

**Audit & Standards Committee****20 February 2014****Committee Work programme Update****Report : IP-01-14-F****Performance & Improvement Adviser****Corporate Services****1 Summary**

- 1.1 This report is a standing item on the Audit & Standards Committee agenda. It provides Members with an update on items from previous meetings, items raised by Members and any forthcoming or overdue "Work Programme" items.

2 Decision Required

- 2.1 The Audit and Standards Committee should consider the contents of this report and highlight any issues that they feel should be monitored or further addressed through this Committee, other Committees or Council management.

3 Previous Items**Statutory Performance Indicator - Public Access**

- 3.1 The 7 November 2013 meeting of the Audit & Standards Committee considered the Council's ranking of 22nd in relation to public access to public buildings (Min. Ref.:30/13). It was noted that ferry terminal waiting rooms were a significant influence on the indicator. The Committee enquired whether there were any plans to improve access to the waiting rooms. It has been confirmed that there are no current plans to improve access.

Statutory Performance Indicator – Home Care/Home Helps

- 3.2 The 7 November 2013 meeting of the Audit & Standards Committee also considered the Council's "bottom of the table" ranking in respect to the "Percentage of homecare clients receiving personal care" (Min. Ref.:30/13). It has been confirmed that this is due to the high number of clients in Shetland who receive **domestic** care.

Mareel

- 3.3 The 7 March 2013 meeting of the Audit & Standards Committee requested a “full and comprehensive report on Mareel” (Min Ref 5/13).
- 3.4 The requested report is presented to this meeting..

Committee Refresher Training

- 3.5 The 9 May 2013 meeting of the Audit & Standards Committee agreed that “Audit and Standards Committee Refresher Training would be arranged for Members on the Committee during early June 2013” (Min Ref 07/13).
- 3.6 The 23 September meeting of the Audit & Standards Committee agreed that the responses to the on-line survey, based on Audit Scotland’s “Questions for Councillors” would be used to target November’s training for Committee Members (Min. Ref.: 20/13).
- 3.7 The 7 November 2013 meeting noted that only one Audit & Standards Committee Member had completed the survey (Min. Ref.:28/13). One additional member of the Committee has completed the survey to date (5 February 2014). Given the level of interest, it is appropriate to revisit the original decision to organise training around this survey.

Community Care Staffing Levels

- 3.8 The 27 June 2013 meeting of the Audit & Standards Committee requested ” that more detail is provided on the number of full time equivalent posts created, when they were created and the number of individuals hired to make up the FTE hours, since delegated authority was given in July 2009” (Min Ref 17/13).
- 3.9 Appendix A shows the full detail of locations/areas where and when Social Care Workers and Senior Social Care Workers were employed, going back to 2001. The numbers/graphs show staff providing personal care, they do not include any other staff (Domestic, Administrative support staff, Managers, Cooks etc.)
- 3.10 Appendix A – Graph 1 shows the total across the whole service. The increase in April 2005 is when the Welfare Trust staff and care homes were transferred to the Council.
- 3.11 Graph 2 shows “Care at Home” totals. These staff were grouped together, but worked in locations throughout Shetland. In September 2009 the staff were “transferred” to the Care Homes they used as bases. It should be noted there are corresponding “steps” in the October 2009 levels in locations used as “bases” (Graph 4 – Viewforth, Graph 14 – Edward Thomason etc).
- 3.12 Graph 11 – Leog, and Graph 12 – Laburnum show a typical staffing pattern where staffing levels are dictated by customer need. E.g. some short break customers require more than one-to-one support.
- 3.13 It can be seen from the graphs that the historical demand for Social Care staff in various areas and locations (Mental Health, Care at Home,

Residential Care, Children's Services etc.) is complex and has to respond to customer need. It should be noted that, as of December 2013, Care Worker levels have reduced to approximately the same level as July 2009.

4 Future Items

- 4.1 The 13 December 2012 meeting of the Council approved the process of inviting Chairs and Vice Chairs from the relevant Council Committees to attend Audit & Standards Committee meetings and discuss their Committee's work ([Min Ref 26/12](#)).
- 4.2 It may be appropriate to re-examine this arrangement as part of the forthcoming review of Governance arrangements.

5 Implications

Strategic

- 5.1 Delivery On Corporate Priorities – This report is in line with Section 4 of the Council's 2012/13 Improvement Plan, "We ensure the Council exhibits good governance and maintains strong internal accountability".
- 5.2 Community /Stakeholder Issues – NONE
- 5.3 Policy And/Or Delegated Authority – As outlined in Section 2.6 of the Council's Scheme of Administration and Delegations, the remit of the Audit and Standards Committee includes promoting good internal control, financial management, risk, governance and performance management.
- 5.4 Risk Management – Failure to undertake a robust approach to Audit & Standards may risk the Council not following its own improvement plan.
- 5.5 Equalities, Health and Human Rights – NONE.
- 5.6 Environmental – NONE.

Resources

- 5.7 Financial – No direct implications.
- 5.8 Legal and Administration– No direct implications
- 5.9 Human Resources – No direct implications.
- 5.10 Assets And Property – No direct implications.

6 Conclusions

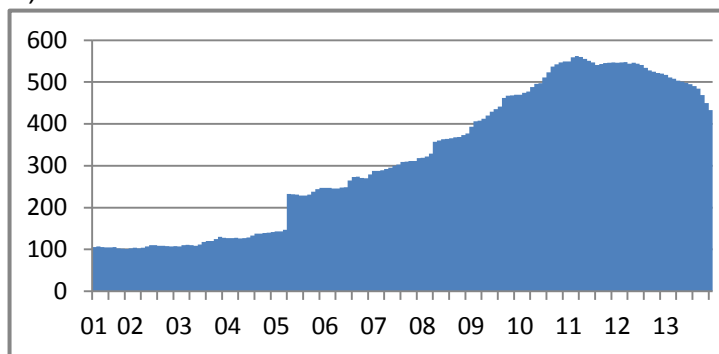
- 6.1 This report gives the Members of the Audit & Standards Committee an update on outstanding items and an opportunity to suggest items for the 2013/14 “Work Programme”.
-

For further information please contact:

Jim MacLeod – Performance & Improvement Adviser
01595 744672
james.macleod@shetland.gov.uk

05 February 2014

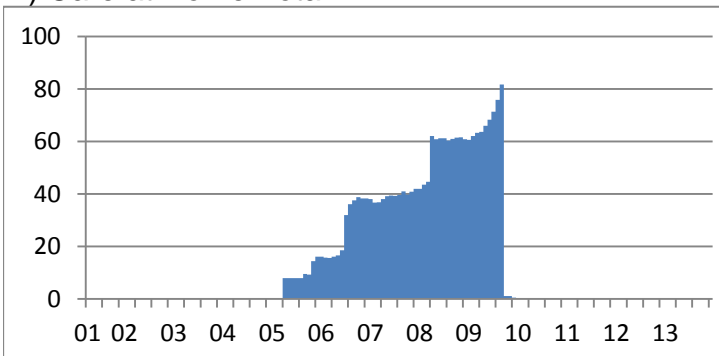
1) Total FTEs all Locations



The step change in 2005 is the transfer of Welfare Trust staff

	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		103	107	127	143	247	288	319	393	470	549	546	517
Feb		104	110	127	143	247	288	322	406	474	559	547	511
Mar		103	111	128	147	246	289	329	408	477	562	548	508
Apr	106	104	110	126	233	246	292	357	412	488	560	544	503
May	107	107	109	127	232	248	295	360	420	496	555	546	501
Jun	106	110	112	129	231	249	300	363	429	497	551	544	498
Jul	105	110	118	133	229	265	303	364	435	511	547	541	495
Aug	105	109	120	138	229	273	309	366	441	523	541	534	490
Sep	106	109	120	138	231	274	310	368	462	537	543	528	484
Oct	103	108	125	139	238	271	311	369	467	542	545	525	469
Nov	102	107	130	140	244	270	311	373	468	547	546	522	450
Dec	101	108	128	142	247	279	318	377	470	549	547	520	433

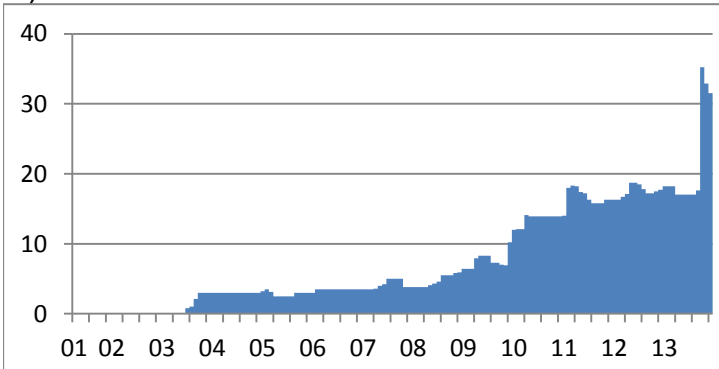
2) Care at Home Total



In October 2009 Care at Home Total was split between units, hence the reason for the spikes in other locations at the same time.

	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	16.1	38.1	42	60.6	0.1	0	0	0
Feb		0	0	0	0	15.8	36.7	43.5	62	0	0	0	0
Mar		0	0	0	0.2	15.6	36.8	44.6	63.3	0	0	0	0
Apr	0	0	0	0	7.9	16.1	38	62	63.6	0	0	0	0
May	0	0	0	0	7.9	16.6	39.1	60.8	66	0	0	0	0
Jun	0	0	0	0	7.9	18.5	39.4	61.2	68.3	0	0	0	0
Jul	0	0	0	0	7.9	32	39.3	61.2	71.3	0	0	0	0
Aug	0	0	0	0	7.9	36.1	39.6	60.4	75.8	0	0	0	0
Sep	0	0	0	0	9.5	37.5	41	61	81.7	0	0	0	0
Oct	0	0	0	0	9.3	38.8	39.8	61.4	1.1	0	0	0	0
Nov	0	0	0	0	14.4	38.3	40.9	61.6	1.1	0	0	0	0
Dec	0	0	0	0	16.1	38.3	42	60.8	0.5	0	0	0	0

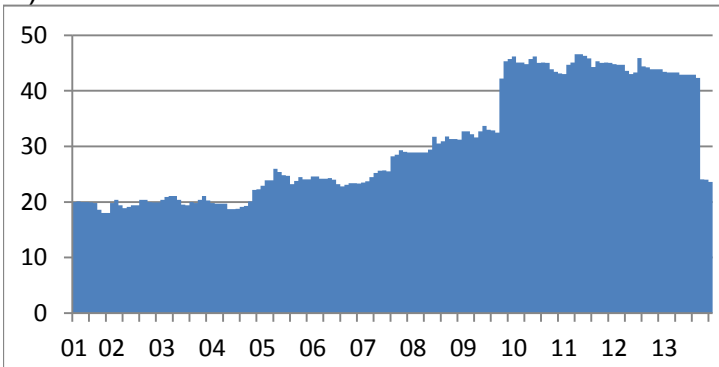
3) Annsbrae House



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	3	3.2	3	3.5	3.8	6.4	12	14	16.3	18.2
Feb		0	0	3	3.5	3.5	3.5	3.8	6.4	12.1	18	16.3	18.2
Mar		0	0	3	3.1	3.5	3.5	3.8	6.4	12.1	18.3	16.7	18.2
Apr	0	0	0	3	2.5	3.5	3.6	3.8	7.9	14.1	18.2	17.1	17
May	0	0	0	3	2.5	3.5	4	4.1	8.3	13.9	17.4	18.7	17
Jun	0	0	0	3	2.5	3.5	4.2	4.3	8.3	13.9	17.2	18.7	17
Jul	0	0	0.8	3	2.5	3.5	5	4.6	8.3	13.9	16.3	18.5	17
Aug	0	0	1	3	2.5	3.5	5	5.5	7.3	13.9	15.8	17.8	17
Sep	0	0	2.1	3	3	3.5	5	5.5	7.3	13.9	15.8	17.2	17.6
Oct	0	0	3	3	3	3.5	5	5.5	7	13.9	15.8	17.2	35.2
Nov	0	0	3	3	3	3.5	3.8	5.8	6.9	13.9	16.3	17.5	32.9
Dec	0	0	3	3	3	3.5	3.8	5.9	10.2	13.9	16.3	17.7	31.5

Figures show an increase in Oct 2013, staff moved from Viewforth to Annsbrae House.

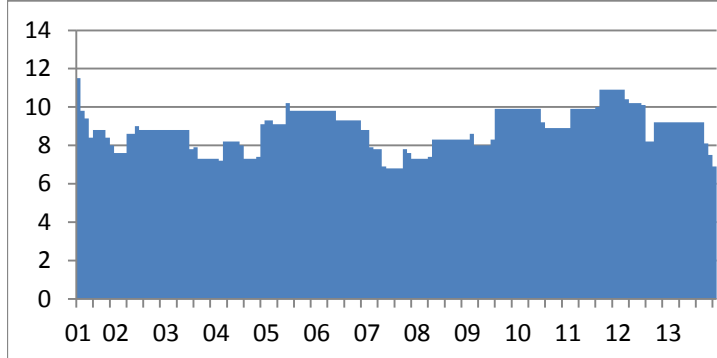
4) Viewforth House



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		19.8	20.4	19.8	22.9	24.6	23.5	28.9	32.7	46.2	43	44.8	43.4
Feb		20.4	20.9	19.7	23.9	24.6	23.7	28.9	32.7	45.1	44.7	44.7	43.3
Mar		19.4	21.1	19.7	23.9	24.2	24.5	28.9	32.2	45.1	45.1	44.7	43.3
Apr	20	18.9	21.1	19.7	26	24.2	25.2	28.9	31.6	44.8	46.6	43.6	43.3
May	20.1	19.1	20.4	18.7	25.4	24.3	25.6	29.4	32.7	45.7	46.6	43	42.9
Jun	20	19.4	19.5	18.7	24.8	24	25.7	31.7	33.7	46.2	46.3	43.3	42.9
Jul	20	19.4	19.4	18.8	24.7	23.2	25.5	30.5	33	45	45.8	45.9	42.9
Aug	19.9	20.4	20	19.1	23.2	22.8	28.2	30.9	32.9	45.1	44.3	44.4	42.9
Sep	19.8	20.4	19.8	19.3	23.8	23.1	28.5	31.8	32.5	45	45.3	44.2	42.3
Oct	18.6	20	20.4	20.1	24.5	23.4	29.3	31.3	42.2	43.9	45	43.9	24.1
Nov	18	19.9	21.1	22.2	24.1	23.4	29	31.3	45.3	43.4	45.1	43.9	24
Dec	18	19.9	20.3	22.3	24.1	23.3	28.9	31.2	45.7	43.1	45	43.9	23.6

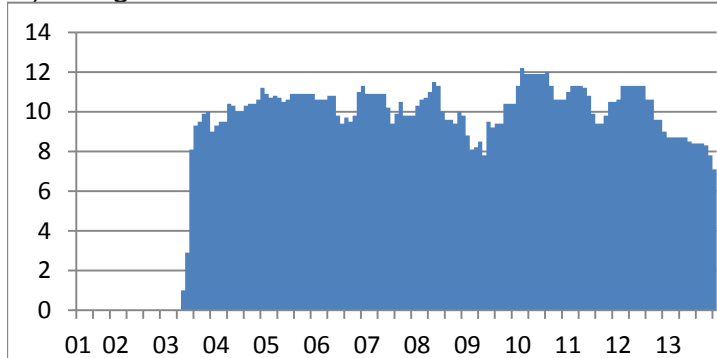
Figures show an decrease in Oct 2013, budget moved from Viewforth to Annsbrae House.

