and audit risk on behalf of the Commission.

During discussion, the Committee:

- Noted advice from the Secretary on the consideration of this matter by the Financial Audit and Assurance Committee.
- Agreed that the reporting of business risk as proposed in the report be developed, incorporating a report to each quarterly meeting of the Committee, subject to:
 - including an appropriate level of risk assessment and analysis in the reporting.
 - ensuring an appropriate definition of reputational risk.

Action: Secretary

8. Policy briefing: Health, care and communities

The Committee considered a report by the Director of PABV introducing the briefing for the health, care and communities cluster.

During discussion, the Committee agreed:

- To note advice from the Director on how the carer voice is reflected in policy cluster work.
- To note the Committee's interest in income deprivation.
- To note the Committee's interest in developing the audit approach to public sector leadership.
- To note that Commission members were welcome to attend meetings of Audit Scotland's Islands Forum.
- To include matters around community resilience in future briefings.
- That future briefings make stronger reference to Audit Scotland's public sector risk management framework.
- That the Director confirm the timescale for a paper for the Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee to support their scrutiny of improving outcomes.

Actions: Director of PABV

Following discussion, the Committee noted the report.

9. Audit quality activity 2018/19: update

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA) summarising developments in the work of the AQA team.

Following discussion, the Committee noted the report.

10. Any other business

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

PERFORMANCE AUDIT COMMITTEE

MEETING: 20 JUNE 2019

REPORT BY: SECRETARY TO THE COMMISSION

MINUTES OF PREVIOUS MEETING

Introduction

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

Updated information

2. At its meeting on 9 May 2019, the Commission approved the attached minutes of the meeting of the Performance Audit Committee of 25 April 2019 as a correct record, subject to noting advice from the Secretary that the response to the consultation by the Chartered Institute of Public Finance Accountants had been made available to members on their extranet site.

Conclusion

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

Paul Reilly
Secretary to the Commission
11 June 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 25 APRIL 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of 102 West Port, Edinburgh on Thursday 25 April 2019, at 14.00.

PRESENT: Ronnie Hinds (Chair)
Andrew Cowie
Christine Lester
Stephen Moore
Sophie Flemig
Graham Sharp

COMMISSION MEMBERS

ALSO PRESENT: Andrew Burns
Pauline Weetman
Geraldine Wooley (Item 7)

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 8)
Antony Clark, Audit Director, PABV (Items 4, 5 and 7)
John Gilchrist, Manager, AQA (Item 8)
Graeme Greenhill, Senior Manager, PABV (Item 6)
Tricia Meldrum, Senior Manager, PABV (Item 5 and 7)
Mark Roberts, Senior Manager, PABV (Item 5)
Owen Smith, Senior Manager, AQA (Item 8)
Rebecca Smallwood, Senior Auditor, PABV (Item 7)
Sally Thompson, Audit Manager, PABV (Item 6)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 21 February 2019
4.	Work programme update
5.	Policy briefing: Justice, education and lifelong learning
6.	Performance audit: emerging messages – Scotland's city region and growth deals
7.	Scoping paper: Early Learning and Childcare
8.	Audit quality report – Q3/4
9.	Any other business

1. Apologies for absence

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

2. Declarations of interest

The following declaration of interest was made:

- Ronnie Hinds, in item 6, as a non-executive director of the Scottish Government.

3. Minutes of meeting of 21 February 2019

The minutes of the meeting of 21 February 2019 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, advice from the Secretary was noted that:

- In relation to item 4, a discussion on how criminal justice matters feature in the work programme would take place as part of item 5 on the agenda.
- In relation to item 6, he had agreed with the Commission Chair and the chairs of the two Commission committees that the next report of risk matters to committees would be at the September meetings of the committees, in order to reflect discussions in this regard at the Commission's recent strategy seminar.

