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# NORTH AYRSHIRE COUNCIL

30 May 2024

## Audit and Scrutiny Committee

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**Title:** 2022/23 External Audit Action Plan Update

**Purpose:** To invite Committee to note the updated actions identified in the 2022/23 External Audit Action Plan.

**Recommendation:** That Committee notes the updates to the agreed Action Plans as outlined in Appendix 1.

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### 1. Executive Summary

- 1.1 Audit Scotland's Annual Audit Report and Report on the Best Value Thematic Work for 2022/23 were presented to Audit & Scrutiny Committee on 14 November 2023.
- 1.2 Audit Scotland's reports included action plans in relation to the recommendations for improvement identified during the course of the audit and full details of the proposed management actions were appended to the reports.
- 1.3 Appendix 1 provides an update on the management actions taken to date and provides updated target dates for any outstanding items.

### 2. Background

- 2.1 The 2022/23 audit of the Council's accounts was conducted by Audit Scotland and their reports on the Annual Audit and Best Value thematic work were presented to Audit & Scrutiny Committee on 14 November 2023.
- 2.2 The recommended actions identified in the reports related to a range of issues, including:
  - Review of Group accounting processes;
  - Formal engagement of Heritage Asset valuer;
  - Review of capital programme forecasting arrangements;
  - Updating of Council Tax system reconciliation format;
  - Review of publishing arrangement to comply with the 2021 Statutory Performance Information Direction; and
  - Review and promotion of dormant Charitable Trusts.

2.3 A review of the proposed management actions has now been undertaken and details of the completed actions and their completion dates have been detailed in Appendix 1. Where any actions have not yet been completed, the appendix provides an update on the proposed management action and the target date for completion.

2.4 In summary, the updates note:

- 2022/23 Annual Audit Report - All actions completed;
- Best Value Thematic Report - Actions well advanced with the launch of the Council's newly designed website scheduled for September 2024. In addition, the Performance Dashboard is being refreshed with a target date of 31 August 2024; and
- Charitable Trusts - Action is being addressed as part of a long term strategy to ensure that the coordination of funding support across Council services is clear and consistent.

### **3. Proposals**

3.1 It is proposed that Committee notes the updates to the agreed Action Plans as outlined in Appendix 1.

### **4. Implications/Socio-economic Duty**

#### **Financial**

4.1 None.

#### **Human Resources**

4.2 None.

#### **Legal**

4.3 None.

#### **Equality/Socio-economic**

4.4 None.

#### **Environmental and Sustainability**

4.5 None.

#### **Key Priorities**

4.6 This report directly supports the Council Plan 2023 to 2028 by maximising financial flexibility to support the delivery of our priorities.

## **Community Wealth Building**

4.7 None.

### **5. Consultation**

5.1 Responsible Officers identified within the Audit and Best Value reports have been consulted as part of the review.

**Mark Boyd**  
**Head of Service (Finance)**

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551**.

### **Background Papers**

External Audit Reports on the 2022/23 Audit and Best Value Thematic Work – Audit & Scrutiny Committee, 14 November 2023

## 2022/23 Annual Audit Report

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
<p><b>1 Group Accounting</b></p> <p>We identified a number of issues in our testing of group consolidation adjustments.</p> <p><b>Risk</b> – If the group accounting process is not improved, future accounts could be mis-stated.</p>	<p>The Council should review its group accounting process to ensure the completeness and accuracy of consolidation adjustments</p>	<p>A full review of group accounting procedures in line with Code requirements will be carried out ahead of the close of financial year 2023-24.</p> <p><b>David Forbes, Senior Manager - Finance and Revenues</b></p> <p><b>31 March 2024</b></p>	<p>All accounting guidance in relation to Group Accounting has been reviewed, internal procedures have been updated accordingly and the group boundary has been reviewed to ensure correct treatment of all group entities</p>	<p>Completed 31 March 2024</p>
<p><b>2 Heritage Asset Valuation</b></p> <p>The Council engaged an external valuer to value its heritage assets. No formal letter of engagement was issued setting out the scope and objectives of the valuer's work.</p> <p><b>Risk</b> – The scope and objectives of the valuation exercise could be misunderstood, resulting in asset values being mis-stated.</p>	<p>The Council should obtain a formal engagement letter from the Heritage Assets valuer.</p>	<p>A formal process for the identification of items to be valued and scope of work to be undertaken will be agreed with the valuation contractors.</p> <p><b>Lesley Forsyth, Senior Manager – Information &amp; Culture</b></p> <p><b>31 March 2024</b></p>	<p>With support from the Corporate Procurement team, a formal Letter of Engagement has been issued to the valuation experts, Lyon and Turnbull.</p> <p>The service will continue to work with them to ensure that North Ayrshire Museum's collection and the Council's Heritage Assets are properly assessed and we have accurate, up to date valuation data.</p>	<p>Letter of Engagement issued 15 April 2024</p>