5) 7 Stocketgaet



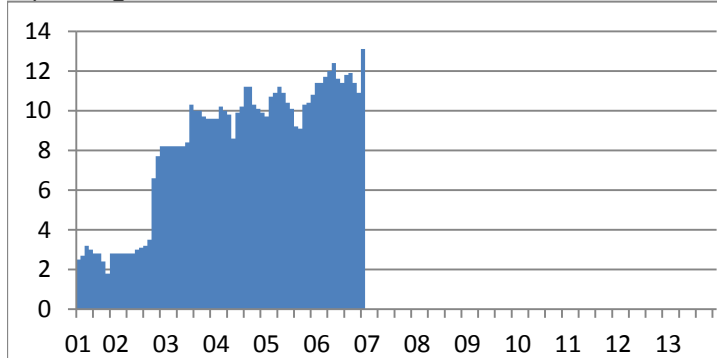
	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		7.6	8.8	7.3	9.3	9.8	8.8	7.3	8.3	9.9	8.9	10.9	9.2
Feb		7.6	8.8	7.2	9.3	9.8	7.9	7.3	8.6	9.9	9.9	10.9	9.2
Mar		7.6	8.8	8.2	9.1	9.8	7.8	7.3	8	9.9	9.9	10.4	9.2
Apr	11.5	8.6	8.8	8.2	9.1	9.8	7.8	7.4	8	9.9	9.9	10.2	9.2
May	9.8	8.6	8.8	8.2	9.1	9.8	6.9	8.3	8	9.9	9.9	10.2	9.2
Jun	9.4	9	8.8	8.2	10.2	9.3	6.8	8.3	8	9.9	9.9	10.2	9.2
Jul	8.4	8.8	7.8	8	9.8	9.3	6.8	8.3	8.3	9.2	9.9	10.1	9.2
Aug	8.8	8.8	7.9	7.3	9.8	9.3	6.8	8.3	9.9	8.9	10	8.2	9.2
Sep	8.8	8.8	7.3	7.3	9.8	9.3	6.8	8.3	9.9	8.9	10.9	8.2	9.2
Oct	8.8	8.8	7.3	7.3	9.8	9.3	7.8	8.3	9.9	8.9	10.9	9.2	8.1
Nov	8.4	8.8	7.3	7.4	9.8	9.3	7.6	8.3	9.9	8.9	10.9	9.2	7.5
Dec	8	8.8	7.3	9.1	9.8	8.8	7.3	8.3	9.9	8.9	10.9	9.2	6.9

6) Twageos



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	9.3	10.9	10.6	10.9	10.3	8.8	11.3	11	10.6	8.7
Feb		0	0	9.5	10.7	10.6	10.9	10.6	8.1	12.2	11.3	11.3	8.7
Mar		0	0	9.5	10.8	10.6	10.9	10.7	8.2	11.9	11.3	11.3	8.7
Apr	0	0	0	10.4	10.7	10.8	10.9	11	8.5	11.9	11.3	11.3	8.7
May	0	0	1	10.3	10.5	10.8	10.9	11.5	7.8	11.9	11.2	11.3	8.7
Jun	0	0	2.9	10	10.6	9.8	10.2	11.3	9.5	11.9	10.8	11.3	8.5
Jul	0	0	8.1	10	10.9	9.4	9.4	10	9.2	11.9	9.9	11.3	8.4
Aug	0	0	9.3	10.3	10.9	9.7	9.9	9.6	9.4	12	9.4	10.6	8.4
Sep	0	0	9.5	10.4	10.9	9.5	10.5	9.6	9.4	11.3	9.4	10.6	8.4
Oct	0	0	9.9	10.4	10.9	9.8	9.8	9.4	10.4	10.6	9.8	9.6	8.3
Nov	0	0	10	10.6	10.9	11	9.8	10	10.4	10.6	10.5	9.6	7.8
Dec	0	0	9	11.2	10.9	11.3	9.8	9.8	10.4	10.6	10.5	9	7.1

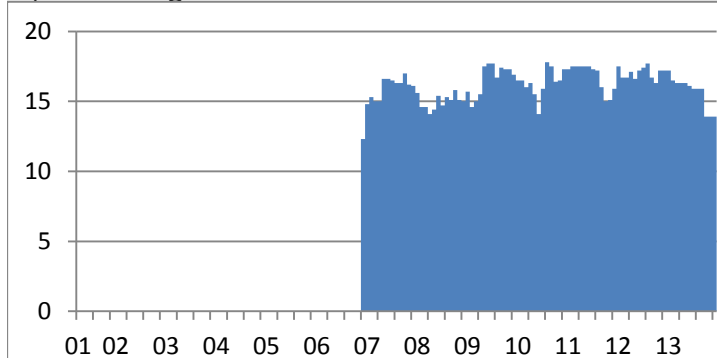
7) Craigielea House



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		2.8	8.2	9.6	9.7	11.4	0	0	0	0	0	0	0
Feb		2.8	8.2	10.2	10.7	11.4	0	0	0	0	0	0	0
Mar		2.8	8.2	10	10.9	11.7	0	0	0	0	0	0	0
Apr	2.5	2.8	8.2	9.8	11.2	12	0	0	0	0	0	0	0
May	2.7	2.8	8.2	8.6	10.9	12.4	0	0	0	0	0	0	0
Jun	3.2	3	8.4	9.9	10.4	11.6	0	0	0	0	0	0	0
Jul	3	3.1	10.3	10.2	10.1	11.4	0	0	0	0	0	0	0
Aug	2.8	3.2	10	11.2	9.2	11.8	0	0	0	0	0	0	0
Sep	2.8	3.5	10	11.2	9.1	11.9	0	0	0	0	0	0	0
Oct	2.4	6.6	9.7	10.3	10.3	11.4	0	0	0	0	0	0	0
Nov	1.8	7.7	9.6	10.1	10.4	10.9	0	0	0	0	0	0	0
Dec	2.8	8.2	9.6	9.9	10.8	13.1	0	0	0	0	0	0	0

Building closed down, staff moved to Newcraigielea. Manual adjustments have been made due to data error.

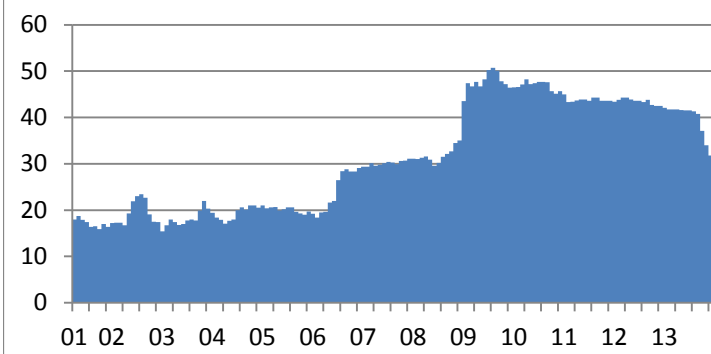
8) Newcraigielea



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	0	14.8	15.6	15.7	16.5	17.3	17.5	17.2
Feb		0	0	0	0	0	15.3	14.6	14.6	16.5	17.5	16.7	16.5
Mar		0	0	0	0	0	15	14.6	15	16	17.5	16.7	16.3
Apr	0	0	0	0	0	0	15	14.1	15.5	16.3	17.5	17.1	16.3
May	0	0	0	0	0	0	16.6	14.4	17.5	15.5	17.5	16.6	16.3
Jun	0	0	0	0	0	0	16.6	15.4	17.7	14.1	17.5	17.2	16.1
Jul	0	0	0	0	0	0	16.5	14.7	17.7	15.9	17.3	17.4	15.9
Aug	0	0	0	0	0	0	16.3	15.3	16.7	17.8	17.2	17.7	15.9
Sep	0	0	0	0	0	0	16.3	15.1	17.4	17.5	16	16.7	15.9
Oct	0	0	0	0	0	0	17	15.8	17.3	16.4	15	16.3	13.9
Nov	0	0	0	0	0	0	16.2	15.1	17.3	16.5	15.1	17.2	13.9
Dec	0	0	0	0	0	12.3	16.1	15	16.9	17.3	15.9	17.2	13.9

Staff moved from Craigielea to Newcraigielea. Approx 4 staff from NCL prior to 2007 were manually moved to Craigielea House due to data error.

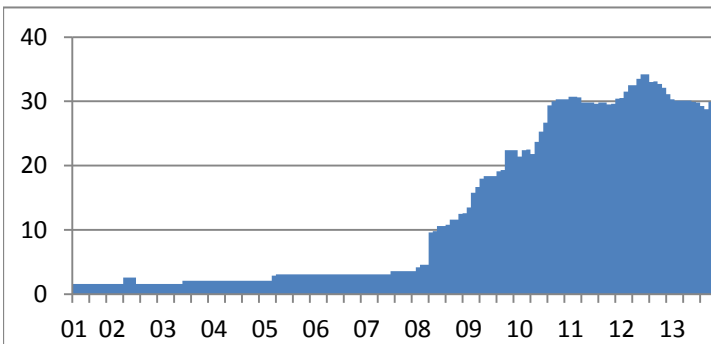
9) Independent Living Total



Includes: 17 King Erik, Gremmasgaet, Quoys, Rudda Park, St Sunniva St, ILP

	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		17.2	15.4	19.4	21	19.2	29.4	31.1	43.5	46.5	45	43.4	42.1
Feb		17.3	16.7	18.4	20.4	18.4	29.4	31	47.4	46.6	43.3	43.8	41.7
Mar		17.3	18	17.9	20.6	19.5	30.1	31.3	46.7	47.1	43.4	44.3	41.7
Apr	18	16.7	17.4	17.1	20.7	19.6	29.6	31.6	47.7	48.2	43.7	44.3	41.7
May	18.7	19.3	16.8	17.7	19.9	21.6	29.8	30.9	46.7	47.2	43.9	43.9	41.6
Jun	17.9	21.9	17	18	20.2	22	30.1	29.6	48.2	47.4	43.9	43.6	41.5
Jul	17.4	23	17.8	20	20.6	26.5	30.4	30.2	50.2	47.7	43.6	43.6	41.5
Aug	16.4	23.4	18	20.6	20.6	28.4	30.3	31.5	50.7	47.7	44.3	43.3	41.3
Sep	16.5	22.7	17.8	20.1	19.6	28.8	29.9	32.1	50.1	47.6	44.3	43.8	40.8
Oct	15.9	19.1	19.9	21	19.3	28.3	30.6	32.7	47.8	45.7	43.6	42.7	37.1
Nov	17	17.5	22	21	19	28.3	30.7	34.5	47.2	45.1	43.6	42.5	34
Dec	16.4	17.4	20.3	20.5	19.7	29.1	31.1	35	46.4	45.7	43.6	42.5	31.8

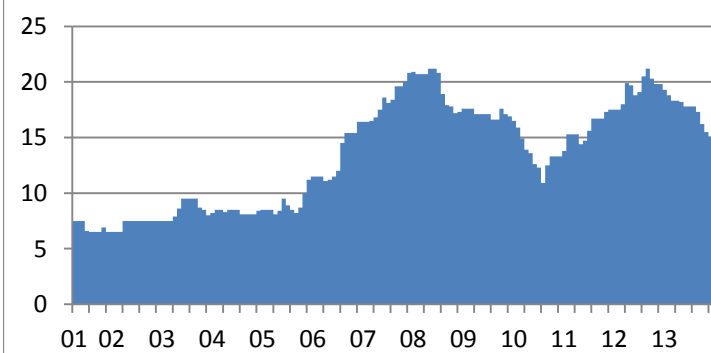
10) Eric Gray Centre



The centre changed it's focus to an educational provider and staff levels reflect increased customer need.

	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		1.6	1.6	2.1	2.1	3.1	3.1	4.2	13.5	21.4	30.7	30.5	30.3
Feb		1.6	1.6	2.1	2.1	3.1	3.1	4.6	15.8	22.4	30.7	31.5	30.1
Mar		1.6	1.6	2.1	2.9	3.1	3.1	4.6	16.7	22.5	30.6	32.5	30.1
Apr	1.6	2.6	1.6	2.1	3.1	3.1	3.1	9.6	18	21.8	29.8	32.5	30.1
May	1.6	2.6	1.6	2.1	3.1	3.1	3.1	9.8	18.4	23.7	29.8	33.5	30.1
Jun	1.6	2.6	2.1	2.1	3.1	3.1	3.1	10.6	18.4	25.3	29.8	34.2	29.9
Jul	1.6	1.6	2.1	2.1	3.1	3.1	3.6	10.6	18.4	26.7	29.6	34.2	29.8
Aug	1.6	1.6	2.1	2.1	3.1	3.1	3.6	10.8	19.1	29.4	29.8	33	29.3
Sep	1.6	1.6	2.1	2.1	3.1	3.1	3.6	11.6	19.3	30	29.8	33.1	28.8
Oct	1.6	1.6	2.1	2.1	3.1	3.1	3.6	11.6	22.4	30.3	29.5	32.7	29.9
Nov	1.6	1.6	2.1	2.1	3.1	3.1	3.6	12.5	22.4	30.3	29.6	32.1	
Dec	1.6	1.6	2.1	2.1	3.1	3.1	3.6	12.6	22.4	30.3	30.4	31.1	

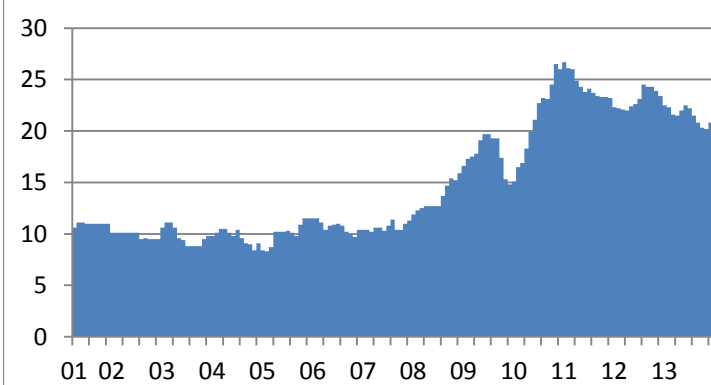
11) Leog House



The peaks reflect individual customer need.

	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		6.5	7.5	8.2	8.5	11.5	16.4	20.9	17.6	16.5	13.8	17.5	19.3
Feb		6.5	7.5	8.5	8.5	11.5	16.4	20.7	17.6	15.9	15.3	17.5	18.8
Mar		6.5	7.5	8.5	8.5	11.5	16.5	20.7	17.6	14.9	15.3	18	18.3
Apr	7.5	7.5	7.9	8.3	8.1	11.1	16.8	20.7	17.1	13.9	15.3	19.9	18.3
May	7.5	7.5	8.6	8.5	8.4	11.2	17.5	21.2	17.1	13.6	14.4	19.7	18.2
Jun	7.5	7.5	9.5	8.5	9.5	11.5	18.6	21.2	17.1	12.6	14.7	18.8	17.8
Jul	6.6	7.5	9.5	8.5	8.9	12	18.1	20.8	17.1	12.3	15.6	19.1	17.8
Aug	6.5	7.5	9.5	8.1	8.5	14.5	18.4	18.9	16.6	10.9	16.7	20.5	17.8
Sep	6.5	7.5	9.5	8.1	8.2	15.4	19.6	17.9	16.6	12.5	16.7	21.2	17.3
Oct	6.5	7.5	8.7	8.1	8.7	15.4	19.6	17.8	17.6	13.3	16.7	20.3	16.2
Nov	6.9	7.5	8.5	8.1	10	15.4	20	17.2	17.1	13.3	17.3	19.8	15.5
Dec	6.5	7.5	8	8.4	11.2	16.4	20.8	17.3	16.9	13.3	17.5	19.8	15.1

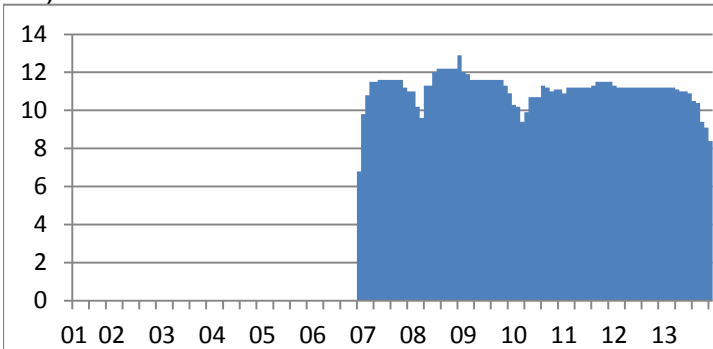
12) Laburnum House



The peaks reflect individual customer need.

