

20 December 2022

Colin Beattie  
Chair  
Scottish Commission for Public Audit  
The Scottish Parliament  
Edinburgh  
EH99 1SP

Dear Mr Beattie

I am writing in response to the various questions about the plans of, and proposed budget for, the Accounts Commission raised in your letter of 15 December to the Auditor General for Scotland. The other matters raised in your letter will be responded to separately by the Auditor General.

Before I respond in detail to the specific questions posed in your letter, there are two points I would like to clarify.

First, the post of Controller of Audit is not a new post. It was created by Section 97 of the Local Government (Scotland) Act 1973. The appointment of the Controller of Audit is made by the Accounts Commission under that statutory provision. By virtue of appointment, the holder of the post becomes a member of staff of Audit Scotland, unless the post holder is already the Auditor General.

At times the post of Controller of Audit has been held by an individual and at other times the holder of the post has also simultaneously held another role in the staff of Audit Scotland. Most recently the holder of the post of Executive Director of Performance and Best Value has also been the Controller of Audit. The Accounts Commission took the view that the current and likely future workload would not be tackled as effectively as the Commission wanted if a single individual were to occupy both roles. The Commission's preference therefore was to recruit a full-time Controller of Audit. However, in order to attract the widest possible pool of candidates the recruitment campaign was an open one and it left open the possibility of retaining the status quo.

Second, the Minister to whom the Accounts Commission is accountable – Ben Macpherson MSP – was not involved in any way in the decision to appoint to the role of Controller of Audit on a full-time basis. That decision was taken solely by the Accounts Commission. This reflected the long-standing convention that, while the members of the Accounts Commission are appointed by Ministers, it operates independently of those Ministers.

An introductory meeting was held with Mr Macpherson on 3 February 2022. The Minister was accompanied by a member of his private office and a civil servant from the policy division that oversees the work of the Commission. The meeting lasted for about 30 minutes. We spoke in general terms about the Accounts Commission's work and in response to a question from me the Minister expressed the opinion that the Commission could make more impact than it was currently doing.

We did not discuss this in detail and the Minister made no attempt to offer a detailed prescription of the action he thought the Commission should consider. This reflects the legislation, which allows Scottish Ministers to give the Accounts Commission “.. directions of a general character as to the discharge of their functions.”.

The Commission held its annual strategy session on 29 and 30 March 2022. Ben Macpherson MSP and Tom Arthur MSP (as Minister for Public Finance, Planning and Community Wealth) accepted our invitation to attend. They joined us for an hour or so for a session examining the context within which local authorities were now operating and what might be needed from the Accounts Commission in the next 2-5 years. The discussion was wide-ranging. A full report of the two days was prepared for the Commission by the Secretary. Both Ministers were accompanied by officials.

Most recently Mr Macpherson joined the meeting of the Commission on 8 December. He was again accompanied by an official from the relevant policy team and a private secretary. The discussion focussed primarily on the challenges facing Scottish local authorities.

Turning to the specific questions posed in paragraph 7 of your letter to the Auditor General:-

- **What were the issues identified by the Scottish Government that led to the ‘steer’ from the Minister which resulted in a change programme being adopted by the Accounts Commission?**

The Minister did not expand on his comments to me that the Accounts Commission could try to have more impact. He did not suggest the need for the change programme that the Commission has adopted. The decision to institute the change programme was prompted by my initial observations as incoming Chair and the dissatisfaction of most Commissioners with the organisation’s performance and profile.

Some examples might help to illustrate the Commission’s concerns.

- Stakeholders in local government and the Parliament frequently refer erroneously to reports by the Accounts Commission as “Audit Scotland reports”.
- there are members of the Scottish Government at Cabinet level, and senior officials, whose comments suggest that they are largely unaware of the existence of the Accounts Commission and of our role and responsibilities, and believe that the scrutiny of Scottish local government is a matter for the Auditor General.
- MSPs and the news media have recently referred concerns about certain local authorities to the Auditor General, apparently not realising that he has no locus in relation to local authorities.

- **What are the objectives associated with an increase in profile, impact and ‘visibility’?**

The Accounts Commission seeks much better recognition of its role and responsibilities on the part of members of the Scottish Government; MSPs; community groups and the general public, and the organisations that represent them.

We want to build convincing evidence that local authorities are adopting the Commission’s recommendations in audit reports, overview reports, briefings etc and that these are having a demonstrable effect on the cost and quality of local services.

