

**Audit Committee****1 March 2016****Community Care Resources – Internal Audit****Report No: CC-08-16-F****Report by Interim Executive Manager
Community Care Resources****Community Health and Social Care
Directorate****1.0 Summary**

- 1.1 This report presents summary findings of the Community Care Resources internal audit that was completed in August 2015. The report in Appendix 1 and Action Plan in Appendix 2 were presented to the Integration Joint Board (IJB) on 21 December 2015 (Min. Ref. 20/15).

2.0 Decision Required

- 2.1 The Audit Committee NOTE the decision made at the IJB on 21 December 2015.

3.0 Detail**Background**

- 3.1 The Community Care Resource Service operates care services from 7 localities across Shetland. Internal Audit undertook a planned audit of 5 care centres in the summer of 2015. Internal Audit identified a number of issues that needed to be addressed, and subsequently the service developed an Action Plan. Internal Audit submitted a six month progress report to the Audit Committee on 17 November 2015 (Min. Ref. 31/15), which informed the Committee of the key issues and updated the Committee on the progress Community Care Resources were making with their action plan.
- 3.2 The decision of the Audit Committee was for the IJB to receive a report on the Community Care Resources audit and agreed Action Plan before the end of 2015, and for the IJB to report back to Audit Committee before the end of the financial year.

- 3.3 A report and action plan was submitted to the IJB on 21 December 2015. The IJB discussed the content of the Action Plan and agreed that actions are being progressed in a suitable timescale. The IJB agreed that a further update on the Action Plan is presented to the IJB in three months time from the date of that meeting. The Action Plan continues to be progressed and an update report will be presented to the April meeting of the IJB.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

Shetland Single Outcome Agreement 2013: We have supported people to achieve their full potential at all life stages – from birth and early years through working lives to old age.

Community Health and Social Care Directorate Plan has the following relevant priorities:

- Developing person-centred services, with personalisation driving the shape of all public services and a strong focus on developing a person centred approach to care and care planning.
- Implementing changes to services and our workforce to support the delivery of safe, efficient, sustainable services.

4.2 Community /Stakeholder Issues

Each service area is inspected on a regular basis by the Care Inspectorate and reports issued. All efforts will be made to ensure services remain of good quality and that invoices issued are accurate.

4.3 Policy And/Or Delegated Authority

The Audit Committee remit includes consideration of Audit matters and to oversee and review action taken on Internal Audit activity.

4.4 Risk Management

Any risks to the Council arising from this audit have been acknowledged and arrangements put in place to mitigate the risk.

4.5 Equalities, Health and Human Rights

None

4.6 Environmental

None

Resources

4.7 Financial

It is intended that all improvements will be achieved within current budget.

4.8 Legal
None

4.9 Human Resources
We are currently working with HR and Finance to improve systems that are not directly within service control, but where those systems can impact positively on quality and efficiency.

4.10 Assets And Property
None

5.0 Conclusions

5.1 The Community Care Resources 2016/17 Action Plan will continue to be monitored by the IJB and an updated report will be submitted to the IJB on 27 April 2016.

For further information, contact:

Denise Morgan, Interim Executive Manager Community Care Resources

denise.morgan@shetland.gov.uk

Telephone: 01595 744449

22 February 2016

Appendices

Appendix 1 Report presented to the Integration Joint Board

Appendix 2 Community Care Resources 2016-17 Action Plan



Meeting:	Integration Joint Board
Date:	21 December 2015
Report Title:	Community Care Resources – Internal Audit
Reference Number:	CC-58-15-F
Author / Job Title:	Denise Morgan / Interim Executive Manager – Community Care Resources

Decisions / Action required:

That the IJB discuss the content of the action plan and agree that actions are being progressed in a suitable timescale. Agree that a further update on the action plan is presented to the IJB in 3 months time from the date of this meeting

High Level Summary:

This report presents summary findings of the Community Care Resources internal audit that was completed in August 2015

Corporate Priorities and Joint Working:

Shetland Single Outcome Agreement 2013: We have supported people to achieve their full potential at all life stages – from birth and early years through working lives to old age.