	Years 2001-2013												
	01	02	03	04	05	06	07	08	09	10	11	12	13
Jan		10.1	10.6	9.8	8.4	11.5	10.4	11.9	16.6	15.1	26.7	22.3	22.5
Feb		10.1	11.1	10.1	8.3	11.5	10.4	12.3	17.3	16.5	26.1	22.2	22.3
Mar		10.1	11.1	10.5	8.7	11.1	10.2	12.5	17.5	16.9	26	22.1	21.6
Apr	10.6	10.1	10.6	10.5	10.2	10.4	10.6	12.7	17.8	18.3	24.9	22	21.5
May	11.1	10.1	9.6	10.1	10.2	10.8	10.6	12.7	19.1	19.9	24.3	22.4	22
Jun	11.1	10.1	9.4	9.8	10.2	10.9	10.3	12.7	19.7	21.1	23.8	22.6	22.5
Jul	11	10.1	8.8	10.4	10.3	11	10.8	12.7	19.7	22.7	24.1	23.1	22.2
Aug	11	9.5	8.8	9.6	10.1	10.8	11.4	13.7	19.3	23.2	23.7	24.5	21.5
Sep	11	9.6	8.8	9.1	9.8	10.2	10.4	14.7	19.3	23.1	23.4	24.3	20.8
Oct	11	9.5	8.8	9	10.9	10	10.4	15.4	17.4	24.5	23.3	24.3	20.3
Nov	11	9.5	9.5	8.4	11.5	9.7	11	15.2	15.3	26.5	23.3	23.9	20.2
Dec	11	9.5	9.8	9.1	11.5	10.4	11.3	15.9	14.8	26	23.2	23.4	20.8

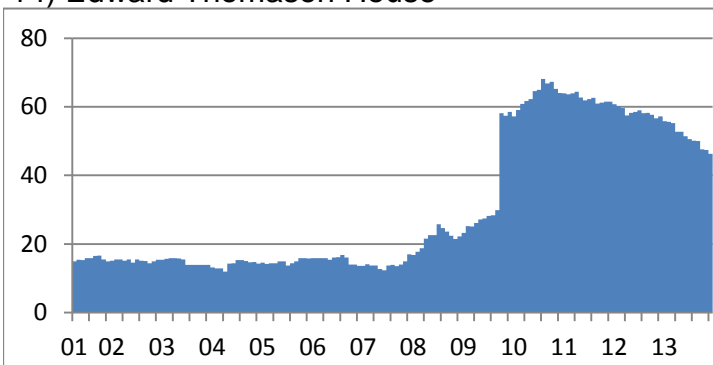
13) Seaview



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	0	9.8	11	12	10.3	10.9	11.3	11.2
Feb		0	0	0	0	0	10.8	10.2	11.9	10.2	11.2	11.2	11.2
Mar		0	0	0	0	0	11.5	9.6	11.6	9.4	11.2	11.2	11.2
Apr	0	0	0	0	0	0	11.5	11.3	11.6	9.9	11.2	11.2	11.1
May	0	0	0	0	0	0	11.6	11.3	11.6	10.7	11.2	11.2	11
Jun	0	0	0	0	0	0	11.6	12	11.6	10.7	11.2	11.2	11
Jul	0	0	0	0	0	0	11.6	12.2	11.6	10.7	11.2	11.2	10.9
Aug	0	0	0	0	0	0	11.6	12.2	11.6	11.3	11.3	11.2	10.5
Sep	0	0	0	0	0	0	11.6	12.2	11.6	11.2	11.5	11.2	10.4
Oct	0	0	0	0	0	0	11.6	12.2	11.6	11	11.5	11.2	9.4
Nov	0	0	0	0	0	0	11.2	12.2	11.3	11.1	11.5	11.2	9.1
Dec	0	0	0	0	0	6.8	11	12.9	10.9	11.1	11.5	11.2	8.4

Approx 4 staff from Seaview prior to 2007 were manually moved to Misc due to data error.

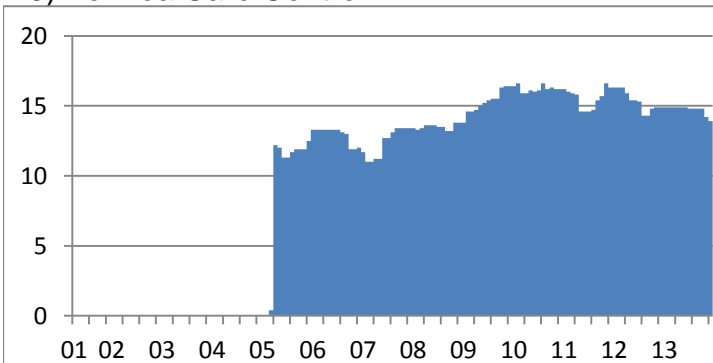
14) Edward Thomason House



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		15.1	15.4	13.2	14.6	15.9	13.6	16.8	23.2	57.2	63.9	60.7	55.8
Feb		15.5	15.7	12.9	14.2	15.9	14.1	17.7	25.2	59.1	63.6	60.2	55.6
Mar		15.5	15.9	12.9	14.4	15.9	13.7	18.8	25.1	60.8	63.9	59.6	55.2
Apr	14.9	15.1	15.9	12	14.4	15.9	13.7	21.6	26.1	61.7	64.4	57.5	52.7
May	15.4	15.5	15.8	14.3	14.9	15.4	12.7	22.6	27.2	62.2	62.7	58.2	52.7
Jun	15.3	14.6	15.5	14.4	14.9	16.1	12.3	22.6	27.4	64.6	61.9	58.5	51.4
Jul	15.9	15.5	13.9	15.3	13.7	16.2	13.7	25.8	28.2	64.9	62.2	59	50.6
Aug	15.9	15.1	13.9	15.3	14.4	16.8	13.9	24.6	28.4	68.1	62.6	58.1	50.1
Sep	16.5	15	13.9	15	14.9	16.1	13.5	23.6	29.9	66.8	60.9	58.2	50
Oct	16.6	14.4	13.9	14.7	15.9	14	14	22.4	58.1	67.3	61.2	57.7	47.6
Nov	15.5	14.9	13.9	14.8	15.9	14	14.9	21.5	57.4	65.2	61.5	56.6	47.4
Dec	14.9	15.4	13.9	14.3	15.8	13.6	17	22.2	58.5	64	61.5	57.2	46.3

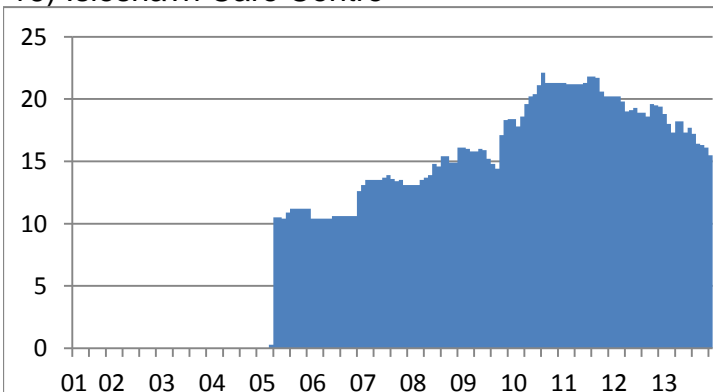
Care at Home Total was split between units in October 2009 giving the increased numbers.

15) Fernlea Care Centre



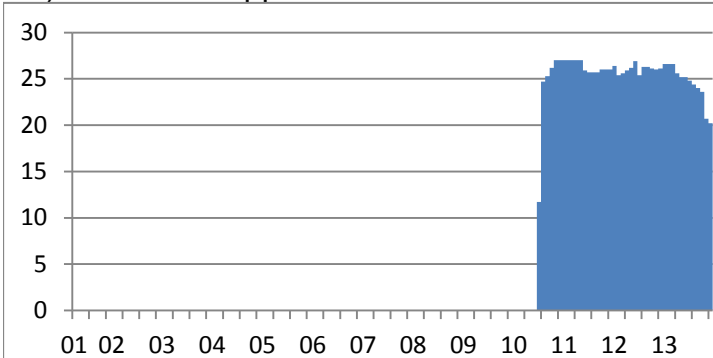
	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	13.3	11.7	13.4	13.8	16.4	16.2	16.3	14.9
Feb		0	0	0	0	13.3	11	13.3	14.6	16.6	16	16.3	14.9
Mar		0	0	0	0.4	13.3	11	13.4	14.6	15.9	15.9	16.3	14.9
Apr	0	0	0	0	12.2	13.3	11.2	13.6	14.7	15.9	15.8	15.9	14.9
May	0	0	0	0	12	13.3	11.2	13.6	15	16.1	14.6	15.4	14.9
Jun	0	0	0	0	11.3	13.3	12.7	13.6	15.2	16	14.6	15.4	14.9
Jul	0	0	0	0	11.3	13.3	12.7	13.5	15.4	16.1	14.6	15.3	14.8
Aug	0	0	0	0	11.7	13.1	13.1	13.5	15.5	16.6	14.7	14.3	14.8
Sep	0	0	0	0	11.9	13	13.4	13.2	15.5	16.2	15.4	14.3	14.8
Oct	0	0	0	0	11.9	11.9	13.4	13.2	16.3	16.3	15.7	14.8	14.8
Nov	0	0	0	0	11.9	11.9	13.4	13.8	16.4	16.2	16.6	14.9	14.2
Dec	0	0	0	0	12.5	12	13.4	13.8	16.4	16.2	16.3	14.9	13.9

16) Isleshavn Care Centre



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	10.4	13.1	13.1	16.1	18.4	21.3	20.2	18.8
Feb		0	0	0	0	10.4	13.5	13.1	16	17.8	21.2	20.2	18
Mar		0	0	0	0.3	10.4	13.5	13.5	15.8	18.6	21.2	19.8	17.3
Apr	0	0	0	0	10.5	10.4	13.5	13.7	15.8	19.6	21.2	19	18.2
May	0	0	0	0	10.5	10.4	13.5	13.9	16	20.2	21.2	19.1	18.2
Jun	0	0	0	0	10.4	10.6	13.7	14.8	15.9	20.4	21.3	19.3	17.3
Jul	0	0	0	0	10.9	10.6	13.9	14.6	15.2	21.1	21.8	18.9	17.7
Aug	0	0	0	0	11.2	10.6	13.6	15.4	14.8	22.1	21.8	18.9	17.2
Sep	0	0	0	0	11.2	10.6	13.4	15.4	14.4	21.3	21.7	18.6	16.4
Oct	0	0	0	0	11.2	10.6	13.5	14.9	17.1	21.3	20.6	19.6	16.3
Nov	0	0	0	0	11.2	10.6	13.1	14.9	18.3	21.3	20.2	19.5	16.1
Dec	0	0	0	0	11.2	12.6	13.1	16.1	18.4	21.3	20.2	19.4	15.5

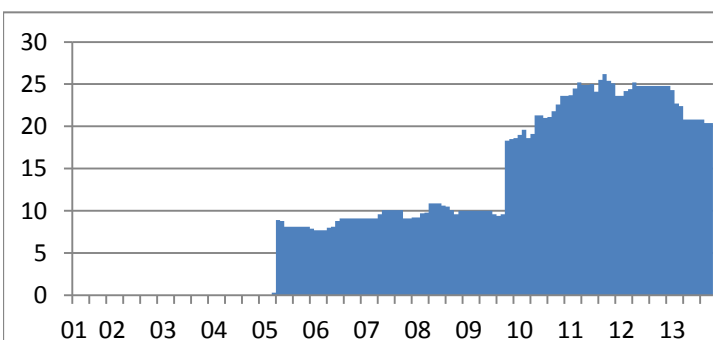
17) Montfield Support Service



Montfield Support Service opened in 2010.

Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan	0	0	0	0	0	0	0	0	0	27	26.4	26.6	
Feb	0	0	0	0	0	0	0	0	0	27	25.4	26.6	
Mar	0	0	0	0	0	0	0	0	0	27	25.6	26.6	
Apr	0	0	0	0	0	0	0	0	0	27	25.9	25.6	
May	0	0	0	0	0	0	0	0	0	27	26.2	25.2	
Jun	0	0	0	0	0	0	0	0	0	25.9	26.9	25.2	
Jul	0	0	0	0	0	0	0	0	11.7	25.7	25.4	24.8	
Aug	0	0	0	0	0	0	0	0	24.7	25.7	26.3	24.4	
Sep	0	0	0	0	0	0	0	0	25.3	25.7	26.3	24	
Oct	0	0	0	0	0	0	0	0	26.2	26	26.1	23.6	
Nov	0	0	0	0	0	0	0	0	27	26	26	20.7	
Dec	0	0	0	0	0	0	0	0	27	26	26.1	20.2	

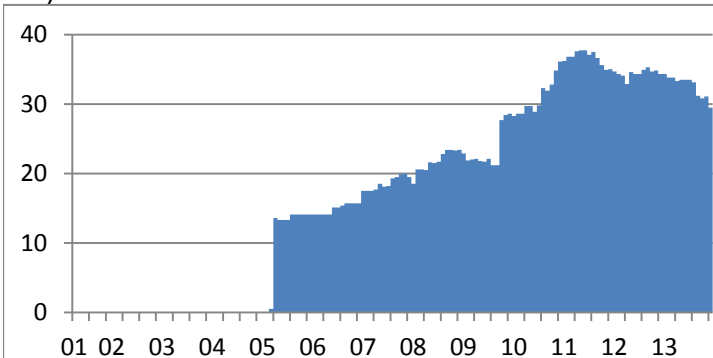
18) Nordalea Care Centre



Care at Home Total was split between units in October 2009 giving the increased numbers.

Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan	0	0	0	0	0	7.7	9.1	9.2	10	19	23.7	23.6	24.3
Feb	0	0	0	0	0	7.7	9.1	9.7	10	19.6	24.5	24.2	22.7
Mar	0	0	0	0.3	7.7	9.1	9.8	10	18.6	25.2	24.4	22.4	
Apr	0	0	0	0	8.9	8	9.6	10.9	10	19.1	24.9	25.2	20.8
May	0	0	0	0	8.8	8.1	10.1	10.9	10	21.3	24.9	24.8	20.8
Jun	0	0	0	0	8.1	8.8	10.1	10.9	10	21.3	25	24.8	20.8
Jul	0	0	0	0	8.1	9.1	10.1	10.6	9.6	21	24.1	24.8	20.8
Aug	0	0	0	0	8.1	9.1	10.1	10.5	9.4	21.1	25.5	24.8	20.8
Sep	0	0	0	0	8.1	9.1	10.1	10.1	9.6	21.8	26.2	24.8	20.4
Oct	0	0	0	0	8.1	9.1	9.1	9.6	18.3	22.6	25.4	24.8	20.4
Nov	0	0	0	0	8.1	9.1	9.1	10	18.5	23.6	25.1	24.8	
Dec	0	0	0	0	7.9	9.1	9.2	10	18.6	23.6	23.6	24.8	

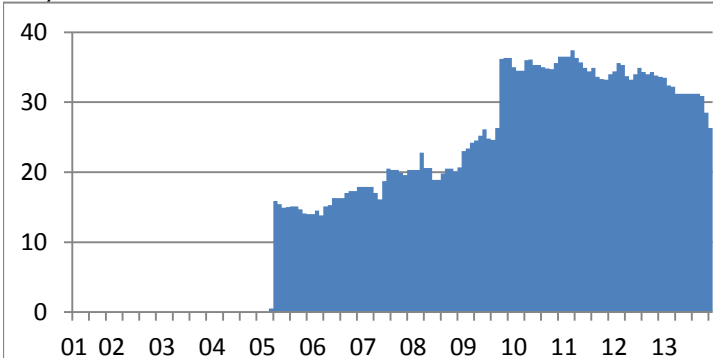
19) North Haven Care Centre



Care at Home Total was split between units in October 2009 giving the increased numbers.

Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan	0	0	0	0	0	14.1	17.5	18.5	22.9	28.3	36.2	34.7	34.3
Feb	0	0	0	0	0	14.1	17.5	20.6	21.9	28.6	36.8	34.3	33.8
Mar	0	0	0	0.5	14.1	17.5	20.6	22	28.6	36.8	34.1	33.8	
Apr	0	0	0	0	13.6	14.1	17.7	20.5	22.1	29.7	37.6	32.9	33.3
May	0	0	0	0	13.3	14.1	18.5	21.6	21.8	29.7	37.7	34.6	33.5
Jun	0	0	0	0	13.3	15.1	18.1	21.5	21.7	28.9	37.7	34.3	33.5
Jul	0	0	0	0	13.3	15.1	18.2	21.7	22.1	29.8	37.1	34.3	33.5
Aug	0	0	0	0	14.1	15.4	19.3	22.8	21.2	32.3	37.5	34.9	33.1
Sep	0	0	0	0	14.1	15.7	19.5	23.4	21.2	31.9	36.6	35.3	31.2
Oct	0	0	0	0	14.1	15.7	19.9	23.4	27.7	32.8	35.6	34.7	30.8
Nov	0	0	0	0	14.1	15.7	20	23.3	28.4	34.8	34.9	34.8	31.1
Dec	0	0	0	0	14.1	15.7	19.5	23.4	28.6	36.1	35	34.3	29.5

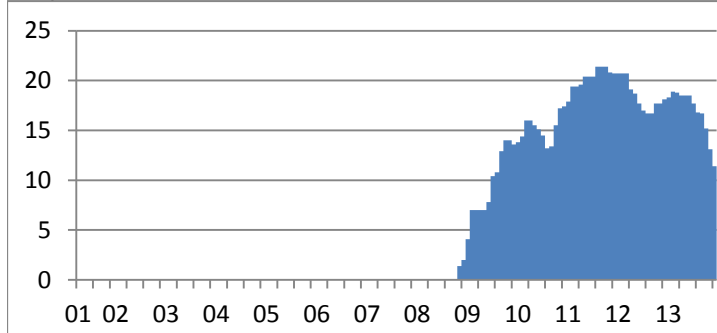
20) Overtonlea Care Centre



Care at Home Total was split between units in October 2009 giving the increased numbers.

Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan	0	0	0	0	0	14	17.9	20.3	23	35	36.5	34.4	33.5
Feb	0	0	0	0	0	14.5	17.9	20.3	23.4	34.5	36.5	35.6	32.4
Mar	0	0	0	0.5	13.8	17.9	22.8	24.2	34.5	37.4	35.3	32.2	
Apr	0	0	0	0	15.9	15.1	17	20.6	24.5	36	36.3	33.7	31.2
May	0	0	0	0	15.4	15.3	16.1	20.6	25.2	36.1	35.7	33.2	31.2
Jun	0	0	0	0	14.9	16.3	18.7	18.9	26.1	35.3	34.9	34	31.2
Jul	0	0	0	0	15	16.3	20.5	18.9	24.8	35.3	34.4	34.9	31.2
Aug	0	0	0	0	15.1	16.3	20.3	19.8	24.6	35	34.9	34.3	31.2
Sep	0	0	0	0	15.1	17	20.3	20.5	26.3	34.8	33.6	34	31.2
Oct	0	0	0	0	14.7	17.3	19.9	20.5	36.2	34.7	33.3	34.3	30.9
Nov	0	0	0	0	14.1	17.3	19.6	20.1	36.3	35.6	33.2	33.8	28.5
Dec	0	0	0	0	14	17.9	20.3	20.7	36.3	36.5	34	33.6	26.3

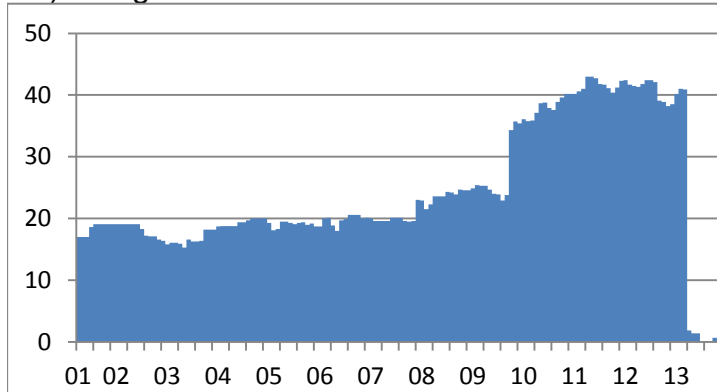
21) Quendale House



Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	0	0	0	4.1	13.8	17.9	20.7	18.3
Feb		0	0	0	0	0	0	0	7	14.4	19.4	20.7	18.9
Mar		0	0	0	0	0	0	0	7	16	19.4	20.7	18.8
Apr	0	0	0	0	0	0	0	0	7	16	19.6	19.1	18.5
May	0	0	0	0	0	0	0	0	7	15.5	20.4	18.7	18.5
Jun	0	0	0	0	0	0	0	0	7.8	15.1	20.4	17.7	18.5
Jul	0	0	0	0	0	0	0	0	10.4	14.5	20.4	17	17.7
Aug	0	0	0	0	0	0	0	0	10.8	13.2	21.4	16.7	16.8
Sep	0	0	0	0	0	0	0	0	12.9	13.4	21.4	16.7	16.7
Oct	0	0	0	0	0	0	0	0	14	15.5	21.4	17.7	15.2
Nov	0	0	0	0	0	0	0	2	14	17.2	20.8	17.7	13.1
Dec	0	0	0	0	0	0	0	1.4	13.6	17.4	20.7	18.1	11.4

ILP & ISS were amalgamated in April 2012, renamed Supported Living & Outreach, based at Quendale House.

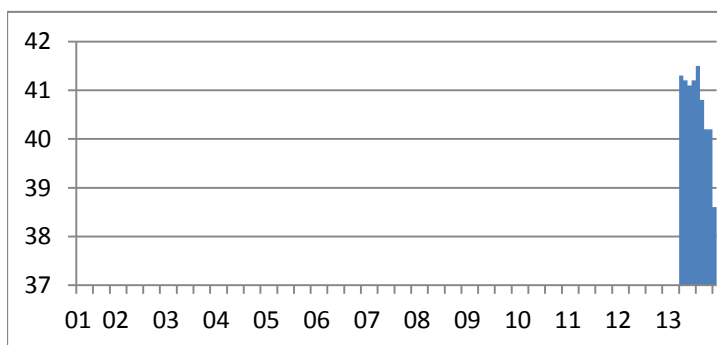
22) Taing House



Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		19.1	15.8	18.7	19.3	18.7	20	22.9	24.9	36.1	40.2	42.4	40.2
Feb		19.1	16.1	18.8	18.1	20	19.6	21.5	25.4	35.8	40.6	41.7	41
Mar		19.1	16.1	18.8	18.3	20.1	19.6	22.3	25.3	35.9	41	41.5	40.9
Apr	17	19.1	15.9	18.8	19.5	18.9	19.6	23.6	25.3	37.1	43	41.3	1.9
May	17	19.1	15.3	18.8	19.5	18	19.6	23.6	24.7	38.7	43	41.8	1.4
Jun	17	19.1	16.6	19.4	19.3	19.7	20.1	23.6	24	38.8	42.7	42.4	1.4
Jul	18.6	18.3	16.3	19.4	19.1	19.9	20.1	24.3	23.9	37.9	41.8	42.4	0
Aug	19.1	17.2	16.3	19.7	19.3	20.6	20.1	24.2	22.9	37.6	41.7	42.1	0
Sep	19.1	17.1	16.4	20	19.4	20.6	19.6	23.9	23.8	38.9	41.1	39.1	0
Oct	19.1	17.1	18.2	20	19	20.6	19.5	24.7	34.3	39.6	40.4	38.9	0.7
Nov	19.1	16.6	18.2	20	19.2	20	19.6	24.6	35.7	40.2	41.2	38.2	0.7
Dec	19.1	16.4	18.2	20	18.7	20.1	23	24.6	35.4	40.2	42.3	38.5	0.7

Care at Home Total was split between units in October 2009 giving the increased numbers, Budget now within Edward Thomason House. Care at Home proportion was transferred from this budget to Independent Living Centre.

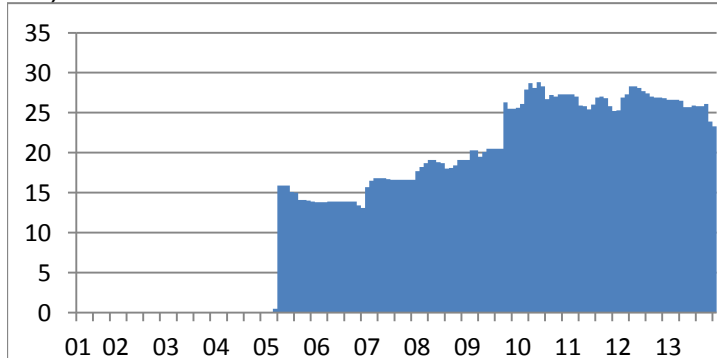
23) Independent Living Centre



Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	0	0	0	0	0	0	0	0
Feb		0	0	0	0	0	0	0	0	0	0	0	0
Mar		0	0	0	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0	0	0	0	41.3
May	0	0	0	0	0	0	0	0	0	0	0	0	41.2
Jun	0	0	0	0	0	0	0	0	0	0	0	0	41.1
Jul	0	0	0	0	0	0	0	0	0	0	0	0	41.2
Aug	0	0	0	0	0	0	0	0	0	0	0	0	41.5
Sep	0	0	0	0	0	0	0	0	0	0	0	0	40.8
Oct	0	0	0	0	0	0	0	0	0	0	0	0	40.2
Nov	0	0	0	0	0	0	0	0	0	0	0	0	40.2
Dec	0	0	0	0	0	0	0	0	0	0	0	0	38.6

Care at Home central area (includes Lerwick, Burra, Scalloway, Tingwall, Bressay) was within Taing & ETH budget, this has been moved to the Independent Living Centre, Gremista and now has its own budget code.

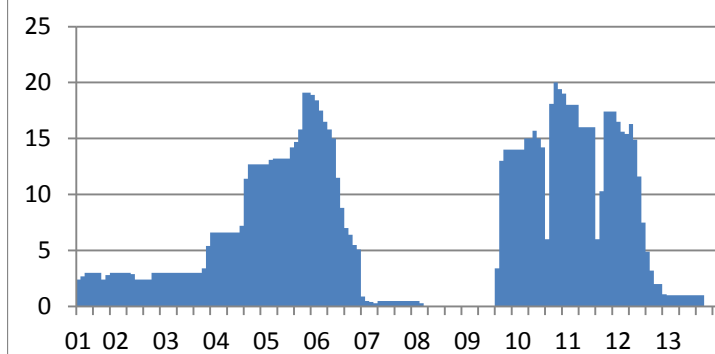
24) Wastview Care Centre



Years 2001-2013													
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		0	0	0	0	13.8	15.7	17.7	19.1	25.6	27.3	25.3	26.6
Feb		0	0	0	0	13.8	16.5	18.2	20.3	26.1	27.3	26.9	26.6
Mar		0	0	0	0.5	13.8	16.8	18.7	20.3	27.9	27	27.3	26.6
Apr	0	0	0	0	15.9	13.9	16.8	19.1	19.5	28.7	25.9	28.3	26.5
May	0	0	0	0	15.9	13.9	16.8	19.1	20.1	28.1	25.8	28.3	25.7
Jun	0	0	0	0	15.9	13.9	16.7	18.8	20.5	28.8	25.4	28.1	25.7
Jul	0	0	0	0	15.1	13.9	16.6	18.7	20.5	28.3	26	27.7	25.9
Aug	0	0	0	0	15	13.9	16.6	18	20.5	26.7	26.9	27.4	25.8
Sep	0	0	0	0	14.1	13.9	16.6	18.1	20.5	27.2	27	27	25.8
Oct	0	0	0	0	14.1	13.9	16.6	18.4	26.3	27	26.8	26.9	26.1
Nov	0	0	0	0	14	13.4	16.6	19.1	25.5	27.3	25.8	26.9	23.9
Dec	0	0	0	0	13.9	13.1	16.6	19.1	25.5	27.3	25.2	26.8	23.3

Care at Home Total was split between units in October 2009 giving the increased numbers.

25) Misc



	Years 2001-2013												
	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Jan		3	3	6.6	12.7	18.4	0.5	0.5	0	14	18	16.5	1
Feb		3	3	6.6	13.1	17.5	0.4	0.3	0	14	18	15.6	1
Mar		3	3	6.6	13.2	16.5	0.3	0	0	15	18	15.4	1
Apr	2.4	3	3	6.6	13.2	15.8	0.5	0	0	15	16	16.3	1
May	2.7	2.9	3	6.6	13.2	15	0.5	0	0	15.7	16	14.9	1
Jun	3	2.4	3	6.6	13.2	11.5	0.5	0	0	15	16	11.6	1
Jul	3	2.4	3	7.2	14.2	8.8	0.5	0	0	14.2	16	7.5	1
Aug	3	2.4	3	11.4	14.7	7	0.5	0	3.4	6	6	4.9	1
Sep	3	2.4	3	12.7	15.8	6.4	0.5	0	13	18.1	10.3	3.2	1
Oct	2.4	3	3.4	12.7	19.1	5.5	0.5	0	14	20	17.4	2	0
Nov	2.8	3	5.4	12.7	19.1	5.1	0.5	0	14	19.4	17.4	2	0
Dec	3	3	6.6	12.7	18.9	0.9	0.5	0	14	19	17.4	1.1	0

Misc figures include: 92-93 St Olaf St, Fort Road, Kantersted Offices, New Bruce Initiative, Various Work Locations. Also includes Seaview numbers prior to 2007 which were adjusted manually due to data error.

**Audit and Standards Committee****20 February 2014****Audit Scotland Reports****Report No: IP-02-14-F****Report from: Performance and Improvement
Adviser****Corporate Services****1.0 Summary**

- 1.1 This report contains links to ALL public reports produced by Audit Scotland, that are not part of separate reports to this Committee. It covers all reports issued since the last meeting of the Audit and Standards Committee.

2.0 Decision Required

- 2.1 The Audit and Standards Committee should consider the linked reports in Appendix A and highlight any issues that they feel should be monitored or further addressed through this Committee, other Committees or by Council management.

3.0 Detail

- 3.1 Representatives of Audit Scotland will be at the meeting to answer questions from Members directly.

4.0 ImplicationsStrategic

- 4.1 Delivery On Corporate Priorities – Improved external engagement and sharing best practice are both elements of the Council's Improvement Plan.
- 4.2 Community /Stakeholder Issues – NONE
- 4.3 Policy And/Or Delegated Authority – As outlined in Section 2.6 of the Council's Scheme of Administration and Delegations, the Audit and Standards Committee remit includes consideration of all reports from Audit Scotland.

- 4.4 Risk Management Failure to deliver effective external engagement and learn from best practice elsewhere increases the risk of the Council working inefficiently.
- 4.5 Equalities, Health And Human Rights – NONE
- 4.6 Environmental - NONE

Resources

- 4.7 Financial – No direct implications
- 4.8 Legal – No direct implications
- 4.9 Human Resources – No direct implications
- 4.10 Assets And Property – No direct implications

5.0 Conclusions

- 5.1 The linked reports provide valuable information for Committees and officers throughout the Council.

