

South Ayrshire Council

Report by Head of Finance and ICT  
to Audit and Governance Panel  
of 7 November 2018

**Subject: External Audit Reports – Progress to 30 September 2018**

**1. Purpose**

1.1 The purpose of this report is to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

**2.1.1 scrutinises the progress against the Council’s external audit improvement actions as presented in this report; and**





**2.1.2 identifies with officers if any further explanation, additional work or modification is required, to help expedite their delivery.**

**3. Background**

3.1 The last report on progress was presented to the Panel on 29 August 2018. This report covers progress against the outstanding actions from that update, together with the latest report issued from Deloitte: [Report to the Members of the Council and the Controller of Audit on the 2017-18 Audit.](#)

**4. Proposals**

4.1 Progress from 1 July 2018 to 30 September 2018 is summarised below:

Status of External Audit actions as at 30 September 2018	Completed since 1 Jul 	On target 	Not on target 	Not due to start 	Total
Best Value Audit Report 2016 - March 2016		1			1
Annual Report on 2016/17 Audit - Sept 2017		1			1
Annual Report on 2017/18 Audit - Sept 18	2	1		6	9
<b>Overall:</b>	<b>2</b>	<b>3</b>		<b>6</b>	<b>11</b>

4.2 During the reporting period, 2 actions were completed and 3 actions continue to progress ‘on target’. Six of the new actions from the Report on the 2017-18 Audit had not yet had the opportunity to be progressed before the end of September.

4.3 Full details of the progress relating to all these actions and updates are set out within [Appendix 1](#), mirroring the information available to Members through the Council's performance management system [Pentana](#).

## **5. Legal and Procurement Implications**

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

## **6. Financial Implications**

6.1 Not applicable.

## **7. Human Resources Implications**

7.1 Not applicable.

## **8. Risk**

### ***8.1 Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

### ***8.2 Risk Implications of Rejecting the Recommendations***

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

## **9. Equalities**

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

## **10. Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## **11. Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## **12. Link to Council Plan**

12.1 The matters referred to in this report contribute to delivery of the Council's strategic objective 'Effective Leadership that Promotes Fairness' and the commitment that 'Councillors will provide effective governance and leadership'.

### **13. Results of Consultation**

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Douglas Campbell, Portfolio Holder for Corporate, Strategic and Community Planning, and the contents of this report reflect any feedback provided.

**Background Papers** **Report to Audit and Governance Panel of 29 August 2018 - [External Audit Reports – Progress to 30 June 2018](#)**


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**Date: 30 October 2018**


## Appendix 1 – Detail of External Audit improvement actions - completed over the last reporting period and still to be completed.

**Notes:** The 'original due date' is the date that was agreed when the audit reports was originally issued. The 'current due date' reflects subsequent amendments, as detailed in the 'agreed revisions' column, which provides an audit trail of what the changes have been made.

### EA2016/00 Best Value Audit Report 2016 - March 2016







Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
BV3 Continue to further develop the performance management (including self-evaluation) and business planning cycles of the Council to ensure staff at all levels across the Council are engaged in the improvement of the quality of services.	31-Jan-2018	Best Value Working Group; Corporate Management Team	In line with proposal agreed by the <a href="#">Leadership Panel on 12 June 2018</a> , supporting directorate plans have been prepared and were agreed by <a href="#">Leadership Panel on 18 September 18</a> . The Panel agreed that a revised Performance Management Framework should be presented to it for approval on 27 November 2018 for approval, together with relevant performance measures for the People, Place and Governance and Corporate Support Plans.		80%	Leadership Panel on 18 Sep 2018 agreed that a revised Performance Management Framework should be presented to it for approval on 27 Nov 2018.	27-Nov-2018

### EA2017/01 Annual Report on 2016/17 Audit - Sept 2017




Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
<b>1.3 Recommendation:</b> Management should note the baseline position of the Council against the Strategic Audit Priorities, outlined on pages 32-33. As part of our ongoing work, External Audit will monitor the Council's performance over the course of our 5 year appointment. <b>Management Response:</b> Management has noted the position identified by the auditors and will work to deliver improvements against this position over the course of their appointment.	31-Mar-2021	Best Value Working Group	In terms of the Council's longer term approach to delivering Best Value, then the Best Value Working Group is scheduled to review the Council's current position against the Accounts Commission's Strategic Audit priorities. The intention is to identify next steps to ensure that the pace, depth and continuity of improvement delivered by the Council matches both its ambition and the resources available. Following this a new action plan will be presented to the Audit and Governance Panel on 23 January 2019.		25%		31-Mar-2021