Community Health and Social Care Directorate Plan has the following relevant priorities:

- Developing person-centred services, with personalisation driving the shape of all public services and a strong focus on developing a person centred approach to care and care planning.
- Implementing changes to services and our workforce to support the delivery of safe, efficient, sustainable services.

Key Issues:

The two key audit issues identified are concerned with the inappropriate use of relief workers and the security and processes surrounding the use of Webroster as a payroll system.

Implications :	
Service Users, Patients and Communities:	Each service area is inspected on a regular basis by the Care Inspectorate to ensure care standards are being met. There are no concerns to direct care delivery arising from this audit. There may be some impact to service users if they receiving a late or inaccurate invoice and we will on this.
Human Resources and Organisational Development:	We are currently working with HR and Finance to improve systems that are not directly within service control, but where those systems can impact positively on quality and efficiency.
Equality, Diversity and Human Rights:	The Council and Health Board are required to make sure that systems are monitored and assessed for any implications in this regard. Shetland's Joint Strategic (Commissioning) Plan supports and promotes equalities, health and human rights.
Legal:	The IJB is advised to progress the Action Plan, but there are no legal requirements to do so.
Finance:	Any costs associated with the development and maintenance of the Action Plan will be met from within existing budgets of the Community Health and Social Care Directorate.
Assets and Property:	There are no implications for major assets and property.
Environmental:	There are no environmental issues arising from this report.
Risk Management:	Any risks to the Council arising from this audit have been acknowledged and arrangements put in place to mitigate the risks.
Policy and Delegated Authority:	Shetland's Integration Joint Board (IJB) was formally constituted on 27 June 2015. The IJB has the authority to consider the outcomes of audits in respect of the services for which it has the responsibility for oversight.
Previously considered by:	This report has not been presented to any other formal meeting.



Shetland Islands Council



Agenda Item

X

Meeting:	Integration Joint Board
Date:	21 December 2015
Report Title:	Community Care Resources – Internal Audit
Reference Number:	CC-58-15-F
Author / Job Title:	Denise Morgan / Interim Executive Manager, Community Care Resources

1. Introduction

- 1.1 The purpose of this report is to present summary findings of the Community Care Resources internal audit that was completed in August 2015.

2. Background

- 2.1 The Community Care Resource Service operates care services from 7 localities across Shetland. Internal Audit undertook a planned audit of 5 care centres in the summer of 2015. Internal Audit identified a number of issues that needed to be addressed, and subsequently the service developed an action plan. Internal Audit submitted a six month progress report to the Audit Committee on 17 November 2015, which informed the Committee of the key issues and updated the Committee on the progress Community Care Resources were making with their action plan.

- 2.2 Below is an extract of the report relating to the Community Care Resource audit that identifies the issues arising from the audit:

“There were a significant number of issues arising from the audit; however, the lack of resources could have contributed.

The two key audit issues identified are concerned with the inappropriate employment of relief workers and the security and processes surrounding the use of Webroster as a payroll system. Both these matters have been previously reported. In addition there were issues with invoice payments, inventories, payroll information, meals and wheels income, supervision, service users’ fees, drugs and medication training, the completeness of client files and fire drills. Recommendations have been accepted and an action plan prepared”.

The Executive Manager Human Resources has already provided advice and undertaken work in partnership with the service and this will continue to ensure appropriate steps are taken to address these issues.

2.3 Below is an update on the work undertaken to date to address the issues raised in the audit report:

- **Use of Webroster as a payroll system:** Webroster is a scheduling system that enables the rostering of staff to service user. It was never designed to be used as a payroll system. Meetings have taken place with finance and an agreement reached that the service will commence using manual timesheets to improve accuracy until an alternative automated system can be found.
- **Use of relief staff:** The audit highlighted that the Service used a significant amount of relief staff and that in a handful of cases it would appear that there is continuous and relatively regular employment. This employment could exceed the description of a true relief worker. The Committee has been made aware throughout the year of the difficulties the Service has had recruiting and retaining staff and this coupled with high sickness levels has resulted in the need to use relief staff on a regular basis.

