

South Ayrshire Council
Report by Head of Finance and ICT
to Audit and Governance Panel
of 20 March 2019

Subject: External Audit Reports – Progress to 31 January 2019

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 7 November 2018. This report covers progress against the outstanding actions from that update.

4. Proposals

4.1 Progress from 1 October 2018 to 31 January 2019 is summarised below:

Status of External Audit actions as at 31 January 2019	Completed since 1 Oct	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	5	1		1	7
Overall:	6	2	0	1	9

4.2 During the reporting period, 6 actions were completed; 2 actions continue to progress ‘on target’; and 1 action is not due to be progressed until 2019-20.

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 None.

7. Human Resources Implications

7.1 None.

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, and the contents of this report reflect any feedback provided.

Background Papers **Report to Audit and Governance Panel of 7 November 2018 - [External Audit Reports – Progress to 30 September 2018](#)**


Person to Contact **Tim Baulk, Head of Finance and ICT**
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 612620
Email tim.baulk@south-ayrshire.gov.uk

Date: 7 March 2019


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	An updated Performance Management Framework was approved by the Leadership Panel on 27 November 2018, including Directorate Plan scorecard measures and a Strategic Plan refresh and reporting cycle.		100%	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
1.3 Recommendation: 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. Management Response: 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	The Best Value Working Group are scheduled to meet with Audit Scotland and Deloitte on 4 April 2019 to help inform the Council's next steps in relation to progressing Best Value. Following this a new action plan will be presented to the Audit and Governance Panel on 29 May 2019.		30%		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>1.1 Long-term financial strategy: 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>Management Response: 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>Priority: Low</p>	31-Mar-2020	Tim Bauk	A revised Financial Strategy will be provided to Council during 2019/20 where extending the medium term to longer term will feature.		0%		31-Mar-2020
<p>1.2 Financial sustainability–savings targets: We recommend that milestones/savings targets are built into future strategy documents/plans to ensure responsible persons are held to account.</p> <p>Management Response: Savings targets will feature in the 2019/20 budget and in future Financial Strategies.</p> <p>Priority: High</p>	31-Mar-2020	Tim Bauk	2019/20 budget approved by Council on 28th February 2019 which included savings targets linked to responsible Service Lead. This will ensure that an appropriate and responsible officer is held to account for achievement of the saving.		100%		31-Mar-2020
<p>1.3 Financial sustainability – transformation plan: We recommend that future transformation plans apply the best practice six key requirements as set out on page 41.</p> <p>Management Response: Consideration will be given to best practice approaches when developing future transformation plans.</p> <p>Priority: Medium</p>	31-Mar-2019	Executive Leadership Team	As future transformation plans are developed the best practice six key requirements will be incorporated in the process and feature where appropriate.		100%		31-Mar-2019
<p>1.4 Financial management – budget setting: We recommend that priority-based budgeting be considered/incorporated into annual budget setting processes.</p> <p>Management Response: Priority-based budgeting will be considered as part of the 2019/20 budget process</p> <p>Priority: Medium</p>	31-Mar-2019	Tim Bauk	The 2019/20 budget was approved by Council on 28th February 2019. The budget process included an engagement approach whereby the public's views were sought on key priorities for the council. The feedback from this process together with the Councils six key priorities as contained in the Council plan informed the basis of Members decision making in setting the budget.		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>1.7 Governance – community involvement: We recommend that SAC improve community involvement via increased community empowerment, community takeover and participatory budgeting.</p> <p>Management Response: Discussions is already underway with consideration of options available to address this requirement. An engagement strategy is currently being developed.</p> <p>Priority: Medium</p>	31-Mar-2019	Corporate Leadership Team	Options are being developed as part of the Council's longer term approach to these aspects as part of the current 'Thematic Review' which will see a number of strategies going to Panels over the next few months.		33%		31-Mar-2019
<p>1.8 Value for money – improvement: We recommend that SAC consider external peer reviews on services to ensure there is enough challenge/scrutiny to ensure improvement of services.</p> <p>Management Response: Consideration will be given to the benefits of this recommendation.</p> <p>Priority: Medium</p>	31-Mar-2019	Executive Leadership Team	Service Reviews within South Ayrshire are currently undertaken by Service Leads and going forward it is considered appropriate to include an element of external review/scrutiny and the sharing of best practice within the revised Service Review process.		100%		31-Mar-2019
<p>1.9 Charitable Trusts – accounts: 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>Management Response: Consideration will be given to the merits of the suggested changes.</p> <p>Priority: Low</p>	31-Mar-2019	Tim Baulk; Catriona Caves	Consideration has been given and a decision arrived at that there is as much work involved in combining accounts into one set as in simply producing 3 separate sets, so we will continue to produce 3 sets.		100%		31-Mar-2019