For further information please contact:
Jim MacLeod, Performance & Improvement Adviser
01595 744672
07 February 2014

List of Appendices

Appendix A – List of Linked Reports

END

Appendix A – List of Linked Reports

Report Title	Appropriate Body	Excerpt
Reshaping care for older people (http://www.audit-scotland.gov.uk/docs/central/2014/nr_140206_resaping_care.pdf)	Social Services Committee	<p>Key message(s)</p> <p>Reshaping Care for Older People (RCOP) is a complex programme of major transformational change.....organisations must continue to meet people's care needs and plan future services while managing pressures on existing services.</p> <p>More needs to be done to target resources on preventing or delaying ill health and on supporting people to stay at home.</p> <p>National performance measures have not kept pace with policy changes and a greater focus on outcomes is needed. There is no clear national monitoring to show whether the policy is being implemented successfully and what impact this is having on older people.</p>
NHS financial performance 2012/13 (http://www.audit-scotland.gov.uk/docs/health/2013/nr_131010_nhs_finances.pdf)	Social Services Committee	<p>Key message(s)</p> <p>All NHS boards are required to meet annual financial targets. This can mean that the key focus for NHS boards and the Scottish Government is on breaking even each year. But they also need to increase their focus on longer-term financial planning to meet the significant challenges associated with rising demand and tightening budgets.</p>
Argyll and Bute Council Statutory report (http://www.audit-scotland.gov.uk/docs/local/2013/sr_131029_argyll_bute_council.pdf)	Audit & Standards Committee	<p>Summary</p> <p>The political instability in Argyll and Bute Council means that there is a lack of collective strategic leadership by councillors. The council's current political management arrangements are contributing to the problems rather than helping the council do business effectively.</p> <p>Working relationships between councillors and between a few councillors and officers are strained and the challenges facing the council are affecting the capacity of senior managers.</p> <p>The problems are not yet affecting frontline services, but they are beginning to inhibit progress with strategic planning and there is a risk that services may suffer in the future if the current difficulties are not addressed.</p> <p>There is widespread acceptance within the council that the current situation is not sustainable and that rapid improvement is needed. This acceptance is an important foundation on which to build.</p>

Appendix A – List of Linked Reports

Report Title	Appropriate Body	Excerpt
<p>Charging for services: are you getting it right? http://www.audit-scotland.gov.uk/docs/local/2013/nr_131031_hcw_charging_services.pdf</p>	<p>Executive Committee</p>	<p>Key message(s)</p> <p>Councils should have clear policies in place for charges and concessions. They should regularly review charges to ensure that they are appropriate and meet their intended objectives.</p> <p>Councillors should take a lead role in determining charging policies. They should be involved and consulted over the design of charges and concessions.</p> <p>Charges can be used to influence behaviour to help meet councils' objectives. They should not be seen solely as a means to generate income.</p> <p>Councils should improve their use of cost information, including unit costs. This is essential for councils to design charges and understand the extent to which they will recover costs.</p> <p>Charges for services vary markedly between councils, reflecting local circumstances and policy priorities. This may be appropriate but councils should be aware of any significant differences in their charges. They should be transparent in how they set charges and be able to explain their charging decisions to the public.</p> <p>Councils should consider charging as part of their overall financial management. Councils should understand the contribution that charges make to their overall financial position, and the extent to which individual services are subsidised. This can help councils to target subsidy to priority areas.</p> <p>Many factors must be taken into account when designing charges. To assist in this, councils should follow the good practice set out in this report. This includes identifying charging options, assessing their impact on services and the people that use them, and making comparisons with other providers.</p>

Appendix A – List of Linked Reports

Report Title	Appropriate Body	Excerpt
Scotland's public sector workforce http://www.audit-scotland.gov.uk/docs/central/2013/nr_131128_public_sector_workforce.pdf	Executive Committee	<p>Key message(s)</p> <p>From March 2009 to March 2013, the Scottish public sector workforce reduced by 26,600 WTE (seven per cent), to 373,400. A significant number of staff left through early departure schemes (15,816 WTE, equal to four per cent of the 2009 workforce). Another 9,664 WTE (three per cent) transferred to ALEOs or other non-public sector bodies. These staff still deliver services paid for by public money, but they are no longer included in public sector employment figures.</p>

**Audit and Standards Committee****20 February 2014****Audit Scotland Annual Audit Plans 2013/14****F-009-F****Executive Manager Finance****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to enable the Audit and Standards Committee to consider the external auditors Annual Audit Plans for the 2013/14 accounts for the both Shetland Islands Council and the Shetland Islands Council's Pension Fund.

2.0 Decision Required

- 2.1 The Audit and Standards Committee are not required to make any decisions from this report. Audit Scotland, the Council and Pension Fund's auditors, requested that their Annual Audit Plans for 2013/14 be submitted to the Audit and Standards Committee for noting.

3.0 Detail

- 3.1 The Annual Audit Plans for the 2013/14 accounts in Appendix A and B covers planned work by the auditors involving:
- an audit of the financial statements and provision of an opinion of whether,
 - they give a true and fair view of the financial position of the pension fund as at 31 March 2014 and its income and expenditure for the year then ended
 - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2013 Code of practice on local authority accounting in the United Kingdom (the Code) which applies from accounting periods on or after 1 April 2013

- an annual report on the audit addressed to Shetland Islands Council and Shetland Islands Council Pension Fund and the Controller of Audit
 - a review and assessment of the Council and the Pension Fund's governance and performance arrangements in a number of key areas including the review of the adequacy of internal audit and arrangements to support the governance compliance statement and information in the annual report.
- 3.2 Representatives of Audit Scotland are expected to be in attendance to provide further background or answer questions.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The audit process plays a key role in helping the Council to maintain good governance, accountability and financial stability.
- 4.2 Community /Stakeholder Issues – None.
- 4.3 Policy And/Or Delegated Authority – The Audit and Standards Committee has terms of reference to be consulted on the External Audit strategy and plan, review reports from the Council's External Advisors and review action on External Audit recommendations
- 4.4 Risk Management – The Annual Audit Plans are prepared from Audit Scotland's analysis of risks facing the Council and the Pension Fund. Their audit work is focused on identifying and assessing the key challenges and risks to the Council and the Pension Fund, and reporting these so that action can be taken to minimise future risk.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

Resources

- 4.7 Financial – The audit fee for the 2013/14 audit of Shetland Islands Council and Shetland Islands Council Pension Fund, as stated in the audit plan, amounts to a maximum of £236,460 for the Council and £32,200 for the Pension Fund.
- 4.8 Legal – The Shetland Islands Council and the Shetland Islands Council Pension Fund Accounts are required to be prepared in accordance with the Local Government (Scotland) Act 1973 and the 2012 Code of practice on local authority accounting.
- 4.9 Human Resources – None.
- 4.10 Assets And Property – None.

5.0 Conclusions

- 5.1 The Annual Audit Plans provides valuable information on the audit work which the external auditors will undertake to review and assess the 2013/14 Council and Pension Fund Accounts.

For further information please contact:
James Gray Executive Manager - Finance
01595 744607
James.gray2@shetland.gov.uk

Appendix A – Shetland Islands Council Annual Audit Plan for 2013/14
Appendix B – Shetland Islands Council Pension Fund Annual Audit Plan for 2013/14

END

Shetland Islands Council

Annual Audit Plan 2013/14



Prepared for Members of Shetland Islands Council
February 2014

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Summary	4
Introduction	4
Summary of planned audit activity.....	5
Responsibilities	6
Responsibility of the appointed auditor	6
Responsibility of the Executive Manager - Finance	6
Format of the accounts.....	6
Audit Approach	7
Our approach	7
Materiality.....	8
Reporting arrangements.....	8
Quality control	9
Independence and objectivity	10
Audit issues and risks	11
Audit issues and risks.....	11
Summary assurance plan.....	14
National performance audit studies - impact and follow up	14
Fees and resources	15
Audit fee	15
Audit team.....	15
Appendix A - Financial statements audit timetable	16
Appendix B - Summary assurance plan	17
Appendix C - Audit team	21

Summary

Introduction

1. Our audit is focused on the identification and assessment of the risk of material misstatement in Shetland Islands Council's financial statements. This report summarises our assessment of the key challenges and risks facing Shetland Islands Council and sets out the audit work that we propose to undertake in 2013/14. Our plan reflects:
 - the risks and priorities facing Shetland Islands Council
 - current national risks relevant to local circumstances
 - the impact of changing international auditing and accounting standards
 - our responsibilities under the Code of Audit Practice as approved by the Auditor General for Scotland
 - issues brought forward from previous audit reports.
2. The Charities Accounts (Scotland) Regulations 2006 specifies the accounting and auditing rules for Scottish registered charities. Irrespective of the size of the charity, as a consequence of the interaction of section 106 of the Local Government (Scotland) Act 1973 with the regulations, a full audit is required from 2013/14 of all registered charities where the local authority is the sole trustee. Shetland Islands Council has one trust having charitable status with total assets of £656,000. The Assistant Auditor General wrote to local government directors of finance in June 2013 advising them of these new arrangements and the Accounts Commission's decision to appoint the auditor of each council as the auditor of its relevant charitable trusts. Accordingly, we will perform the audit of the council's charitable trust in parallel with the audit of the council's financial statements and provide audit opinions as necessary.

Summary of planned audit activity

3. Our planned work in 2013/14 includes:

- an audit of the financial statements and provision of an opinion on whether:
 - they give a true and fair view of the financial position of Shetland Islands Council as at 31 March 2014 and its income and expenditure for the year then ended
 - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2013 Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
- an audit of the financial statements and provision of an opinion for the charitable trusts where the local authority is the sole trustee
- reporting the findings of the shared risk assessment process in an Assurance and Improvement Plan Update. This will consist of the Local Area Network (LAN) examining new evidence in terms of its impact on existing risk assessments and will include updated scrutiny plans for the period 2014/15 to 2016/17 for the council
- a review and assessment of Shetland Islands Council's governance and performance arrangements in a number of key areas including: adequacy of internal audit, governance statement, governance arrangements, performance management and SPIs.
- provision of an opinion on a number of grant claims and returns, including Whole of Government Accounts
- review of National Fraud Initiative arrangements throughout 2013/14
- review of local impact of national studies.

Responsibilities

4. The audit of the financial statements does not relieve management or the Audit and Standards Committee, as the body charged with governance, of their responsibilities.

Responsibility of the appointed auditor

5. Our responsibilities, as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.
6. Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements set in place by the audited body to ensure the proper conduct of its financial affairs and to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

Responsibility of the Executive Manager - Finance

7. It is the responsibility of the Executive Manager - Finance, as the appointed "proper officer", to prepare the financial statements in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This means:
 - acting within the law and ensuring the regularity of transactions by putting in place appropriate systems of internal control
 - maintaining proper accounting records
 - preparing financial statements timeously which give a true and fair view of the financial position of Shetland Islands Council as at 31 March 2014 and its expenditure and income for the year then ended.

Format of the accounts

8. The financial statements should be prepared in accordance with the Code which constitutes proper accounting practice. Shetland Islands Council prepares a Whole of Government Accounts consolidation pack annually for the Scottish Government. To enable summarisation, common accounting principles and standard formats should be used.

Audit Approach

Our approach

9. Our audit approach is based on an understanding of the characteristics, responsibilities, principal activities, risks and governance arrangements of Shetland Islands Council. We also consider the key audit risks and challenges in the local government sector generally. This approach includes:
 - understanding the business of Shetland Islands Council and the risk exposure which could impact on the financial statements
 - assessing the key systems of internal control, and considering how risks in these systems could impact on the financial statements
 - identifying major transaction streams, balances and areas of estimation and understanding how Shetland Islands Council will include these in the financial statements
 - assessing and addressing the risk of material misstatement in the financial statements
 - determining the nature, timing and extent of the audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements give a true and fair view.
10. We have also considered and documented the sources of assurance which will make best use of our resources and allow us to focus audit testing on higher risk areas during the audit of the financial statements. The main areas of assurance for the audit come from planned management action and reliance on systems of internal control. Management action being relied on for 2013/14 includes:
 - comprehensive closedown procedures for the financial statements accompanied by a timetable issued to all relevant staff
 - clear responsibilities for preparation of financial statements and the provision of supporting working papers
 - delivery of unaudited financial statements to agreed timescales with a comprehensive working papers package
 - completion of the internal audit programme for 2013/14.
11. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an early assessment of the internal audit function. Internal audit is provided by the internal audit section within the council. Overall, we concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS).
12. To help with our wider governance and performance audit work, we are planning to review the findings of internal audit work in the following areas:
 - Ports & Harbours

- Legal
- Capital Project - Shetland College
- Transport Operations
- Corporate Improvement

Materiality

13. International Standard on Auditing 320 provides guidance on the concept of materiality. We consider materiality and its relationship to audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
14. When considering, in the context of a possible qualification, whether the misstatement of an item, or a number of items taken together, is material in terms of its monetary value, we use professional judgement and experience and internal guidelines from peers. An item may be judged material for reasons other than its monetary value. An inaccuracy, which would not normally be regarded as material, may be important for other reasons. When such an item affects a critical point in the accounts, its materiality has to be viewed in a narrower context (for example the failure to achieve a statutory requirement, or an item contrary to law). Such matters would normally fall to be covered in an explanatory paragraph in the independent auditor's report.

Reporting arrangements

15. The Local Government (Scotland) Act 1973 requires that unaudited financial statements are presented to the council and Controller of Audit within three months of the end of the financial year. The Controller of Audit requires audit completion and issue of an independent auditor's report (opinion) by 30 September each year. A high level timetable is included at Appendix A of this plan, which takes account of submission requirements, planned Audit & Standards Committee dates and audit resources. A more detailed timetable will be agreed with the Executive Manager - Finance in due course.
16. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the responsible head of service and relevant officers to confirm factual accuracy. Responses to draft reports are expected within three weeks of submission. A copy of all final agreed reports will be sent to the Chief Executive, Executive Manager - Finance, Internal Audit and Audit Scotland's Performance Audit and Best Value Group.
17. We will provide an independent auditor's report to Shetland Islands Council and the Accounts Commission that the audit of the financial statements has been completed in accordance with applicable statutory requirements. After completion of the audit we will provide Members and the Controller of Audit with an annual report containing observations and recommendations on

significant matters which have arisen during the course of the audit. All annual reports produced are published on Audit Scotland's website: (www.audit-scotland.gov.uk).

18. Planned outputs for 2013/14 are summarised at Exhibit 1.

Exhibit 1: Planned outputs

Planned outputs	Final report issued by
Governance	
Assurance and Improvement Plan Update	30 April 2014
Review of adequacy of internal audit	30 June 2014
Internal controls management letter	30 June 2014
Performance	
Major Capital Investment in Councils - follow-up	30 June 2014
Financial statements	
Report to Audit Committee in terms of ISA 260 (Communication of audit matters to those charged with governance)	23 September 2014
Independent auditor's report on the financial statements	30 September 2014
Audit opinion on charitable trusts	30 September 2014
Audit opinion on Whole of Government Accounts	31 October 2014
Annual report to Members and the Controller of Audit	31 October 2014
Grants	
Certification of a number of grant claims and statements of expenditure on Education Maintenance Allowance; Criminal Justice in Social Work; Non Domestic Rates Income return; and, Housing Benefit & Council Tax Benefit subsidy.	As required

Quality control

19. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Accounts Commission. To ensure that we achieve the required quality standards, Audit Scotland conducts peer and internal quality reviews and has engaged the Institute of Chartered Accountants of Scotland (ICAS) to conduct a programme of external review.

20. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We do, however, welcome feedback at any time and this may be directed to the engagement lead, David McConnell.

Independence and objectivity

21. Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB) and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland’s Ethics Partner.
22. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Shetland Islands Council.

Audit issues and risks

Audit issues and risks

23. Based on our discussions with staff, attendance at committee meetings and a review of supporting information, we have identified the following main financial statements risk areas for your organisation.