There are times when each Team Leader is faced with either using relief staff inappropriately and out with the definition of what a 'relief worker' is or risk not being able to provide the appropriate level of care to service users. In these instances the Team Leader will always make care provision a priority. However, it is acknowledged that we need to minimise risks to the Council and with this in mind it has been agreed with colleagues in Human Resources that the following be put in place:

Please note that relief workers are not members of staff – that would imply an employment contract is in place.

Where ever possible relief workers will be offered short term temporary contracts. Good practise and the Council's policy specifies that this should be where work is required for more than four weeks up to six months. If the relief worker declines this, as is sometimes the case, this will be recorded and used to evidence that the employee had exerted their right to refuse to work and did not want to enter into a formal employment contract with the council. This provides protection for the council against the risk of inappropriate use of relief workers.

- **Raising of Invoices:** 18 invoices were audited and 14 were completed correctly. Audit expressed some concern over the process used in that staff do not fully rely on the report taken from SWIFT by the Information Assistant. However, SWIFT reports on scheduled service and not received service, as service users only pay for received services, it is necessary for administrative staff to compare the report with their own records. There are also occasions when an incorrect invoice may be issued and this should be rectified at the next invoice date. We are currently reviewing the system to see if any realistic changes can be made.

- **Medication Training:** The service and NHS Pharmacy operate a three stage training model for the administration of medication. The first stage is an e-learning module followed by a classroom session and two observed practices. Refresher courses are then run every two years. The audit found that all staff who were administering training had undertaken the e-learning and classroom session but that some staff records did not evidence observed practice and refresher training that must take place in the workplace. Observed practice and refresher training is provided by senior social care workers and the difficulty in meeting demand is partly due to the number of these posts being reduced to meet the savings required for the Medium Term Financial plan. The service and Human Resources are currently looking at how we can meet training needs in the most cost effective way that also ensures safe practise.
 - Administration of medication is highly regulated in all establishments with medication being signed for and physical counting of all medicines on a monthly basis. Any discrepancies with the administration of medication are acted on immediately and in some cases require a PIN form to be completed which is monitored by the Council's Health and Safety section.
- 2.4 Other areas mentioned involved some inaccurate completion of records; two fire alarms not being tested weekly; and some staff supervision was out with the policy guidelines. Reminders have been issued to staff by letter and through staff meetings, and steps are being put in place to ensure that policy and procedures are followed, and that staff understand the importance of adhering to these processes.
- 2.5 Given the range of tasks that each locality undertakes and the level of processes that each care centre must complete as part of a regulated service, it is therefore an imperative that staff are supported to ensure that they have the necessary skills and supervision to maintain a consistency in adhering to policies and procedures. Each service area is committed to continuous improvement and the service will strive to improve dramatically on all audit issues.

Recommendations

3.1 It is recommended that the IJB:

- 3.1.1 Discuss the content of the action plan and agree that actions are being progressed in a suitable timescale
- 3.1.2 Agree that a further update on the action plan is presented to the IJB in 3 months time from the date of this meeting

4. Conclusions

- 4.1 Internal Audit have an important role in ensuring that Council services adhere to policies and procedures. Through audits services are able to identify risks and then deal with those risks appropriately. Community Care Resources have used the audit report to formulate an action plan, with realistic

timescales for actions to be completed, where those actions will drive quality, safety and efficiency.