- **Was there any assessment of the capacity within Audit Scotland to carry out the work that has been described to the SPCA?**

There was. This happened in two ways – through regular briefings on the purpose and development of the Commission’s change programme and through the recruitment process.

The change programme was discussed

- Regularly at meetings of the Commission;
- At meetings of the Board of Audit Scotland on 7 May, 1 June and 28 September;
- At a meeting of Audit Scotland’s Executive Team on 29 March; and
- By Audit Scotland’s Remuneration and Human Resources Committee (RemCo) on 11 May.

On all of these occasions the programme was supported.

RemCo and the Audit Scotland Executive Team also discussed the planned recruitment process. The recruitment material was widely circulated internally and externally, and recruitment consultants were appointed in an effort to ensure that the Commission had the strongest possible pool of candidates from which to recruit. The interview panel consisted of me and two Commissioners.

The successful candidate was appointed as a member of Audit Scotland staff, based on job evaluation and standard terms and conditions. The incoming Controller of Audit is due to take up post in January 2023.

- **What are the duties of the Controller of Audit post and has this post been evaluated and assessed as a full-time role given the responsibilities attached to the role were formerly covered on a part-time basis?**

The duties as described to RemCo, and which were the basis for the job evaluation and recruitment campaign, are: -

The Controller of Audit has specific accountability and responsibility for;

- Acting as the lead professional for the reporting of the audit of local government in Scotland.
- Preparing and presenting reports covering the accounts of local authorities for the attention of the Accounts Commission for Scotland. This may include matters arising from the audit which should be considered by the local authority or brought to the attention of the public.
- Preparing and presenting reports covering the performance by councils of their best value and community planning duties.
- Preparing and presenting special reports in respect of specific issues arising from the audit, such as illegality or loss due to negligence or misconduct.

- Taking a lead role in Audit Scotland, in conjunction with other Audit Scotland Executive Directors where appropriate, for working with and supporting the Accounts Commission, keeping them informed of emerging issues.
- Working with senior colleagues in Audit Scotland to deliver a programme of audit work and associated reporting, and thus ensuring that the Accounts Commission’s work programme meets their expectations.

Working with senior colleagues in Audit Scotland to:

- Develop audit reporting as a centre of excellence in public sector audit, ensuring consistent and balanced judgements are taken based on audit work which complies with the highest professional standards.
- Drive quality in public audit in Scotland and sharing knowledge of excellence in this field with other UK and international audit agencies.
- Supporting the Commission in liaising with external stakeholders on the audit of local government, including Ministers, Parliament and councils.
- Building strategic relationships with key stakeholders and organisations so that matters arising from audits or specific issues can be dealt with a professional way.

The Controller of Audit will draw upon the resources of appointed auditors and various teams within Audit Scotland.

The reports, judgements and opinions contained within the reports are of the Controller of Audit. There is no statutory provision to allow the delegation of the Controller of Audit’s functions.

The post was externally job evaluated in April 2022. The methodology included external benchmarking.

- **Why was the post created and filled before the budget proposal had been agreed to by the Parliament?**

Section 98 of the Local Government (Scotland) Act 1973 sets out that “the [Accounts] Commission shall have power to incur such expenses as appear to them to be necessary or expedient for the proper discharge of their functions, and such expenses shall be met by Audit Scotland.

Audit Scotland, therefore, in accordance with these statutory provisions, agreed to meet the Commission’s need to put in place a dedicated Controller of Audit post to fulfil its strategic ambitions. The cost was met last year from contingencies. Audit Scotland now seeks this support as an important part of its developing capacity to fulfil its responsibilities in supporting the Commission.

- **Confirmation of whether you are aware if there is a record or minute of meetings held between the Accounts Commission’s Chair and the Minister.**

The introductory meeting with the Minister took place as set out above.

A formal record was made of the strategy awayday in March 2022, and this was approved by the Commission.

The Commission does not have a detailed minute of the 8 December meeting with the Minister. This was an informal conversation to allow an exchange of views. No decisions were taken. Individual's present may have made notes for their own use, but these are private and operational and are not circulated.

I hope this answers the SCPA's questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read "William Moyes". The signature is written in a cursive, flowing style with a prominent initial "W".

Dr William Moyes  
Chair of The Accounts Commission