Financial Management and sustainability

24. **Financial Management:** to achieve its financial plans, the council has made significant savings during the previous two years (£11.8 million in 11/12 and £18.6 million in 12/13). The council plans to make further savings of £23 million by 2016/17 so that it can preserve a minimum reserve level of £150 million and eradicate the present unsustainable draw on reserves to fund the general fund deficit.
25. The financial pressures faced by the council over this period include:
- the ongoing reduction in core revenue funding from the Scottish Government
 - an expected Harbour Account deficit during 2014/15 and 2015/16
 - the requirements of the Asset Investment Plan (including the new Anderson High School)
 - other recurring cost pressures (e.g. pay award, bus service provision, Children & Young People's Bill, Demographic Pressure, Ferry Fuel, utilities).
26. The council's medium term financial plan (MTFP) clearly sets out the plans to deliver the required savings but this presents a significant challenge to the council, particularly in light of the level of savings already made since 2011/12. We will continue to monitor and report on the council's progress towards its MTFP.
27. **Housing Revenue Account:** As at 31 March 2013, the Housing Revenue Account (HRA) owed the General Fund £38.6 million as a result of internal borrowing over a number of years to help fund capital expenditure. The 2013/14 HRA budget requires a £2.5 million draw on reserves (25% of the HRA reserve fund) to balance the budget. This includes the cost of interest payments on the debt. Levels of funding support from central government have yet to be confirmed. There remains a risk that the council is unable to adequately manage the HRA debt and the subsequent draw on reserves cannot be sustained.
28. **Change Programme:** The council has agreed an ambitious and challenging Change Programme to ensure key changes and service priorities are delivered within the limits of its medium term financial strategy. If this programme is not effectively managed there is a risk that the council does not deliver on its key objectives as set out in its corporate plan. We will continue to monitor the council's progress on its change programme.

Governance

29. **Standing Orders:** In December 2012, Internal Audit highlighted significant non-compliance with standing orders and possible breach of EU Regulations within Ferries Operations. The governance statement of the council's 2012/13 statement of accounts stated '*compliance with Council Standing Orders for Tenders and Contracts and the Small Contracts Procedures continues to be a problem*'. In August 2013 the council approved revised Contract Standing Orders to strengthen governance arrangements.
30. A follow-up by Internal Audit in January 2014 on Ports and Harbours and Ferries Operations found the same significant issues existed regarding non-compliance with standing orders and possible breach of EU Regulations. This continues to represent significant risks to the council. We will monitor management action to address these risks and include work in this area as part of our planned controls work during 2013/14.
31. **Tendering Exercises:** Between March and May 2013, the council carried out a tender exercise for the Public Transport Redesign project, with contracts due to be awarded in August 2013.
32. This exercise produced tenders that were significantly over the five year budget of £24 million. The decision was made to extend the existing contracts and a subsequent review has resulted in a re-tendering exercise, due for completion in April 2014. There is a risk that future tendering exercises managed by the council do not produce affordable tenders. This would have an adverse impact on the council's financial plans. We will continue to monitor the council's arrangements in this area.
33. **Risk Management:** As part of its governance and management processes the council continues to develop its risk management arrangements. Departmental risk registers have been established but further work is required to ensure an effective and consistent approach to risk management across the council. This includes identifying risks at an appropriate level and ensuring departmental risk registers are regularly reviewed and updated. We understand that the corporate risk register will shortly be submitted to committee for approval. As we have reported in previous years, until risk management arrangements are fully embedded the risk remains that council does not adequately manage its risks. We will continue to monitor the council's progress in developing risk management arrangements.

Performance Management

34. **Performance Management:** The council has made good progress on developing its performance management arrangements as part of its Planning and Performance Management Framework. Work continues to improve these arrangements and ensure effective performance management processes are fully embedded across the council.
35. At present, the council has a mixed level of performance. Some areas, such as invoices paid within 30 days and the condition and suitability of operational accommodation, are showing improved performance. Areas of declining performance include costs in the areas of refuse collection and disposal and in council tax collection. In recent years there has been a slight

decline in overall performance compared to a previous period of ongoing improvement. There is a risk that the overall quality of services continues to decline, particularly as the council aims to deliver significant savings while managing conflicting priorities. We will continue to monitor the council's progress in developing performance management arrangements.

Welfare Reform

- 36. Welfare Reform:** The council has arrangements in place to address the implications of the Welfare Reform Act 2012, including membership of the Financial Resilience Welfare Reform sub-group. As expected, however, rent arrears have been increasing (£137,000 in 2012/13 from £102,000 in 2011/12). The Welfare Reform changes have not yet been implemented by the government and the council will need to ensure that they have arrangements in place to address the ongoing and future impact of welfare reform. We will continue to monitor the council's progress in managing this area.

Partnership Working

- 37. Partnership Working:** The council has plans in place to work with its community partners across Shetland to help deliver national and strategic objectives. In particular, the council is working with NHS Shetland to develop new management and governance arrangements which will support the new integrated health and social care services in line with the Health and Social Care Act 2012. Against a background of financial constraint and a challenging savings plan there is a risk that the council is unable to deliver shared objectives. We will continue to monitor these developments.

Workforce Management

- 38. Workforce Management:** The council continues to develop and implement arrangements to manage its staff. A number of policies and procedures are in place covering staff development, performance management and attendance. A workforce strategy is under development and is seen as a priority by the council. Staff reviews are conducted for each Change Programme project to address the impact on the workforce. The Human Resources Partnership Group meets regularly to help manage staff issues. If the workforce is not effectively managed, there is a risk that the council does not deliver its strategic or operational objectives. We will continue to monitor the council's arrangements in this area.

Major Projects

- 39. New Anderson High School:** In October 2013, the government-appointed building consortium, Hub North Scotland, announced it had been approved to design and build the new school and hall of residence. The council has set aside £14 million to fund the project and the Scottish Government is contributing £28 million. We understand that the final cost for the school will not be known until later in 2014 and that the council is considering external borrowing to fund this project. We will continue to monitor the council's arrangements for managing this project, including ensuring robust governance arrangements are in place.

Accounts presentation and disclosure

- 40. Group Accounts:** The council is required to prepare group accounts as part of its financial statements and this includes financial information obtained from the audited accounts of Shetland Charitable Trust (SCT). In the previous two years, the required information from SCT has only been available to the council near the end of our annual audit of the council's financial statements. If the information required from SCT's audited accounts is not available as expected there is a risk that there will not be sufficient time to allow us to carry out the required audit work on the council's group accounts. As part of our audit of the financial statements, we will work with the Finance Section on this matter to ensure the sign-off deadlines are achieved.

Summary assurance plan

- 41.** Within these identified risk areas there is a range of more specific risks and these are summarised at Appendix B. In most cases, actions to manage these risks are either planned or already underway within the organisation. Details of the sources of assurance that we have received for each of these risks and any audit work we plan to undertake is also set out in Appendix B. In the period prior to the submission of the unaudited financial statements, we will liaise with senior officers on any new or emerging issues.

National performance audit studies - impact and follow up

- 42.** Audit Scotland's Performance Audit and Best Value Group undertake a programme of studies on behalf of the Auditor General and Accounts Commission. In line with Audit Scotland's strategy to support improvement through the audit process and to maximise the impact of national performance audits we will review the impact of the following studies:
- Health Inequalities - Impact Report
 - Major Capital Investment in Councils - Follow-up Report

Fees and resources

Audit fee

43. In determining the audit fee we have taken account of the risk exposure of Shetland Islands Council, the management assurances in place, and the level of reliance we plan to take from the work of internal audit. We have assumed receipt of a complete set of unaudited financial statements and comprehensive working papers package by 30 June 2014.
44. The agreed audit fee for the 2013/14 audit of Shetland Islands Council is £236,460 as summarised in Exhibit 2. This includes £32,200 for the audit of Shetland Pension Fund and also includes the audit of the charitable trust for which the council is the sole trustee. Our fee covers:
- all of the work and outputs described in this plan
 - a contribution towards the costs of national performance studies and statutory reports by the Controller of Audit and the work of the Accounts Commission
 - attendance at Audit and Standards Committee meetings and other meetings
 - access to advice and information on relevant audit issues
 - access to workshops/seminars on topical issues
 - travel and subsistence costs.

A separate audit plan will be issued covering the pension fund.

Exhibit 2: Audit fee

Description	Audit fee 2010/11	Audit fee 2011/12	Audit fee 2012/13	Audit fee 2013/14
Total audit fee	304,960	273,810	248,300	236,460
% cash reduction on prior year	-	10.2%	9.3%	4.8%

45. Where our audit cannot proceed as planned through, for example, late receipt of the unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Audit team

46. Fiona Kordiak, Director, Audit Services is your appointed auditor. The local audit team will be led by David McConnell who will be responsible for the day to day management of the audit and who will be your primary contact. Details of the experience and skills of our team are provided at Appendix C. The core audit team will call on other specialist and support staff, as necessary.

Appendix A - Financial statements audit timetable

Key stage	Date
Testing and review of internal control systems and transactions	30 May 2014
Meetings with officers to clarify expectations of detailed working papers and financial system reports	31 March 2014
Planned committee approval of unaudited financial statements	19 August 2014
Submission of unaudited council financial statements with working papers package	30 June 2014
Submission of unaudited charitable trust financial statements with working papers package	13 June 2014
Progress meetings with lead officers on emerging issues	As required during the audit
Latest date for final clearance meeting with Executive Manager - Finance	05 September 2014
Agreement of unsigned financial statements for Audit & Standards Committee agenda, and issue of report to the committee on the audit of financial statements (ISA 260)	16 September 2014
Audit & Standards Committee date	23 September 2014
Independent auditor's report signed	30 September 2014
Latest date for submission of unaudited whole of government accounts to external audit	30 July 2014
Latest date for signing of WGA return	31 October 2014
Certified accounts and annual report presented to the council	17 December 2014

Appendix B - Summary assurance plan

In this section we identify a range of operational risks facing Shetland Islands Council, the related source of assurance received and the audit work we propose to undertake to secure additional assurance. The management of risk is the responsibility of Shetland Islands Council and its officers, with the auditor's role being to review the arrangements put in place by management. Planned audit work, therefore, will not necessarily address all residual risks.

Risk	Source of assurance	Planned audit action
Financial management and sustainability		
Medium Term Financial Plan There is a risk that the council fails to successfully delivery its MTFP and draws on reserves cannot be sustained.	<ul style="list-style-type: none"> Financial management arrangements Regular reporting to committee 	<ul style="list-style-type: none"> Monitor progress during the year Attendance at council meetings Review of monitoring reports Audit of the 13/14 financial statements Provide an update in the annual audit report
Housing Revenue Account If the HRA debt is not properly managed this may have an adverse impact on rents and capital investment in housing.	<ul style="list-style-type: none"> Medium Term Financial Plan Financial management arrangements Regular reporting to committee 	<ul style="list-style-type: none"> Monitor progress during the year Audit of the 13/14 financial statements Provide an update in the annual audit report
Change Programme If the Change Programme is not properly managed the council may not be able to deliver its corporate plan.	<ul style="list-style-type: none"> Regular progress reporting to committee Planning & Performance Management Framework Regular performance reporting to committee 	<ul style="list-style-type: none"> Monitor progress during the year Attendance at council meetings Provide an update in the annual audit report

Risk	Source of assurance	Planned audit action
Governance		
Standing Orders There is an ongoing risk of non-compliance with EU regulations and council's standing orders for contracts.	<ul style="list-style-type: none"> Financial management arrangements Reliance on the work of Internal Audit 	<ul style="list-style-type: none"> Monitor progress during the year Provide an update in the annual audit report
Tendering Exercises If tender exercises do not result in affordable tenders the council may not meet its financial plans.	<ul style="list-style-type: none"> Financial management arrangements Reliance on the work of Internal Audit 	<ul style="list-style-type: none"> Monitor progress during the year Provide an update in the annual audit report
Risk Management Until risk management arrangements are fully embedded the council cannot effectively manage its risks.	<ul style="list-style-type: none"> Ongoing development of risk management arrangements Risk Management Board 	<ul style="list-style-type: none"> Monitor progress during the year Attendance at council meetings Review of corporate risk register Provide an update in the annual audit report
Corporate Risk Register In the absence of a corporate risk register, strategic and operational decisions do not take account of appropriate risks.	<ul style="list-style-type: none"> Approval of the corporate risk register Regular reporting of key risks to members. Risk Management Board 	<ul style="list-style-type: none"> Monitor progress during the year Attendance at council meetings Review of corporate risk register Provide an update in the annual audit report
Performance Management		
Performance Management Until effective performance management arrangements are fully embedded across the council the expected quality of services may not be delivered.	<ul style="list-style-type: none"> Planning & Performance Management Framework Regular performance reporting to committee 	<ul style="list-style-type: none"> Monitor progress during the year Review the council's performance monitoring reports Provide an update in the annual audit report

Risk	Source of assurance	Planned audit action
Welfare Reform		
Welfare Reform The council may not be adequately prepared for the impact Welfare Reform may have on service provision.	<ul style="list-style-type: none"> • Council membership of the Financial Resilience Welfare Reform sub-group • Inclusion in the corporate risk register 	<ul style="list-style-type: none"> • Monitor progress during the year • Provide an update in the annual audit report • Review of corporate risk register • Attendance at council meetings
Partnership Working		
Partnership Working There is a risk that the council cannot deliver its challenging and ambitious community plans and therefore fails to meet its corporate objectives are not met.	<ul style="list-style-type: none"> • Regular reporting to committee on the SOA • Council representation on the Shetland Partnership Board • Council representation on the Shetland Partnership Performance Group • Regular performance reporting to the Shetland Partnership Performance Group 	<ul style="list-style-type: none"> • Monitor progress during the year • Attendance at council meetings • Provide an update in the annual audit report
Workforce Management		
If the workforce is not effectively managed there is a risk that the council does not deliver its strategic or operational objectives	<ul style="list-style-type: none"> • Implementation of Workforce Strategy • Revised Employee Review & Development Policy • Maximising Attendance Policy • Human Resources Partnership Group • Staff Reviews 	<ul style="list-style-type: none"> • Monitor progress during the year • Attendance at council meetings • Provide an update in the annual audit report
Major Projects		
New Anderson High School	<ul style="list-style-type: none"> • Financial management 	<ul style="list-style-type: none"> • Monitor progress during

Risk	Source of assurance	Planned audit action
The new AHS is not designed and built on time, within budget and to the agreed specification.	arrangements <ul style="list-style-type: none"> • Governance arrangements • Regular progress reports to committee • Project risk register 	the year <ul style="list-style-type: none"> • Provide an update in the annual audit report
Accounts Presentation and disclosure		
Group Accounts The group accounts disclosures in the financial statements do not include financial information for SCT	<ul style="list-style-type: none"> • Draft financial statements and working papers • Regular audit liaison meetings with Finance 	<ul style="list-style-type: none"> • Early financial statements planning meeting and review

Appendix C - Audit team

A summarised curriculum vitae for each core team member is set out below:

David McConnell MA CPFA**Assistant Director (and certifying auditor)**

David has worked in public sector audit since 1981, firstly with the National Audit Office and, since 1985, with the Accounts Commission/Audit Scotland. He therefore has extensive experience of audit in central government, local government and the NHS. Dave is currently Audit Scotland's lead on resource management issues.

Carol Hislop BA CA**Senior Audit Manager**

Carol has extensive experience in the private and public sectors, including 12 years audit experience across central government, health and local government sectors.

Iain Lochhead BSc CPFA**Senior Auditor**

Iain has over 25 years public sector experience including 12 years in internal audit, working for a variety of clients. Iain joined Audit Scotland in 2008 and has been involved in a number of local government and health audits.

Kyle McAulay BA**Professional Trainee Auditor**

Kyle joined the team in 2012 as a professional trainee having studied accountancy at Glasgow Caledonian University.

Shetland Islands Council Pension Fund

Annual Audit Plan 2013/14



Prepared for members of Shetland Pension Fund Consultative Panel and Executive Committee
February 2014

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Summary	4
Introduction	4
Summary of planned audit activity.....	4
Responsibilities	5
Responsibility of the appointed auditor	5
Responsibility of the Executive Manager - Finance.	5
Format of the accounts.....	5
Audit Approach	6
Our approach	6
Materiality.....	7
Reporting arrangements.....	7
Quality control	8
Independence and objectivity	8
Audit issues and risks	10
Audit issues and risks.....	10
Summary assurance plan.....	11
Fees and resources	12
Audit fee.....	12
Audit team.....	12
Appendix A - Financial statements audit timetable	13
Appendix B - Summary assurance plan	14
Appendix C - Audit team	16

Summary

Introduction

1. Our audit is focused on the identification and assessment of the risk of material misstatement in Shetland Islands Council Pension Fund's financial statements. This report summarises our assessment of the key challenges and risks facing Shetland Islands Council Pension Fund and sets out the audit work that we propose to undertake in 2013/14. Our plan reflects:
 - the risks and priorities facing Shetland Islands Council Pension Fund
 - current national risks relevant to local circumstances
 - the impact of changing international auditing and accounting standards
 - our responsibilities under the Code of Audit Practice as approved by the Auditor General for Scotland
 - issues brought forward from previous audit reports.