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### EA2018/01 Annual Report on 2017/18 Audit - Sept 18

Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
<p><b>1.1 Long-term financial strategy:</b> We recommend that a longer term financial strategy (five to ten years) be developed. Taking a more long-term view would provide Members with a greater ability to take a 'future focused' approach to decision making.</p> <p><b>Management Response:</b> Consideration will be given to extending the current medium term view to a more longer term approach when the Financial Strategy is next updated in 2019.</p> <p><b>Priority:</b> Low</p>	31-Mar-2020	Tim Baulk			0%		31-Mar-2020
<p><b>1.2 Financial sustainability–savings targets:</b> We recommend that milestones/savings targets are built into future strategy documents/plans to ensure responsible persons are held to account.</p> <p><b>Management Response:</b> Savings targets will feature in the 2019/20 budget and in future Financial Strategies.</p> <p><b>Priority:</b> High</p>	31-Mar-2020	Tim Baulk			0%		31-Mar-2020
<p><b>1.3 Financial sustainability – transformation plan:</b> We recommend that future transformation plans apply the best practice six key requirements as set out on page 41.</p> <p><b>Management Response:</b> Consideration will be given to best practice approaches when developing future transformation plans.</p> <p><b>Priority:</b> Medium</p>	31-Mar-2019	Executive Leadership Team			0%		31-Mar-2019
<p><b>1.4 Financial management – budget setting:</b> We recommend that priority-based budgeting be considered/incorporated into annual budget setting processes.</p> <p><b>Management Response:</b> Priority-based budgeting will be considered as part of the 2019/20 budget process</p> <p><b>Priority:</b> Medium</p>	31-Mar-2019	Tim Baulk			0%		31-Mar-2019
<p><b>1.5 Governance – internal audit:</b> We recommend that the staffing of the internal audit team be embedded to ensure more timely production of audit reports in line with the internal audit plan.</p> <p><b>Management Response:</b> Action has already been taken to address this recommendation.</p> <p><b>Priority:</b> Medium</p>	31-Dec-2018	Eileen Howat	Action has been taken to address this recommendation.		100%		31-Dec-2018
<p><b>1.6 Governance – seminar/meeting attendance:</b> We recommend that consideration be given as to how to improve Councillor attendance and participation.</p> <p><b>Management Response:</b> Action has already taken place to address this recommendation.</p> <p><b>Priority:</b> Medium</p>	31-Mar-2019	Eileen Howat	Survey undertaken of Members to ascertain their views over the Briefing sessions. Feedback has been used to reshape the programme, which has now moved to be on a fortnightly basis, with Members views being sought on future proposed topics.		100%		31-Mar-2019

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Action	Original Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Current Due Date
<p><b>1.7 Governance – community involvement:</b> We recommend that SAC improve community involvement via increased community empowerment, community takeover and participatory budgeting.</p> <p><b>Management Response:</b> Discussions is already underway with consideration of options available to address this requirement. An engagement strategy is currently being developed.</p> <p><b>Priority:</b> Medium</p>	31-Mar-2019	Corporate Leadership Team	An engagement strategy is currently being developed to align with the current development of Place Planning.		15%		31-Mar-2019
<p><b>1.8 Value for money – improvement:</b> We recommend that SAC consider external peer reviews on services to ensure there is enough challenge/scrutiny to ensure improvement of services.</p> <p><b>Management Response:</b> Consideration will be given to the benefits of this recommendation.</p> <p><b>Priority:</b> Medium</p>	31-Mar-2019	Executive Leadership Team			0%		31-Mar-2019
<p><b>1.9 Charitable Trusts – accounts:</b> The connected charity provisions in place under The Charities Accounts (Scotland) Regulations 2006 allow charities with common trustees to combine their annual accounts and as a result reduce the number of separate annual accounts to be published. We recommend the Council reviews this guidance and considers the option of combining the three trusts into one set of annual accounts going forward.</p> <p><b>Management Response:</b> Consideration will be given to the merits of the suggested changes.</p> <p><b>Priority:</b> Low</p>	31-Mar-2019	Tim Baulk; Catriona Caves			0%		31-Mar-2019