4. Work programme update

The Committee considered a report by the Director of PABV on progress with the range of performance audit work carried out on behalf of the Accounts Commission and Auditor General.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Andrew Cowie, on the resource implications of promotional and engagement activities around published reports, on which the Commission has maintained an interest.
- Noted advice from the Secretary that he was discussing with the Director the format of the proposed programme development output on community empowerment.
- Noted the revised scheduling of the performance audit on revenue financing of assets, to be considered by the Commission at its June meeting.
- Noted ongoing engagement work with stakeholders on the work programme which had been published on 26 March.

Following discussion, the Committee noted the report.

5. Policy briefing: Justice, education and lifelong learning

The Committee considered a report by the Director of PABV introducing a briefing for the justice, education and lifelong learning policy cluster.

During discussion, the Committee:

- Noted advice from the Director that he is currently considering how to feature criminal justice issues in proposed audit work, including the planned

performance audits in relation to community justice and digital policy and practice, upon which he would report further to the Committee.

Action: Director of PABV

- Agreed further in this regard that the Director share with the Committee any briefing material produced for the Auditor General.

Action: Director of PABV

- Agreed that a future lunchtime speaker session be devoted to involvement of young people in audit.

Action: Secretary

- Agreed that further thought be given to the risk of deteriorating citizen trust in public policy and citizen disengagement, both in terms of audit risk and business risk to the Commission.

Action: Secretary and Director of PABV

- Noted advice from the Director, in response to a query from Andrew Cowie, that he would raise matters around risks relating to information technology projects in public agencies with the team taking forward the performance audit for the Auditor General on enabling digital government.

- Noted advice from the Director, in response to a query from Andrew Cowie, on engagement by the Scottish Police Service in community planning across the country.

- Noted advice from the Director, in response to a query from Ronnie Hinds, that he would provide further information on the responsibilities of the Auditor General in relation to non-incorporated colleges.

Action: Director of PABV

Following discussion, the Committee noted the briefing.

6. Performance audit: emerging messages – Scotland's city region and growth deals

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, jointly with the Auditor General, on Scotland's city region and growth deals.

Following discussion, the Committee:

- agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Andrew Burns and Pauline Weetman, the matters raised in discussion.
- agreed to consider a draft report at its meeting in September 2019.

Actions: Director of PABV and Secretary

7. Performance audit: scope - Early learning and childcare (part 2)

The Committee considered a report by the Director of PABV proposing the approach to the performance audit, in conjunction with the Auditor General, on early learning and childcare (part 2).

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Sophie Flemig and Geraldine Wooley, the matters raised in discussion.

8. Audit quality report Q3/4

The Committee considered a report by the Associate Director, Audit Quality and Appointments, presenting work carried out to monitor the quality of audit performed by all audit providers between October 2018 and March 2019.

During discussion, the Committee:

- Agreed to note advice from the Associate Director that the Commission's committees had endorsed in November 2018 the proposed approach to quality standards for performance audit and Best Value auditing work.
- Agreed to defer consideration of future quality reporting arrangements to a future meeting, pending further discussion between the Associate Director, AQA and the Secretary.
- Agreed to note advice from the Chair of Financial Audit and Assurance Committee on its consideration of the paper at its earlier meeting, including noting that the Commission's committees would have a prominent role in a proposed review of the audit quality framework, as proposed by the Associate Director, in late 2019.
- Agreed that the Associate Director provide more detailed stakeholder feedback results to the Commission as part of its consideration of the annual audit quality report at its next meeting.
- Noted advice from the Associate Director, in response to a query from Sophie Flemig, that she would be discussing further with audit providers the implications of, and response to, auditor feedback.

Action: Associate Director, AQA

- Noted advice from the Secretary, in response to a query from Andrew Cowie, that the use by AQA of the notes of meetings between the Commission and individual councils - which follow publication of Best Value Assurance Reports and findings – would be advised appropriately to councils as part of these meetings.

Action: Secretary

- Noted advice from the Associate Director, in response to a query from Stephen Moore, on errors identified in prior period adjustments in accounts.
- Noted the positive assessment in the report of how auditors demonstrated how they added value in their audit work.