Summary of planned audit activity

2. Our planned work in 2013/14 includes:
 - an audit of the financial statements and provision of an opinion on whether:
 - they give a true and fair view of the financial position of Shetland Islands Council Pension Fund as at 31 March 2014 and its income and expenditure for the year then ended
 - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2013 Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
 - a review and assessment of Shetland Islands Council Pension Fund's governance and performance arrangements in a number of key areas including: adequacy of internal audit, arrangements to support the governance compliance statement and information in the annual report
 - provision of an annual audit report addressed to the members of Shetland Islands Council Pension Fund and the Controller of Audit.

Responsibilities

3. The audit of the financial statements does not relieve management or the Audit & Standards Committee as the body charged with governance, of their responsibilities.

Responsibility of the appointed auditor

4. Our responsibilities, as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.
5. Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements set in place by the audited body to ensure the proper conduct of its financial affairs and to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

Responsibility of the Executive Manager - Finance

6. It is the responsibility of the Executive Manager - Finance as the appointed "proper officer", to prepare the financial statements in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This means:
 - acting within the law and ensuring the regularity of transactions by putting in place appropriate systems of internal control
 - maintaining proper accounting records
 - preparing financial statements timeously which give a true and fair view of the financial position of Shetland Islands Council Pension Fund as at 31 March 2014 and its expenditure and income for the year then ended.

Format of the accounts

7. The financial statements should be prepared in accordance with the Code which constitutes proper accounting practice for the purposes of section 12 of the Local Government Scotland Act 2003.

Audit Approach

Our approach

8. Our audit approach is based on an understanding of the characteristics, responsibilities, principal activities, risks and governance arrangements of Shetland Islands Council Pension Fund. We also consider the key audit risks and challenges in the local government sector generally. This approach includes:
 - understanding the business of Shetland Islands Council Pension Fund and the risk exposure which could impact on the financial statements
 - assessing the key systems of internal control, and considering how risks in these systems could impact on the financial statements
 - identifying major transaction streams, balances and areas of estimation and understanding how Shetland Islands Council Pension Fund will include these in the financial statements
 - assessing and addressing the risk of material misstatement in the financial statements
 - determining the nature, timing and extent of the audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements give a true and fair view.
9. We have also considered and documented the sources of assurance which will make best use of our resources and allow us to focus audit testing on higher risk areas during the audit of the financial statements. The main areas of assurance for the audit come from planned management action and reliance on systems of internal control. Management action being relied on for 2013/14 includes:
 - comprehensive closedown procedures for the financial statements accompanied by a timetable issued to all relevant staff
 - clear responsibilities for preparation of financial statements and the provision of supporting working papers
 - delivery of unaudited financial statements to agreed timescales with a comprehensive working papers package
10. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an early assessment of the internal audit function. Internal audit is provided by the internal audit section within Shetland Islands Council. Overall, we concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS). We have not identified any areas of work planned by internal audit which will give us assurance over the pension fund financial statements process.

Materiality

11. International Standard on Auditing 320 provides guidance on the concept of materiality. We consider materiality and its relationship to audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
12. When considering, in the context of a possible qualification, whether the misstatement of an item, or a number of items taken together, is material in terms of its monetary value, we use professional judgement and experience and internal guidelines from peers. An item may be judged material for reasons other than its monetary value. An inaccuracy, which would not normally be regarded as material, may be important for other reasons. When such an item affects a critical point in the accounts, its materiality has to be viewed in a narrower context (for example the failure to achieve a statutory requirement, or an item contrary to law). Such matters would normally fall to be covered in an explanatory paragraph in the independent auditor's report.

Reporting arrangements

13. The Local Government (Scotland) Act 1973 requires that unaudited financial statements are presented to the council and Controller of Audit within three months of the end of the financial year. The Controller of Audit requires audit completion and issue of an independent auditor's report (opinion) by 30 September each year. A high level timetable is included at Appendix A of this plan, which takes account of submission requirements and planned Audit & Standards Committee dates. A more detailed timetable will be agreed with the Executive Manager - Finance in due course.
14. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the responsible head of service and relevant officers to confirm factual accuracy. Responses to draft reports are expected within three weeks of submission. A copy of all final agreed reports will be sent to the Chief Executive, Executive Manager - Finance, Internal Audit and Audit Scotland's Performance Audit and Best Value Group.
15. We will provide an independent auditor's report to Shetland Islands Council Pension Fund and the Accounts Commission that the audit of the financial statements has been completed in accordance with applicable statutory requirements. After completion of the audit we will provide Members and the Controller of Audit with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the course of the audit. All annual reports produced are published on Audit Scotland's website: (www.audit-scotland.gov.uk).
16. Planned outputs for 2013/14 are summarised at Exhibit 1.

Exhibit 1: Planned outputs

Planned outputs	Final report issued by
Governance	
Annual Audit Plan	20 February 2014
Internal controls and corporate governance management letter	30 May 2014
Financial statements	
Report to Audit & Standards Committee in terms of ISA 260 (Communication of audit matters to those charged with governance)	30 September 2014
Independent auditor's report on the financial statements	30 September 2014
Annual report to Members and the Controller of Audit	31 October 2014

Quality control

17. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Accounts Commission. To ensure that we achieve the required quality standards, Audit Scotland conducts peer and internal quality reviews and has engaged the Institute of Chartered Accountants of Scotland (ICAS) to conduct a programme of external review.
18. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We do, however, welcome feedback at any time and this may be directed to the engagement lead, David McConnell.

Independence and objectivity

19. Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB) and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland's Ethics Partner.

20. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Shetland Islands Council Pension Fund.

Audit issues and risks

Audit issues and risks

21. Based on our discussions with staff, attendance at committee meetings and a review of supporting information, we have identified the following main financial statements risk areas for your organisation.

Investments

22. **Internal Controls:** Independent service auditors carry out annual reviews of the internal controls operated by the Pension Fund's custodian and its two fund managers. A copy of each of the internal controls reports are provided to the Pension Fund's Treasury Accountant. It was highlighted last year that these reports were not submitted to the Pension Fund Consultative Panel or Executive Committee for consideration. It has been agreed with management that a summary of these reports will now be submitted to the Executive Committee to provide assurance on the adequacy of funds' systems of internal controls. We will review the Pension Fund Consultative Panel and Executive Committee minutes to ensure that these reports are reviewed and discussed on a timely basis.
23. **Investment Strategy:** The fund's consultants, Hymans Robertson, are carrying out a review of the current pension fund investment strategy with the aim of reducing the risk that the pension fund may not achieve the required returns on investments. The review is due for completion by 31 March 2014 and we intend to keep this area under review and include an update in our annual report.

Pension Fund Administration

24. **Non-compliance with legislation:** The Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 places limits on the type and percentage of permitted investments. These regulations are considered when an agreement is prepared between the fund and a fund manager but there is no system in place for monitoring after this. Without monitoring of fund managers' investment decisions, there is a risk that investments are not held in accordance with legislation. Management have advised us that this issue will be addressed by the current review of the investments strategy by Hymans Robertson. We will consider the results of the review and any impact on investments.

Public Service Pension Reform

25. **Pension Reform - Administration:** The Public Services Pensions Act 2013 requires changes to public service pensions in line with the Government's objectives and the recommendations of the Independent Public Service Pensions Commission. These changes, such as the new Career Average Related Earnings (CARE) scheme from April 2015, will bring additional pressures and demands on the operation of the pension fund. There is a risk that the pension

fund may not adequately prepare for and implement the required arrangements to address these changes. We will continue to monitor the pension fund's actions in this area.

26. **Pension Reform - Governance:** The Pension Fund's governance arrangements include the Pension Fund Consultative Panel and Shetland Islands Council Executive Committee and full Council. The Public Services Pensions Act 2013 may require changes to these arrangements. We will continue to monitor the pension fund's governance arrangements to ensure compliance with legislation.
27. In a period of significant change as a result of the Public Services Pensions Act 2013 it is important that those charged with governance receive adequate training on the impact of these changes. There is a risk that without proper training on the impact of pension reform, those charged with governance of the pension fund may not be able to carry out their roles effectively. We will continue to monitor arrangements in this area.

Summary assurance plan

28. Within these identified risk areas there is a range of more specific risks and these are summarised at Appendix B. In most cases, actions to manage these risks are either planned or already underway within the organisation. Details of the sources of assurance that we have received for each of these risks and any audit work we plan to undertake is also set out in Appendix B. In the period prior to the submission of the unaudited financial statements, we will liaise with senior officers on any new or emerging issues.

Fees and resources

Audit fee

29. In determining the audit fee, we have taken account of the risk exposure of Shetland Islands Council Pension Fund, the management assurances in place, and the level of reliance we plan to take from the work of internal audit. We have assumed receipt of a complete set of unaudited financial statements and comprehensive working papers package by 30th June 2014.
30. The agreed audit fee for the 2013/14 audit of Shetland Islands Council Pension Fund is £32,200 as summarised in Exhibit 2. Our fee covers:
- all of the work and outputs described in this plan
 - attendance at committee meetings
 - access to advice and information on relevant audit issues
 - access to workshops/seminars on topical issues
 - travel and subsistence costs.

Exhibit 2: Audit fee

Description	Audit fee 2010/11	Audit fee 2011/12	Audit fee 2012/13	Audit fee 2013/14
Total audit fee	£35,300	£34,200	£32,200	£32,200
% cash reduction on prior year	-	3.1%	5.8%	-

31. Where our audit cannot proceed as planned through, for example, late receipt of the unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Audit team

32. David McConnell, Assistant Director, Audit Services is your appointed auditor. The local audit team will be led by Carol Hislop who will be responsible for the day to day management of the audit and who will be your primary contact. Details of the experience and skills of our team are provided at Appendix C. The core audit team will call on other specialist and support staff, as necessary.

Appendix A - Financial statements audit timetable

Key stage	Date
Meetings with officers to clarify expectations of detailed working papers and financial system reports	31 March 2014
Planned committee approval of unaudited financial statements	19 August 2014
Submission of unaudited pension fund financial statements with working papers package	30 June 2014
Progress meetings with lead officers on emerging issues	As required during audit process
Latest date for final clearance meeting with Executive Manager - Finance	5 September 2014
Agreement of unsigned financial statements for Audit & Standards Committee agenda, and issue of report to the Audit & Standards Committee on the audit of financial statements (ISA 260)	16 September 2014
Audit & Standards Committee date	23 September 2014
Independent auditors report signed	30 September 2014
Annual report to Members and the Controller of Audit	31 October 2014

Appendix B - Summary assurance plan

In this section we identify a range of risks facing Shetland Islands Council Pension Fund, the related source of assurance received and the audit work we propose to undertake to secure additional assurance. The management of risk is the responsibility of Shetland Islands Council Pension Fund and its officers, with the auditor's role being to review the arrangements put in place by management. Planned audit work, therefore, will not necessarily address all residual risks.

Risk	Source of assurance	Planned audit action
Investment Performance		
Internal Controls There is a risk that appropriate action is not taken by management to address any weaknesses identified in the control systems of the pension fund investment managers.	<ul style="list-style-type: none"> • Reports will be reviewed and any material weaknesses identified will be reported to the Executive Committee with a clear recommendation as to what action to take 	<ul style="list-style-type: none"> • Monitor progress throughout the year. • Review of minutes • Provide an update in the annual audit report.
Investment Strategy In the absence of a more focussed strategy, there is a risk that the pension fund may not achieve the required returns on investments and reach full funding before the fund reaches maturity.	<ul style="list-style-type: none"> • Review of the investment strategy. 	<ul style="list-style-type: none"> • Monitor progress throughout the year. • Provide an update in the annual audit report.
Pension Fund Administration		
Non-compliance with legislation There is a risk that management and investments regulations for permitted investments are not monitored on an on-going basis and investments are not held in accordance with legislation.	<ul style="list-style-type: none"> • Review of the investment strategy. 	<ul style="list-style-type: none"> • Monitor progress throughout the year. • Review of Investment Strategy. • Provide an update in the annual audit report.

Risk	Source of assurance	Planned audit action
Public Service Pension Reform		
Pension Reform - Administration There is a risk that the pension fund may not prepare for and implement the required changes to comply with the Public Pensions Services Act 2013.	<ul style="list-style-type: none"> Pension Fund national meetings and training events for appropriate officers. 	<ul style="list-style-type: none"> Monitor progress throughout the year. Review of minutes. Provide an update in the annual audit report.
Pension Reform - Governance There is a risk that the governance arrangements of the pension fund do not comply with the changes introduced by the Public Services Pensions Act 2013.	<ul style="list-style-type: none"> Pension Fund national meetings and training events for appropriate officers. 	<ul style="list-style-type: none"> Monitor progress throughout the year. Review of minutes. Provide an update in the annual audit report.
Pension Reform - Governance There is a risk that members will not be able to perform their scrutiny function effectively without appropriate training for the changes brought about by the Public Services Pensions Act 2013.	<ul style="list-style-type: none"> Pension Fund national meetings and training events for appropriate officers. 	<ul style="list-style-type: none"> Monitor progress throughout the year. Provide an update in the annual audit report

Appendix C - Audit team

A summarised curriculum vitae for each core team member is set out below:

David McConnell MA CPFA

Assistant Director (and certifying auditor)

David has worked in public sector audit since 1981, firstly with the National Audit Office and since 1985, with the Accounts Commission/Audit Scotland. He therefore has extensive experience of audit in Central Government, Local Government and the NHS. Dave is currently Audit Scotland's lead on resource management issues.

Carol Hislop BA CA

Senior Audit Manager

Carol has extensive experience in the private and public sectors, including 12 years audit experience across Central Government, Health and Local Government sectors.

Iain Lochhead BSc CPFA

Senior Auditor

Iain has over 25 years public sector experience including 12 years in internal audit, working for a variety of clients. Iain joined Audit Scotland in 2008 and has been involved in a number of Local Government and Health audits.

Kyle McAulay BA

Professional Trainee Auditor

Kyle joined the team in 2012 as a professional trainee having studied accountancy at Glasgow Caledonian University.

**Audit and Standards Committee****20 February 2014**

INTERNAL AUDIT – Additional Internal Audit Progress Report 2013/14	
Report No: IA-01-14-F	
Report Presented by Executive Manager – Internal Audit	Internal Audit

1.0 Summary

- 1.1 This report is being presented to the Audit and Standards Committee as the Audit Committee of Shetland Islands Council.
- 1.2 This report presents Members with details of key issues identified during Internal Audit assignments undertaken since the six monthly progress report in November 2013 (Appendices 1 & 2).
- 1.3 Also presented for approval is a revised Audit Charter (Appendix 3). This has been amended to reflect the requirements of the new Public Sector Internal Audit Standards (PSIAS) which has been previously reported to and discussed at Audit & Standards Committee.

2.0 Decision Required

- 2.1 The Audit and Standards Committee is asked to note the contents of this report and RESOLVE to approve the revised Audit Charter.

