
NORTH AYRSHIRE COUNCIL

29 May 2018

Audit and Scrutiny Committee

Title: **External Audit Action Plans: Quarter 4 update**

Purpose: To update the Committee on progress made in implementing the agreed action plans arising from the external audit of the Council's 2015/16 and 2016/17 accounts.

Recommendation: That the Committee notes the progress made in completing the action plans.

1. Executive Summary

- 1.1 Each year, on completion of the audit of the Council's annual accounts, a report is prepared by the External Auditor on their findings. This includes an action plan for the Council.
- 1.2 Internal Audit has responsibility for monitoring progress against these actions. This report provides the Audit and Scrutiny Committee with an update on the progress at 31 March 2018.

2. Background

- 2.1 The 2015/16 'Review of Main Financial Systems' action plan contained 5 actions. The last update provided to the Committee in November 2017 indicated that 4 were complete at that time and the other one was partially complete. This action is now complete.
- 2.2 The action plan relating to the 2016/17 annual accounts was reported to the Audit and Scrutiny Committee on 19 September 2017 and contains four actions. Two of these actions are now complete and two are partially complete.
- 2.3 Appendix 1 to this report shows the latest updates in relation to each of these actions.

3. Proposals

3.1 It is proposed that the Committee notes the progress made in completing the action plans.

4. Implications

Financial:	None.
Human Resources:	None.
Legal:	None.
Equality:	None.
Children and Young People:	None.
Environmental & Sustainability:	None.
Key Priorities:	The work of External Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2015-2020.
Community Benefits:	None.

5. Consultation

5.1 No consultations have been required in the preparation of this report.



Laura Friel
Executive Director (Finance and Corporate Support)

For further information please contact **Paul Doak, Senior Manager (Internal Audit, Risk and Fraud)** on **01294-324561**.

Background Papers

N/A

External Audit Action Plan Report – update at 31st March 2018

Parent Action								
Code	Description	Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2016KC	Key Controls Action Plan 2015-16			<div><div>100%</div></div>				
Sub Actions								
Code	Description	Latest Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2016KC05	It is council policy for reliefs to be reviewed at intervals not exceeding every five years to confirm that the eligibility criteria are still being met by the claimant. Sample testing of a variety of discounts and reliefs highlighted a small number which had breached the five year review (i.e. some sports clubs, nursing homes, charities). Our enquiries established that these have all been scheduled for review during 2016/17. We note that Small Business Bonus Reliefs, which we reported last year had not been reviewed for over five years, were reviewed as planned during 2015/16. Risk: Non domestic rates relief may be granted to claimants who are no longer eligible.	2017/18- Quarter Four Update: The reviews of non-domestic reliefs are now complete.		<div><div>100%</div></div>	31-Jan-2017	31-Jan-2017	Laura Friel	Stephen Humphries

Parent Action								
Code	Description	Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA2017	External Audit Action Plan 2016-17			<div><div>81%</div></div>	31-Dec	31-Dec		
Sub Actions								
Code	Description	Latest Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA201701	From our property specialists review of the valuations performed in the year, a number of recommendations have been made in relation to the valuation process. These should be taken forward as part of the 2017/18 revaluation exercise.	2017/18- Quarter Four Update: A revaluation exercise has been carried out taking full cognisance of the Deloitte report. This has included the procurement of external specialist support in order to fully address the issues highlighted. Property Management and Investment have worked closely with Finance to plan and implement the improvements and undertake an extensive exercise to provide updated information within the required timescale.	1	<div><div>100%</div></div>	31-Mar-2018	31-Mar-2018	Craig Hatton	Yvonne Baulk
EA201702	We note that there has been very little movement in these trusts over the last 12 months, with the movements largely relating to interest from investments held. We would encourage the Council to ensure that appropriate plans are in place to ensure these funds are used in accordance with the donors' wishes.	2017/18- Quarter Four Update: Applications have been received and payments have been made from the Dalry, Kilwinning and Kilbirnie and Glengarnock trust funds. There has been no movement on the Irvine, Beith and Gateside and Largs funds. The Communications team and Locality staff continue to work to promote and encourage applications.	2	<div><div>50%</div></div>	31-Mar-2018	31-Mar-2018	Karen Yeomans	Audrey Sutton

Appendix 1

Code	Description	Latest Note	Priority	Progress	Due Date	Original Due Date	Managed By	Assigned To
EA201703	Due to increasing demand for services and the continuing restraint in relation to Council funding settlements, the Council will have to consider how it can transform service delivery through its T2 Programme in order to minimise the impact on citizen with reducing budgets.	2017/18- Quarter Four Update: The Long Term Financial Outlook was approved by Council in October 2017. This outlined the potential scale of the financial challenge over the next 10 years and the approach to address this. The refresh of the Council Plan, which will outline the future vision and associated further transformation, is underway. Services continue to drive forward change and transformation with regular reporting to the ELT.	1	<div><div style="width: 75%;">75%</div></div>	31-Mar-2018	31-Mar-2018	Elma Murray	Laura Friel
EA201704	The IJB, working closely with both North Ayrshire Council and NHS Ayrshire and Arran, need to agree mitigating actions to ensure that budgets are delivered in line with the resources available.	2017/18- Quarter Four Update: A number of additional actions have been progressed to support the Partnership deliver services within its financial envelope; establishment of a dedicated Chief Finance and Transformation Officer and development of a robust financial framework to support financial accountability within the Partnership and by all Budget Holders. The Council supported an additional investment of £3.5m for 2018/19 to support the Partnership address demographic and other cost pressures.	1	<div><div style="width: 100%;">100%</div></div>	31-Mar-2018	31-Mar-2018	Stephen Brown	Stephen Brown