Following discussion, the Committee:

- Endorsed the report, including its main conclusion that the Commission can get assurance about the good quality of audit work which requires limited improvements, with specific areas required to improve compliance with international accounting standards, particularly around documentation, sampling method and sizes and the use of analytical procedures.
- Noted that AQA will communicate findings with auditors and request action plans for areas of improvement identified.
- Noted that the Commission will consider at its May meeting the draft annual audit quality report, on which it can form a view on its assurance of audit quality, to be reported in the Commission annual report, which will also be considered at the same meeting.

Actions: Secretary and Associate Director, AQA

9. Any other business

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

PERFORMANCE AUDIT COMMITTEE

MEETING: 26 SEPTEMBER 2019

REPORT BY: SECRETARY TO THE COMMISSION

MINUTES OF PREVIOUS MEETING

Introduction

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

Updated information

2. At its meeting on 8 August 2019, the Commission approved the attached minutes of the meeting of the Performance Audit Committee of 20 June 2019 as a correct record.

Conclusion

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

Paul Reilly
Secretary to the Commission
18 September 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 20 JUNE 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of 102 West Port, Edinburgh on Thursday 20 June 2019, at 11.00.

PRESENT: Ronnie Hinds (Chair)
Christine Lester
Stephen Moore
Sophie Flemig
Graham Sharp

COMMISSION MEMBERS

ALSO PRESENT: Andrew Burns

IN ATTENDANCE: Peter Worsdale, Commission Support Team
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Kate Berry, PABV Seconded (Item 5)
Antony Clark, Audit Director, PABV (Item 4)
Gemma Diamond, Senior Manager, PABV (Item 6)
Graeme Greenhill, Senior Manager, PABV (Item 6)
Tricia Meldrum, Senior Manager, PABV (Item 4)
Beverley Oakman, Audit Manager, PABV (Item 4)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 25 April 2019
4.	Performance audit: scope – Improving outcomes for young people through school education
5.	Performance audit: scope – Affordable housing
6.	Policy briefing: Public finances, investment and economic development
7.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Andy Cowie.

2. Declarations of interest

The following declaration of interest was made:

- Ronnie Hinds, in items 4, 5 and 6, as a non-executive director of the Scottish Government.

3. Minutes of meeting of 25 April 2019

The minutes of the meeting of 25 April 2019 were noted, having previously been approved as a correct record by the Commission. It was agreed:

- In relation to item 5 (final bullet point), to note advice from the Director of PABV that he had yet to provide further information on the responsibilities of the Auditor General in relation to non-incorporated colleges.
- In relation to item 8, to advise councils, as required, of our practice to share with our quality team (Audit Quality and Assurance Team) feedback and notes from the meetings the Commission holds with councils following the publication of BVARs to assist in monitoring our audit quality.

Action: Secretary

4. Performance audit: scope – Improving outcomes for young people through school education

The Committee considered a report by the Director of PABV proposing the approach to the performance audit, in conjunction with the Auditor General, on improving outcomes for young people through school education.

During discussion, the Committee, noted a range of issues, including the need for the audit to consider the national, regional and local context; and the need for the team to manage expectations over the scope of the audit in relation to wider education outcomes and issues.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Sheila Gunn and Sharon O'Connor, the matters raised in discussion.

Action: Director of PABV

5. Performance audit: scope – Affordable housing

The Committee considered a report by the Director of PABV on the proposed approach to the performance audit, in conjunction with the Auditor General, on affordable housing.

During discussion, the Committee, discussed a range of issues including that the team ensure their approach to the audit recognises the local authority context including the fit between national and local priorities.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Andrew Burns and Stephen Moore, the matters raised in discussion.