Contact Details:

For further information please contact:

Denise Morgan, Interim Executive Manager Community Care Resources

denise.morgan@shetland.gov.uk

Telephone: 01595 744449

2 December 2015

Appendices

Appendix 1 – Internal Audit Action Plan

Community Care Resources 2016/17 - Action Plan

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
AC#11 - The Engagement of Relief Workers	Findings A report on SCWRR (relief posts) hours was provided by Planning & Information and from this the information was summarised on IDEA. It would appear that in 2014/15 there were over 380 relief workers carrying out work and over 76,000 relief hours worked. In a handful of cases it would appear that there is continuous and relatively regular employment with some reliefs working well over 1000 hours. The top ten relief workers' hours are from over 950 hours to 1700 hours for 2014/15 .	It would appear that the regularity and usage of relief workers exceeds the description of a real relief worker. Patterns exist that would enable relief workers to claim that an implied contract has been formed and entire periods could be counted as continuous employment.	The culture of utilising relief staff must move towards contracted employment and annualised hours with relief work being ad hoc.	Denise Morgan	Two meetings have been held with HR. It is acknowledged that if the SICs priority is to provide care then it will not always be possible to work within the description of a real relief worker. Arrangements agreed that will minimise risk to the council. HR and Exec Manager are working on a guidance note for Team Leaders.	29-Feb-2015
AC#1 - FM - Invoice Payments	Findings For the financial year 2014/15, the performance figure for Community Care was 70%. The Payments Supervisor has performed an analysis on invoices paid to date in period 2 of 2015/16. A total of 621 invoices have been paid so far this financial year. 228 of these	1. The Council may be subject to additional charges and damage to reputation due to the late payment of invoices. 2. Suppliers may refuse to do business with the Council if invoices continue to be paid late	Further advice should be sought from the Payments Section to ensure payments are made promptly and the KPI is met.	Denise Morgan	Discussions had already been held with Finance and Team Leaders prior to the audit and there had been some improvement. Since this time some processes have been changed and the situation continues to improve. It must be noted that some of the delay is out	Completed

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
	<p>payments were late with only 63.29% of payments made on time.</p> <p>Since these figures have been communicated to the Acting Executive Manager – Community Care Resources, a number of locations have been in contact with the Payments Section to enquire about ways of simplifying the process of submitting invoices for payment.</p>				with service control.	
AC#10 - CC Admin - Webroster	<p>Findings</p> <p>Further information regarding the pilot of timesheets over use of Webroster was sought from the Payroll Manager and Team Leader Expenditure. It was explained by the Payroll Manager that the Webroster system was originally to be used as a rota system and the payroll function was a later addition. It is felt that the system is cumbersome and accuracy cannot be guaranteed. It was stated by the Team Leader Expenditure that there are discussions planned in the near future to look into the pilot and to agree on the</p>	<p>It cannot be assured that the Webroster system results in the accurate pay for staff. The risk of inaccuracies and errors recorded could result in staff receiving incorrect pay.</p> <p>Webroster system is lacking in security and accuracy. Due to lack of audit trail it cannot be guaranteed that the system is being used appropriately.</p> <p>It would appear that tasks completed by Social Care staff are not always Personal Care tasks. This could result</p>	<p>Webroster security, controls and authorisation processes etc should be reviewed to ensure that the pay is correctly authorised and processed.</p> <p>Ensure that all staff time and work carried out is accurately and appropriately recorded on Webroster.</p>	Denise Morgan	<p>Meetings have been held with the Finance Department and it has been agreed that Webroster will stop being used as a payroll system as of 1.2.16. Timesheets for be in operation until an alternative solution is found.</p> <p>Some tasks undertaken involved social time and some light domestic tasks in times when staff had time to spare between visits. Although the service will monitor this to ensure the SIC do not lose income, it could be described as good</p>	Completed