Appendix 1

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
<p><b>3 Forecasting of capital projects</b></p> <p>Reprofiling for the General Fund included £11.0 million for Ardrossan Campus, £24.1 million for Ardrossan North Shore and 315.2 million relating to a corporate phasing adjustment reflecting the degree of uncertainty in the total expenditure projections. Reprofiling for the HRA mainly related to New Builds of £42.5 million.</p> <p><b>Risk –</b> the council is unable to accurately forecast capital expenditure.</p>	<p>The capital programmes should be reviewed to reflect the apparent optimism bias that existed in 2022/23.</p>	<p>The Head of Finance will continue to address the optimism bias issue through the CPAG group. Specifically, as part of the Budget setting process for 2024/25, a further corporate adjustment will be made to expenditure forecasts, and this will be evidence based from historic patterns of expenditure and a recognition of organisational capacity.</p> <p><b>Mark Boyd, Head of Finance</b></p> <p><b>31 March 2024</b></p>	<p>During the development of the Capital Investment Programme 2024/25 to 2033/34, the phasing of expenditure was reviewed to reflect historic expenditure patterns and organisational capacity. This resulted in the rephasing of approximately 19% of the planned expenditure in both 2024/25 and 2025/26 for delivery in later years, without impacting on the overall value of investment within the programme. The actual levels of expenditure will be continually monitored and reported to Cabinet throughout the life of the programme.</p>	<p>Capital Investment Programme 2024/25 to 2033/24 approved by Council 28 February 2024.</p>
<p><b>4 Council tax property reconciliation</b></p> <p>The reconciliation between the council's records and assessor's data does not identify where the data originates from, what it had been reconciled to, or who had performed the reconciliation and when.</p> <p><b>Risk –</b> Reconciliations may be incorrectly completed leading to variances between council and assessor records not being identified.</p>	<p>The format of the reconciliation between the Council's records and assessor's data could be improved by clearly stating where the data in the reconciliation originates from, what it has been agreed to, the name of the officer performing the reconciliation and the date agreed.</p>	<p>The format of the year end reconciliation between the AVJB's council tax register and the Council Tax system will be reviewed and updated.</p> <p><b>David Forbes, Senior Manager - Finance and Revenues</b></p> <p><b>31 March 2024</b></p>	<p>A full review of all reconciliations has been undertaken to ensure consistency of content and format with clear links to all original source data.</p>	<p>Completed 31 March 2024</p>

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
<p><b>5 The Statutory Performance Indicator (SPI) Direction</b></p> <p>Our assessment has concluded that the Council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the new SPI Direction.</p> <p>Risk – the council may not comply with the new requirement to report its own assessment of audit, scrutiny and inspection body assessments and how it has responded to these assessments.</p>	<p>The Council needs to publish its response to Best Value reports and audit and inspection reports to fully comply with the requirements of the 2021 Statutory Performance Information (SPI) Direction.</p>	<p>Inspections, audits, awards and accreditations will be included in our six monthly Council Plan Progress Reports which are published on the Council's website.</p> <p><b>Isla Hardy, Team Manager - Corporate Policy and Performance</b></p> <p><b>31 January 2024</b></p>	<p>Inspections, audits, awards and accreditations are now included in our six monthly Council Plan Progress Reports with the initial report for the new Council Plan (Mid-Year 2023-24) approved by Cabinet in January. These reports are published on our website. By including a summary within the report, rather than a list, it provides valuable context around the audit or inspection, the ability to cross reference with Council Plan progress and note key next steps. It also gives the Executive Leadership Team, Cabinet and the Audit and Scrutiny Committee an opportunity to view the audits and inspections holistically.</p>	<p>31 January 2024</p>

## BV Thematic Report

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
<p><b>1 Vision</b></p> <p>The council has acknowledged that its website would benefit from improvement and it is currently being reviewed with a view to being replaced by Autumn 2024.</p>	<p>The Council should prioritise concluding its website review with a view to improving it as soon as possible. This will bring many benefits, including raising more awareness of its vision and priorities.</p>	<p>The website redesign project is currently progressing at pace and the aim is to have a Beta version live by Summer 2024 and the full version live by Autumn 2024. To improve the visibility of the Council Plan and Priorities the home page will be revised to include reference to our Council Plan 2023-28.</p> <p><b>Fiona Walker, Head of People and ICT</b></p> <p><b>Summer/Autumn 2024</b></p> <p><b>Aileen Craig, Head of Democratic Services</b></p> <p><b>December 2023</b></p>	<p>The website home page has been updated to include a link to the Council plan within the Council and Local Democracy section. This will remain as a featured link on the homepage of the newly designed website.</p>	<p>The newly designed website will have its Beta launch in July 2024, going fully live in September 2024.</p>