Action: Director of PABV

6. Policy briefing: Public finances, investment and economic development

The Committee considered a report by the Director of PABV providing a briefing on issues relating to public finances, investment and economic development

During the discussion the Committee:

- Noted its interest in how comparisons with other overseas investment banks had influenced Scottish Government thinking around the design of the proposed Scottish National Investment Bank
- Noted their interest in public sector procurement and how this is being considered as part of the Economy, Energy and Fair Work Committee's inquiry into the construction industry and its subsequent report, due in late June
- Noted its interest in how consideration of climate change issues might be reflected in the future audit programme
- Noted that the team will keep the Committee updated as appropriate on the implications of European funding changes on Local Government.

Following discussion, the Committee noted the report.

7. Any other business

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

PERFORMANCE AUDIT COMMITTEE

MEETING: 28 NOVEMBER 2019

REPORT BY: SECRETARY TO THE COMMISSION

MINUTE OF PREVIOUS MEETING

Introduction

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

Updated information

2. At its meeting on 10 October 2019, the Commission approved the attached minute as a correct record.

Conclusion

3. The Committee is asked to note:

- The attached minute.
- Any other updates provided at today's meeting.

Paul Reilly
Secretary to the Commission
20 November 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 26 SEPTEMBER 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of Nelson Mandela Place, Glasgow on Thursday 26 September 2019, at 2.00pm

PRESENT: Elma Murray (Chair)
Andrew Cowie
Sophie Flemig
Christine Lester (by video link)
Stephen Moore
Graham Sharp

COMMISSION MEMBERS

ALSO PRESENT: Andrew Burns (Items 5 and 6)
Pauline Weetman
Geraldine Wooley (Items 5 and 6)

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Kate Berry, Senior Auditor, PABV (Item 6)
Elaine Boyd, Audit Director, Audit and Quality Assurance (AQA) (Item 7)
Antony Clark, Audit Director, PABV (Item 5)
John Gilchrist, Audit Manager, AQA (Item 7)
Leigh Johnston, Senior Manager, PABV (Item 8)
Mark MacPherson, Senior Manager, PABV (Item 9)
Jillian Matthew, Senior Manager, PABV (Item 8)
Tricia Meldrum, Senior Manager, PABV (Item 5)
Mark Roberts, Audit Manager, PABV (Item 9)
Rebecca Smallwood, Senior Auditor, PABV (Item 5)
Owen Smith, Senior Manager, AQA (Item 7)
Claire Sweeney, Audit Director, PABV (Items 6 and 8)
Rikki Young, Business Manager, PABV (Item 4)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 26 September 2019
4.	Work programme update
5.	Performance audit: emerging messages – Early learning and childcare follow-up
6.	Performance audit: emerging messages - Affordable housing
7.	Audit quality framework review
8.	Policy cluster briefing: Health, care and communities
9.	Policy cluster briefing: Justice, education and lifelong learning
10.	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 20 June 2019

The minutes of the meeting of 20 June 2019 were noted, having previously been approved as a correct record by the Commission.

4. Work programme update

The Committee considered a report by the Director of PABV on progress with work programme development and performance audit work carried out on behalf of the Accounts Commission and Auditor General.

During discussion, the Committee:

- Noted advice from the Director that a publication date for the performance audit *Revenue financing of assets: the Non-profit distributing and hub models* was not yet established.
- Noted advice from the Director on moratorium arrangements around any General Election.
- Noted advice from the Director that he would update the Committee at its next meeting on progress with an impact report for the previously published performance audit *Equal pay in councils*.

Action: Director of PABV

- Noted advice from the Committee Chair that she had been liaising with Audit Scotland staff overseeing community empowerment, and had agreed that:
 - She would convene an internal advisory group on community empowerment consisting herself, Geraldine Wooley and Sophie Flemig, which will liaise with the Strategic Scrutiny Group's advisory group in this regard.

Action: Director of PABV

- She would discuss with the team responsible for the Local Government Overview report, in her role as sponsor, about the potential of a theme in the report around community empowerment
- She had proposed to the Secretary that community empowerment be considered for work as part of the refresh of the work programme, to be considered by the Commission in November.

Action: Secretary and Director of PABV

- Noted advice from the Secretary that he had been discussing with the Director how to develop this report so that it provides an update across the work programme – and thus reported to both Commission committees – and also reports on promotional activities associated particularly with performance audits, upon which he would report to a future meeting.