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
	best course of action. It is felt by both the Payroll Manager and Team Leader Expenditure that they should not continue using Webroster as a Payroll system, but do not have the available staff to process the quantity of timesheets that this would produce.	in loss of income due to chargeable tasks being incorrectly carried out.			Care provision.	
AC#2 - HRM - Staff terminations, transfers and promotions	Findings A report was produced from CHRIS identifying all employees who were terminated from the service during the audit scope period. A sample of 10 terminations was selected. There were some minor discrepancies with timeframes.	Some forms are not being completed accurately and within timeframes, which could result in overpayments.	Ensure all forms are completed accurately and are submitted to the Employment Support Team and Payroll within payroll time frames.	Denise Morgan	TLs reminded that all terminations will be submitted on time. The issues with inputting data on CHRIS are out with the service's control but have been forwarded to HR.	Completed
AC#3 - GEN - Inventories	Findings A sample of five items was selected from the inventories to be located in each care home (total of 25 items). A total of eight items could not be located. Seven of these items were believed to have been disposed of but the inventory	1. Inventories do not have a full description of items recorded and location to allow identification of items. 2. Disposals are not being recorded. 3. Hansel fund items are	1. Ensure inventories are up to date and contain relevant information such as location and description of item e.g. brand and serial number for identification purposes. 2. Ensure all disposals are appropriately recorded and	Denise Morgan	Care home inventories is an onerous task as the quantities of goods is substantial. Most items are not branded and do not have a serial number. A meeting will be held with Insurance and Risk to look at simplifying the system.	29-Jan-2016

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
	had not been updated as this is an annual process. There are no records held in the care homes to confirm disposals of items stating reason and authorisation of disposal.	being recorded on the inventories.	authorised. 3. Ensure Hansel fund items are not recorded on inventory, advice should be sought from Insurance for best practice.			
AC#4 - Res, Day Care - Fire Drills	<p>Findings Fire logs and records for emergency fire drills were reviewed in four care homes. The results are as follows: -</p> <p>Annual drills were performed and recorded in all homes. One care home completes weekly system checks, including building checks, and also performs annual drills. A full record is held.</p> <p>Two care homes do not complete the weekly system checks consistently, with the largest time between tests being three weeks</p>	Weekly system checks are not being consistently done.	Ensure appropriate procedures and routines are in place to ensure weekly systems checks are done in accordance with requirement.	Denise Morgan	Issues have been raised with Team Leaders and this action will be monitored through the individual risk register and reviewed in December to ensure that the systems are being checked on a consistent basis.	Completed
AC#5 - Res, Day Care - Service User's Fees	<p>Findings Residential and respite accounts are raised by the Care Unit Admin Support Staff.</p>	1. Clients are not always being correctly charged for the service received at the appropriate rate.	1. Invoices should be raised appropriately with the correct charge for the service provided.	Denise Morgan	Information provided from SWIFT must be checked by localities to ensure only received services are charged for. Process to be	29 Feb 2016

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
	<p>A sample of service users was selected from each care home visited during the audit. A total of 18 invoices were sampled and the results are as follows: -</p> <ul style="list-style-type: none"> . 14 invoices were charged appropriately. . 2 invoices have been undercharged by 1 day from the service dates stated on the invoice . 1 invoice charged the wrong weekly rate for 14/15 . 1 invoice is raised for the costs of 2 service users over one period. 	<p>2. It appears that the report provided by the Information and Systems Assistant used by some areas to raise invoices in connection with non residential services / Care @ Home is not always accurate. This could result in over charging to service users or loss of income to the Council.</p> <p>3. All invoices have an incorrect supply date entered onto Integra.</p>	<p>2. A review of the report produced by the Information and Systems Assistant should be carried out to ensure that accurate information is produce for invoicing to ensure all care units are confident in the information provided.</p> <p>3. All invoices should be entered onto Integra with the appropriate supply date.</p>		reviewed to see if it can be streamlined.	
AC#6 - CC Admin - Supervision	<p>Findings</p> <p>Staff supervision not taking place as per policy.</p>	<p>The 2011 Policy and Procedure Documents were due for review in April 2014 and it would appear that 2011 Version remains the current document.</p> <p>The 2011 Staff Supervision and Support Policy and Procedure requirements are not being adhered to in relation to individual sessions. This may result in staff not receiving the appropriate support required.</p>	<p>The policy and procedural requirements should be reviewed and thereafter the requirements should be adhered to.</p> <p>Supervision should be appropriately documented and signed by both parties when carried out.</p>	Denise Morgan	<p>The 2011 policy became unsustainable following the changes to senior social care staff during the mid-term financial review. The Staff Supervision and Support Policy is currently being reviewed and will reflect a more achievable target whilst ensuring good support to staff.</p>	29-Jan-2016