3.0 Detail

- 3.1 The purpose of Internal Audit, as defined in the Audit Charter, is to reassure Council Members that:
 - there is adequate monitoring of the internal control environment throughout Council operations so that serious breakdowns are avoided, and

- the Council's system of internal control, corporate governance and risk management are both sound and effective so that its assets are safeguarded and its performance reporting can be accepted with confidence.
- 3.2 Progress to date on the Audit Plan is substantially on target, as at the end of January 2014. The situation will continue to be closely monitored. It is anticipated that over 90% of the plan will be completed by the financial year end.
 - 3.3 Appendix 1 details the work undertaken since the six monthly progress report in November 2013.
 - 3.4 Appendix 2 provides additional progress information which Members are asked to note that, if publicised at this time, could impact on ongoing internal processes. In this regard, the appendix is marked as "Not for Publication" and officers can answer any detailed question in private, following a resolution to exclude the public.
 - 3.5 Appendix 3 is the revised PSIAS compliant Audit Charter which is presented for approval. As advised at previous meetings ongoing discussions are being held within SLACIAG (Scottish Local Authorities Chief Internal Auditors Group) to help achieve a consistent Scotland wide compliance with PSIAS.
 - 3.6 Members are also reminded that Internal Audit reports are published on the Council website following clearance for Freedom of Information (FOI) and Data Protection purposes. Members can find information on issues identified, in addition to those deemed as key / main, within these reports.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – This report contributes towards to the corporate priority of being a properly led and well managed Council dealing with the challenges of the present and the future and doing that within our means.
- 4.2 Community /Stakeholder Issues – None.
- 4.3 Policy And/Or Delegated Authority – The Audit and Standards Committee remit includes consideration of audit matters and one of its roles is to serve as the Council's Audit Committee.
- 4.4 Risk Management – Whilst no specific risk can be attributed to this report, Internal Audit facilitates reduction of risks identified as a result of work undertaken. This can only be the case if Council management act as per agreed action plans to deal with issues identified by Internal Audit.
- 4.5 Equalities, Health and Human Rights – None
- 4.6 Environmental – None

Resources

4.7 Financial – None

4.8 Legal – There are no Legal implications arising directly from this report.

4.9 Human Resources – There are no Human Resources implications arising directly from this report.

4.10 Assets and Property – None

5.0 Conclusions

5.1 Satisfactory progress is being made against the Internal Audit Plan for 2013/14. Members are asked to note issues identified as a result of audit work undertaken since November 2013 and approve the Audit Charter.

For further information please contact:

Crawford McIntyre – Executive Manager – Internal Audit

01595 744546

crawford.mcintyre@shetland.gov.uk

February 2014

List of Appendices

Appendix 1 – Internal Audit activity since November 2013 to date.

Appendix 2 – Internal Audit activity – additional info.

Appendix3 – Audit Charter.

END

Audit	Auditee	Progress Report / Key Audit Issues
Income & Recovery	Team Leader - Revenues & Benefits	Reported Nov 13.
Transport Operations - FMU	Transport Manager - FMU	Reported Nov 13.
Transport Operations - Airport	Executive Manager - Environmental Services	Reported Nov 13.
Architectural & Surveying / Gateway Process	Team Leader - Architectural & Surveying	Reported Nov 13.
Transport Operations - Bus	Executive Manager - Building & Transport Operations	Reported Nov 13.
Payroll & Pensions	Team Leader - Payroll & Pensions	No key issues were identified. Commitment given to resolve other issues.
ICT	Executive Manager - ICT	Refer Appendix 2.
Ports & Harbours	Director - Infrastructure	Refer Appendix 2.
Ferry Service follow up work on Contracts	Executive Manager - Ferry Service	Refer Appendix 2.
Legal	Team Leader - Legal	Currently being finalised at time of writing. It is not anticipated that there will be any key audit issues.
Procurement	Procurement Manager	Audit commencing at time of writing.
Payments	Payments Manager	Audit commencing at time of writing.



Shetland Islands Council
Additional Internal Audit Progress Report to Council Members 2013/14

Appendix 1

Local Taxation	Team Leader - Revenues & Benefits	Scheduled to commence 4th Quarter.
Youth Services		Scheduled to commence 4th Quarter but will probably c/fwd to 14/15.

Investigations / Reviews	Reported to:	
SUMS College	Acting Director - Shetland College	Reported Nov 13.
Hardship Fund	Acting Director - Shetland College	Reported Nov 13.
LEADER Funding	Executive Manager - Economic Development	Work undertaken and charged in accordance with SLA.
AXIS 4	Executive Manager - Economic Development	Reported Nov 13.
Mobile Phone Payments	Corporate Management Team	Reported Nov 13.
Capital Project – Occupational Therapy	Contract Manager	Reported Nov 13.
Asset Register	Executive Manager - Finance	Reported Nov 13.
Credit Cards / Cash Security	Executive Manager - Finance	To commence February 2014.

Page 2 of 3



Travel	CMT	Likely to c/fwd until 14/15 as new Policy being developed.
Capital Project – Shetland College	Executive Manager - Capital Programme	To commence February 2014.
Corporate Improvement – BV2	CMT	Ongoing. Subject to report to CMT.
Back Up Systems	Executive Manager - ICT	Incorporated within ICT audit.
Audit Logs	Executive Manger - ICT	Incorporated within ICT audit.
Systems Access	Various	Reported Nov 2013.





**SHETLAND ISLANDS COUNCIL
CHIEF EXECUTIVE SERVICES
INTERNAL AUDIT**

INTERNAL AUDIT CHARTER

Approved by Standing Committee : 28/03/2002 (Min Ref 11/02) &
Approved by Council 3/4/2002 (Min Ref 52/02)
Latest Review : Feb 2014
Next Review Date : April 2015

1. Introduction

- 1.1 Shetland Islands Council Internal Audit Service are required to observe the requirements of the Public Sector Internal Audit Standards (PSIAS) from 1st April 2013.
- 1.2 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.3 In accordance with PSIAS; Internal Audit staff will demonstrate integrity, objectivity, confidentiality and competency in all aspects of their work.
- 1.4 Internal Audit aims to support Members and Officers of the Shetland Islands Council in the effective discharge of their responsibilities. In terms of the applicable standards (PSIAS), the "Board" shall mean the Audit & Standards Committee and "Senior Management" shall mean The Corporate Management Team.

2. Values

- 2.1 In everything it does Internal Audit will be open, fair, courteous, consistent and accountable.
- 2.2 Internal Audit is committed to quality in the provision of all services and facilities. It will regularly check performance and seek opportunities for improvement and value for money and strive to deliver the best practicable standard of service.

- 2.3 Internal Audit values its staff and their professionalism, knowledge, skills and judgement and is committed to developing and motivating them.

3. Management and Internal Audit

- 3.1 It is the responsibility of Management to establish an operating environment which is controlled, efficient and effective. Internal Audit is one element of control within the operating environment.
- 3.2 The operating environment also depends upon the system of internal control, the objectives of which are to ensure that:
- (a) operations are conducted in an efficient and well ordered manner to fulfil defined objectives;
 - (b) Council assets are safeguarded; and
 - (c) reliable information is available on which sound decisions can be made by those authorised to do so.
- 3.3 Internal Audit does not relieve management of its responsibility for maintaining effective control, corporate governance and Risk Management. It is, however, that element of the control environment specifically established to effectively appraise the effectiveness of control. It can then reassure management when control is adequate and identify and report inadequate control to enable the appropriate action to be taken to strengthen it before any serious breakdown occurs.
- 3.4 The Local Authority Accounts (Scotland) Regulations 2013 propose to make it a statutory requirement for a local authority to undertake an adequate and effective internal audit function. Currently Section 95 of the Local Government (Scotland) Act 1973 specifies that all Scottish Councils are required to have in place arrangements for ensuring propriety, regularity and best value in their stewardship of public funds. Internal Audit contributes to these requirements with Scottish Office Circular 5/85 stating that effective internal audit is a matter of good practice. The format of Internal Audit depends upon how councillors perceive the role and the resources they are prepared to invest in it.

4. Organisational status and relationships

- 4.1 Internal Audit is responsible to the Chief Executive. This reporting line enables it to examine all functions objectively without being constrained

by direct line management. Internal Audit reports are cleared with the accountable level of management, prior to formal issue, without reference to the Chief Executive, thus achieving reasonable independence.

- 4.2 The Executive Manager Internal Audit must establish and maintain good working relationships and channels of communication with Elected Members. This is maintained by providing, as a minimum, six-monthly reports to the Audit & Standards Committee and attendance at other Audit & Standards Committee meetings. In the intervening period, should communication be required between Members and Internal Audit, this will be mutually arranged.
- 4.3 Internal Audit's effectiveness is critically dependent on maintaining credibility with all employees. This in turn depends upon building and maintaining a reputation for contributing constructively and adopting an objective professional approach. Internal Audit and line management share a common aim to achieve an effective internal control, risk management and corporate governance environment. Internal Audit endeavours to establish a partnership with the auditee for a joint operation to improve conditions.
- 4.4 Whereas the aim of Internal Audit is to assist management, the external auditors fulfil a statutory duty for which they are responsible to the Accounts Commission.
- 4.5 The objectives differ, but in practice much of the evidence each collects, as the basis for audit judgements, may be common to both purposes. Effective liaison between Internal Audit and the external auditors is necessary to avoid duplication of work and clashing timetables. Internal Audit consults regularly with the external auditors in the process of planning audit assignments and coverage. Internal Audit plans are sent to the external auditors. Copies of all Internal Audit reports issued, and working papers, are made available to them for examination.

5. Staffing and Training

- 5.1 Internal Audit shall be staffed with persons of appropriate qualifications and experience. Audit staff should have considerable experience in a finance-related post. Staffing levels should be sufficient to enable delivery of the audit plan.
- 5.2 The Executive Manager - Internal Audit, in conjunction with the Chief Executive, will ensure that formal and effective training takes place to enable all staff within Internal Audit to carry out their work in accordance with the required standards laid down in the Audit Manual.

- 5.3 Training requirements for Internal Audit personnel will be linked wherever possible to their particular function.
- 5.4 The Executive Manager - Internal Audit will ensure that each employee is correctly qualified and trained.
- 5.5 Where a particular expertise is required by any member of staff, the Executive Manager will consider the use of: -
- in-house training course
 - external training course
 - arrange for the member of staff to work alongside someone with the required expertise.
- 5.6 The training needs of all staff will be reviewed annually and discussed with them but provision will be subject to resource availability.
- 5.7 All training undertaken by Internal Audit staff will be recorded on their personal training record.
- 5.8 It is the responsibility of the Executive Manager to identify the training needs of staff and to ensure that all training programmes are completed as directed.

6. Objectives

- 6.1 Internal Audit is required to reassure Council Members as follows:
1. That there is adequate monitoring of the internal control environment throughout Council operations so that serious breakdowns are avoided.
 2. That the Council's system of internal control, corporate governance and risk management are both sound and effective so that its assets are safeguarded and its performance reporting can be accepted with confidence.
- 6.2 Internal Audit meets these requirements through adopting the following procedures:
1. Establishing and maintaining standards for the practice of effective internal auditing throughout the Council.
 2. Testing the Council's control systems for adequate effectiveness and compliance.
 3. Liaison with the external auditors to avoid duplication or gaps in cover.

4. Facilitating dissemination throughout the Council of the lessons learned through Internal Audit findings.
5. Reporting to Senior Management on the adequacy of internal control, corporate governance and risk management throughout the Council.
6. Reporting an annual opinion to Committee on the adequacy of internal control, corporate governance and risk management throughout the Council and on the internal audit work planned for each ensuing year.

7. Responsibilities

- 7.1 Internal Audit is authorised to examine all activities throughout the Council for the purpose of evaluating internal control, with specific responsibilities:
1. Performing audit assignments at appropriate intervals to reassure management that controls are adequate, efficient and operating as designed.
 2. To identify and report to management any weakness in control and any unsound procedures.
 3. To offer feasible recommendations for improving performance and preventing future shortcomings.
 4. Investigating fraud, conflict of interest and other irregularities.
- 7.2 Internal Audit is concerned to preserve their independence from the operations they examine. They are not empowered to make changes in systems, methods or staffing, and may not undertake to do so. Their role is to act as agents for change by making recommendations to management from an impartial viewpoint. The auditee is responsible for managing risks identified.
- 7.3 In accordance with the Council's Strategy for the Prevention and Detection of Fraud & Corruption all suspicions of impropriety must be reported to the Executive Manager - Finance and the Executive Manager - Internal Audit and will be investigated. The Executive Manager - Internal Audit will ensure that matters are reported to the Police if there are reasonable grounds for believing that a criminal offence has been committed. He / She will also advise the Council's Monitoring Officer where deemed appropriate.
- 7.4 Internal Audit Staff are all aware of the need to avoid conflicts of interest or even the perception of such. Where any doubt arises

discussion will be held with the Executive Manager – Internal Audit and / or the Chief Executive.

8. Services

Internal Audit is in two parts:

8.1 Internal Audit assignments

8.1.1 Internal Audit assignments are in-depth examinations of all the key control systems throughout the Council. All assignments are normally performed on a service, corporate or specific issue basis and are timed in accordance with an audit plan.

8.1.2 The audit evaluates whether the environment of control developed by management is adequate and whether the detailed control systems give reasonable assurance that control objectives will be attained. Any significant control weaknesses are reported and management must then respond with a plan of action to address issues identified.

8.2 Investigation work

8.2.1 An investigation is a complete review of a particular activity, practice or incident at the specific request of Human Resources or the Chief Executive in conjunction with the relevant service directors.

9. The Audit Plan

9.1 All internal audit assignments are performed in accordance with an annual audit plan. The plan is a prioritised schedule of assignments to be performed during the course of the financial year within the framework of a 6-year risk based Strategic Audit Plan. The plan is developed and maintained by the Executive Manager - Internal Audit and requires the approval of the Corporate Management Team (CMT) and the Council.

10. Working practices

10.1 For operations where the management or the circumstances have changed significantly since the last Internal Audit visit and for all operations not previously visited, Internal Audit initially approaches accountable management to explain the concept of internal auditing, Internal Audit's approach to audit assignments and to talk over possible areas where it could assist the management task.

- 10.2 Accountable managers are to allow Internal Audit unrestricted access to Council premises to interview staff, observe operations and examine records to enable them to fulfil their responsibilities. In addition, Internal Audit shall receive such explanations as are necessary concerning any matter under examination and require any employee of the Council to produce cash, stores or any other Council property under their control.
- 10.3 Internal Audit has an obligation to respect the confidentiality of information to which they are privileged to have access in the course of their work.
- 10.4 Internal Audit will discuss their findings and the conclusions they draw from them with the accountable management during the course of the audit assignment. A course of action to achieve operational improvements or to rectify control weaknesses may then be resolved jointly, to form the basis of the Internal Audit recommendations. This practice helps to ensure that the recommended course of action is feasible.
- 10.5 In addition, each audit assignment will address best value issues. Improving value for money in local government, by achieving optimum service standards, can partially be achieved through the use of Internal Audit resources. Where considered necessary, such suggested improvements will be communicated by means of audit findings or reportable observations.

11. Reporting

- 11.1 All material findings made during the course of an assignment will be documented by Internal Audit in the form of an audit comment. These will be addressed to the individual responsible for the area being audited and, if not the same person, to the person who is capable of rectifying the problem. A written response agreeing to the factual content of the comment is required and is recorded on the Covalent system.
- 11.2 A formal draft report will be issued within 2 weeks from completion of each audit assignment. On completion of the assignment and before the final report is issued, every effort will be made to ensure that its factual content is accurate, presented in appropriate context, and with proper emphasis.
- 11.3 Internal Audit reports are acknowledged to be confidential documents and are addressed to the Team Leader or Executive Manager, where appropriate, of the operation examined or to the Service Director. Copies of the report will be made available to the manager's immediate line manager and / or Director, the Executive Manager Finance and the Chief Executive. In addition, copies will be sent to other officers who, by virtue of their position in the Council, have a need to know (e.g.

Executive Manager – Governance & Law) and will be made available to the external auditors. An action plan incorporating agreed responses and timescales will form an appendix to the report.

- 11.4 Corporate Reviews presented to CMT will be discussed in draft form at CMT prior to including a CMT agreed course of action within the final report.
- 11.5 Reports are posted on to Internal Audit's website following review by the Team Leader - Administration for Freedom of Information and Data Protection issues.
- 11.6 A synopsis of all assignments performed will be provided, in summary form on, at least, a six-monthly basis to the Audit & Standards Committee.