Action: Secretary and Director of PABV

Following discussion, the Committee noted the report.

5. Performance audit: emerging messages – Early learning and childcare - follow-up

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, jointly with the Auditor General, *Early learning and childcare: follow up*.

Following discussion, the Committee:

- Agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Sophie Flemig and Geraldine Wooley, the matters raised in discussion.
- Agreed to consider a draft report at its meeting in December 2019.

Actions: Director of PABV and Secretary

- Agreed to consider public health and wellbeing as themes in future refreshes of the work programme.

Action: Director of PABV and Secretary

6. Performance audit: emerging messages - Affordable housing

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, jointly with the Auditor General, *Affordable housing*.

Following discussion, the Committee:

- Agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Andrew Burns and Stephen Moore, the matters raised in discussion.
- Agreed to consider a draft report at its meeting in February 2020.

Actions: Director of PABV and Secretary

- Noted that the current work programme features a future performance audit on housing for older people.

7. Draft refreshed Audit Quality Framework

The Committee considered a report providing an update on the ongoing review by Audit Quality and Appointments of the Audit Quality Framework and seeking endorsement of a revised Audit Quality Framework.

During discussion, the Committee agreed:

- To note the points in this regard raised by the Financial Audit and Assurance Committee at its earlier meeting.
- To endorse the proposed changes to audit quality reporting, subject to a sufficiently comprehensive report being provided to the Committee with information currently contained in the discontinued Q3/Q4 report.
- To endorse the proposed changes to key performance indicators.
- In relation to stakeholder feedback:
 - To note advice from the Director that she would liaise with the consultant to discuss how to encourage a higher level of feedback

from audited bodies, and in doing so will emphasise the value that the Commission places in sector-specific feedback.

- That further thought be given by the Commission, in considering the refresh of its Strategy, to developing the profile and presentation of examples of good practice in its work.

Action: Secretary

- To note advice from the Director that further consideration of the approach to stakeholder feedback would be considered by the Committee at its November meeting

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query by Stephen Moore, that she would provide an update on the progress made by Audit Scotland and firms on staff feedback, as featured in the 2019 Audit Quality report.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Sophie Flemig, that she would be further investigating issues around the correlation of audit team continuity with client satisfaction.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Elma Murray, that she would be further investigating the difference across sectors in clients' views about how audit plans reflect best value and value-for-money issues.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Christine Lester, that she would discuss with the consultant how to distinguish feedback from integration joint boards.

Action: Director, Audit Quality and Appointments

- In relation to the Audit Quality Framework:

- To endorse the framework, subject to a revision raised in discussion being incorporated into the framework.
- To endorse the revision points agreed by the Financial Audit and Assurance Committee at its earlier meeting.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Andrew Cowie, that she would report further to the Committee on progress with developing a complaints process for audited bodies (to be incorporated into the Audit Quality Framework).

Action: Director, Audit Quality and Appointments

8. Policy briefing: Health, care and communities

The Committee considered a report by the Director of PABV introducing a briefing for the health, care and communities policy cluster.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Stephen Moore, that he would consider how to feature NHS senior leader turnover in a proposed briefing to the Commission on leadership.

Action: Director of PABV

- Noted advice from the Director, in response to a query from Stephen Moore, on planned work by the Strategic Scrutiny Group on drug and alcohol policy and practice.

Action: Director of PABV

- Agreed that the Director consider how suicide prevention features in the work programme.

Action: Director of PABV

- Agreed that the Director consider how future audit activity around mental health links with work around wellbeing and community empowerment.

Action: Director of PABV

- Noted advice from the Secretary and Director, in response to a query from Stephen Moore, that the Commission would be considering an update on an approach to auditing Best Value in integration joint boards at its November meeting.

Action: Director of PABV

Following discussion, the Committee noted the briefing.