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
<p><b>2 Performance</b></p> <p>The Council has acknowledged that the content of its performance pages needs to be refreshed and, in particular, its Performance Dashboard needs to be update. The Council also recognises the need to improve its website as a whole and is working towards launching a new website in Autumn 2024. In addition, it plans to report the results of, and its response to, audit and inspection work in its Council Plan progress report updates going forward.</p>	<p>The Council should ensure that all the performance information published on its website is up-to-date, performance reports are as timely as possible and audit and inspection information is easily accessible and includes how the Council is responding to recommendations.</p>	<p>Website will be reviewed to remove or replace out of date information. Audits and inspections will be included in six monthly Council Plan Progress Reports published on the site.</p> <p><b>Isla Hardy, Team Manager - Corporate Policy and Performance</b></p> <p><b>31 January 2024</b></p>	<p>The website has been reviewed to remove out of date information. This mostly related to historical pages from a previous Council structure. The remaining pages will be able to be more effectively managed. A process is in place to ensure our reports are accessible under the website regulations and able to be uploaded once approved by Cabinet following the call-in period.</p> <p>Audits and inspections are included in the six monthly Council Plan Progress Reports.</p> <p>The Performance Dashboard is currently offline as employees require further training in Power BI to support this sustainably. The information was previously updated annually. All information is available through the six-monthly Council Plan Progress Reports. We will aim to have the dashboard refreshed over the summer once Year End reporting has been presented to Cabinet.</p>	<p>Completed 30 April 2024</p> <p>Completed 31 January 2024</p> <p>Target Date 31 August 2024</p>



Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
<p><b>3 Citizen and community engagement</b></p> <p>The Council has published locality impact reports for five of its six localities. However, a number of links to locality planning information are not yet available.</p>	<p>The Council should update all locality planning information and corresponding links as soon as possible.</p>	<p>The CPP website will be reviewed to ensure all locality planning information and links are up to date. The Community Planning Partnership website will be refreshed with new Locality Partnership pages.</p> <p><b>Jacqueline Greenlees, Senior Manager – Community Planning</b></p> <p><b>31 December 2023</b></p>	<p>The CPP website has now been reviewed and refreshed, with new Locality pages produced which include up to date information. Any out of date reports or links have been removed by the site developer. New annual Locality Action Plans were co-produced with the Partnerships in 2023 and are live on the website. These are due to be refreshed again early in the summer.</p>	<p>The new CPP website went live in Feb 2024 and was launched at the annual North Ayrshire Community and Locality Planning Conference in Irvine.</p>
<p><b>4 Tackling climate change</b></p> <p>The Council's website does not currently have a dedicated climate change webpage. The council plans to improve its website as a whole and is exploring the inclusion of more information on carbon emissions and climate change as part of a Sustainability Awareness Communications Plan.</p>	<p>The Council should consider including more information on its website about what it is doing to address climate change and the progress it is making.</p>	<p>The Council's website will be updated to include more information on what we are doing to address Climate Change and progress we are making, including publication of a dedicated public facing Climate Change webpage.</p> <p>Options for a social media page dedicated to climate change will be investigated.</p> <p><b>Jennifer Wraith, Team Manager - Sustainability</b></p> <p><b>31 January 2024</b></p>	<p>The Sustainability Team held a workshop to identify the themes and contents for the dedicated Climate Change webpage. The proposed themes following the workstreams with the new Sustainable North Ayrshire strategy.</p> <p>The contents focus on what the Council is currently doing to tackle climate change across these themes, and where to find more information of how members of the public can take action.</p> <p>Final amendments are being made prior to submission by mid-May</p>	<p>Target Date 17 May 2024</p>

## Charities

Issue / Risk	Recommendation	Agreed management action	Actions Completed	Completion Date
<p><b>CH1 Dormant trusts</b></p> <p>Six charitable Trusts have been dormant for 3 years or more. There is no clear plan on how to bring the Trusts back into use. This indicates that the Trusts are not meeting the requirement of public benefit.</p>	<p>The Council should ensure that all Trusts have adequate governance documentation enabling grants to be issued. The Trusts should also be suitably advertised.</p>	<p>All Trust governance documents will be reviewed to ensure that they are adequate to support the distribution of grants to support communities. A strategy for the promotion of all available community funding will be developed to support communities and individuals identify and access available funding options, including currently dormant charitable trusts.</p> <p><b>Rhonda Leith, Head of Connect Communities</b></p> <p><b>31 March 2024</b></p>	<p>Connected Communities have been working closely with Finance and Communications colleagues to promote the various funding sources, trusts and bequests available to the council and ensure that as many of our staff teams, partners and communities are aware of the available financial supports. This is a long term piece of work and part of a strategic aim to ensure coordination of funding support across council services is clear and consistent.</p> <p>In terms of the specific trusts in question, the service is working with colleagues within Legal Services to identify relevant governance documents and ensure that proposed disbursements meet the Trust requirements.</p>	<p>Target Date 31 March 2025</p>