9. Policy briefing: Justice, education and lifelong learning

The Committee considered a report by the Director of PABV introducing a briefing for the health, care and communities policy cluster.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Elma Murray, that matters associated with foster caring policy and looked-after children may feature across policy clusters.
- Noted advice from the Director, in response to a query from Stephen Moore, that scoping for the future performance audit on widening access to higher education would consider matters beyond entrance policy.
- Noted advice from the Director, in response to a query from Andrew Cowie, that scoping for future performance audits on digital policy and cyber resilience – both by the Commission and the Auditor General – would consider cross-sectoral issues.

Action: Director of PABV

- Noted advice from the Director, in response to a query from Stephen Moore, that scoping for the future performance audit on community justice would consider prison policy, including impact on families.

Action: Director of PABV

- Agreed that the Director consider how future audit activity around mental health links with work around wellbeing and community empowerment.

Action: Director of PABV

Following discussion, the Committee noted the briefing.

10. Any other business

The Chair advised members that she would like to discuss at a future meeting of the Committee how it makes use of policy cluster work in helping it fulfil its responsibilities.

Action: Secretary

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

PERFORMANCE AUDIT COMMITTEE

MEETING: 20 FEBRUARY 2020

REPORT BY: SECRETARY TO THE COMMISSION

MINUTE OF PREVIOUS MEETING

Introduction

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

Updated information

2. At its meeting on 12 December 2019, the Commission approved the attached minute as a correct record.
3. 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. The members of the Committee will be discussing this matter further at the conclusion of today's meeting.

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
12 February 2020

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 28 NOVEMBER 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of West Port, Edinburgh on Thursday 28 November 2019, at 13.15

PRESENT: Elma Murray (Chair)
Christine Lester
Stephen Moore
Sophie Flemig
Graham Sharp
Andrew Cowie

COMMISSION MEMBERS

ALSO PRESENT: Sheila Gunn (item 4)

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Morag Campsie, Senior Audit Manager, PABV (items 6 and 9)
Antony Clark, Audit Director, PABV (items 4, 5 and 7)
John Gilchrist, Audit Manager, AQA (item 8)
Tricia Meldrum, Senior Manager, PABV (item 4)
Bernadette Milligan, Audit Manager, PABV (item 6)
Beverley Oakman, Audit Manager, PABV (item 4)
Mark Roberts, Audit Director, PABV (item 6)
Gordon Smail, Audit Director, PABV (item 9)
Owen Smith, Senior Manager, AQA (item 8)
Rikki Young, Business Manager, PABV (item 5)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 28 November 2019
4.	Performance audit: emerging messages – Education outcomes
5.	Work programme update
6.	Policy briefing: Public finances, investment and economic development
7.	Performance audit: scope – Digital progress in local government
8.	Impact report: Self-directed support
9.	Audit quality interim report
10.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Graham Sharp.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 26 September 2019

The minutes of the meeting of 26 September 2019 were noted, having previously been approved as a correct record by the Commission.

Arising therefrom, the Committee:

- In relation to item 4, fourth bullet point, noted advice from the Committee Chair that she would be convening a meeting of the internal advisory group on community empowerment on 4 December.
- In relation to item 4, fifth bullet point, noted advice from the Secretary that a work programme update report was considered by the Financial Audit and Assurance Committee at its meeting earlier that day, which had noted advice from the Controller of Audit that he would continue discussion with the Secretary on developing the information presented in that report.
- In relation to item 7, fourth bullet point, second sub-bullet, noted advice from the Secretary that the Chief Executive of the Improvement Service would be speaking to the Commission at its January meeting, which presented an opportunity to discuss how both bodies present and promote good practice.

4. Performance audit: emerging messages – Education outcomes

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, jointly with the Auditor General, *Improving outcomes for young people through school education*.

Following discussion, the Committee:

- Agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Sheila Gunn and Sharon O'Connor, the matters raised in discussion.
- Agreed to consider a draft report at its meeting in March 2020.

Actions: Director of PABV and Secretary

5. Work programme update

The Committee considered a report by the Director of PABV on the progress of the work programme.

During discussion, the Committee:

- Noted advice from the Director, arising from a query from Stephen Moore, that he would consider how leadership in public boards is reflected in the proposed briefing paper on leadership.

Action: Director of PABV

- Noted advice from the Secretary that future such update reports will inform, and be informed by, complementary reporting of risk to committees, on which he continues to be engaged in discussion with the Commission Chair.

- Noted advice from the Controller of Audit that he would continue discussion with the Secretary on developing the information presented in the report.

Action: Controller of Audit and Secretary

Following discussion, the Committee noted the report.

6. Performance audit: scope – Digital progress in local government

The Committee considered a report by the Director of PABV proposing the approach to the performance audit, in conjunction with the Auditor General, on digital progress in local government.

Following discussion, the Committee approved the approach proposed in the report, including the proposed audit scope leaflet for publishing, subject to the audit team addressing, in conjunction with the audit sponsors, Andrew Cowie and Christine Lester, the matters raised in discussion.

Action: Director of PABV

7. Impact report: Self-directed support

The Committee considered a report by the Director of PABV introducing a draft impact report for the performance audit *Self-directed support: 2017 progress report* published in August 2017.

Following discussion, the Committee:

- Approved the draft impact report, subject to the report team addressing in conjunction with the sponsor, Sophie Fleming, matters raised in discussion.
- Agreed the publication arrangements for the report including:
 - Publication on the Commission’s website.
 - A letter accompanying publication to all council chief executives.
 - An external blog or article by the sponsor.

Actions: Secretary and Director of PABV

8. Audit quality interim report

The Committee considered a report by the Associate Director, Audit Quality and Appointments (AQA), presenting the report of AQA’s work from 1 April to 30 September carried out to monitor the quality of audit performed by all audit providers between

During discussion, the Committee:

- Noted advice from the Committee Chair and Commission Secretary on the outcome of the consideration of the paper by the Financial Audit and Assurance Committee at its earlier meeting.
- Noted advice from the Senior Manager, AQA, in response to a query from the Andrew Cowie, that paragraph 18 of the report should read “there is interest from the Accounts Commission on the extent...”.

Action: Associate Director, AQA

- Noted advice from the Senior Manager, AQA, in response to a query from the Andrew Cowie, that audit planning guidance will take forward the recommendation under paragraph 28 that how auditors ensure that annual audit plans of non-council local government bodies set out planned Best Value work.
- Noted advice from the Senior Manager, AQA, in response to a query from Stephen Moore, that AQA had met with all audit providers in relation to the improvement area identified in paragraph 44 of the 2018/19 audit quality report regarding supporting positive conclusions in relation to audit dimensions, the outcome of which will be reported in the next annual audit quality report, to be considered by the committees in April.

Action: Associate Director, AQA

Following discussion, the Committee noted the report and endorsed its conclusions, particularly the conclusions of the Associate Director that:

- Auditors are delivering outputs within the expected deadlines and are preparing high quality audit plans.
- The arrangements for reviewing and reporting on audit quality under the Audit Quality Framework are driving improvement in audit quality with clear evidence that previous recommendations are being implemented.
- Audit work is of high quality and requires only limited improvements.
- Public audit in Scotland is well placed to meet the challenges arising from current reviews of the auditing profession.

9. Policy briefing: Public finances, investment and economic development

The Committee considered a report by the Director of PABV introducing a briefing for the public finances, investment and economic development policy cluster.

Following discussion, the Committee noted the briefing.

10. Review of Performance Audit Committee

The Committee considered a report by the Secretary to the Commission introducing a discussion by members on how the Committee conducts its business.

During discussion, a range of matters were agreed in relation to the Committee's and the Commission's business processes.

The Chair advised that she would take these forward with the Secretary, and the Commission Chair and Secretary respectively, reporting back to the Committee as appropriate.

11. Any other business

The Committee Chair advised the Committee that Pauline Weetman had resigned from her position on the New Audit Appointments Steering Group.

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