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
		Documentation evidencing the holding of supervision and the agreements reached etc is not always being signed by either or both parties.				
AC#7 - Res, Day Care - Drugs and medications	<p>Findings <u>Training</u></p> <p>For the sample of four Care Units visited, a report was obtained from Workforce Development with regard to the completion of the Medication Policy training requirements. With the exception of one Care Unit, it would appear that on numerous occasions the workplace assessments that are required to validate the e-learning and Class Room learning have not been completed. In addition there are a significant number of 2 year refresher courses that are overdue.</p>	<p>The Training requirements of the Medication Administration Policy 2014 are not being adhered to. There are a number of work based assessments and two yearly refresher courses that are overdue.</p> <p>Although there are competent systems in place in each of the care homes visited, records must be updated.</p>	<p>The Medication Training Records for all Care Units should be reviewed and updated to ensure that the requirement to complete the medication training including Assessments 1 & 2 and to carry out a refresher course within two years is adhered to.</p> <p>Controlled Drug Cupboard key holders should be reminded of the requirements to always complete the controlled drugs records and associated secondary methods of recording returns with respite clients and disposals / returns to the Pharmacists. Recommendation 1 will assist with this.</p>	Denise Morgan	<p>All establishments have noted who has outstanding training need.</p> <p>HR is currently reviewing electronic systems that will enable information to be shared without the need for intensive manual input. The training section is also arranging for training records to be updated for the past year.</p> <p>A reminder has been sent to staff in relation to accurate record keeping.</p>	29-Apr-2016
AC#8 - Res, Day Care - With you for you	<p>Findings</p> <p>A review of sixteen files from four Care Homes was reviewed. In 9 instances, there was no</p>	<p>Concern & Risks</p> <p>Client files are not of a consistent standard. Residential agreements are</p>	The ongoing project of reviewing and systematizing Client files should be completed and rolled out to all	Denise Morgan	An audit system is in place for the reviewing of client files but it has been difficult for staff to keep up to date	29-Feb-2016

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
	Residential Agreement on file. WYFO and Personal Support Plans were located however the signing and dating of documents by both the key workers and the clients/clients representatives where appropriate is very sporadic and therefore it is not possible to say in many cases how recent the plans/documents are. See Appendix Res6.	not always on file. Signing and dating of care plans and other documents by key workers, clients and/or client representatives are sporadic therefore unable to confirm if timescales are adhered to.	establishments. Documentation should always be dated and signed by the key workers and where possible the Client or the Client representatives		with this due to conflicting pressures caused through greater dependency needs and staff shortages. This has resulted in staff prioritising care tasks over administrative tasks. The service is currently undertaking an exercise to review internal processes and it this issue will be addressed at that time. An audit schedule and quality assurance procedure is currently being finalised and should be ready for implementation across the resource estate by December 2015.	
AC#9 - CC Admin - Meals on Wheels	Findings A sample of 1 service user from the 12 areas was selected and the last invoice raised for Meals on Wheels was taken from Integra. From the service dates stated on the invoices, the service records were received from the admin teams responsible for raising the invoices. The results are as follows:- 1 service user was overcharged by 2 meals. 4 occasions when invoices were raised late.	There are delays in invoices being raised after the service is provided. This could result in errors in charging and is not in accordance with the Finance Sections guidance.	Ensure all invoices are raised promptly after the date the service is provided and charges are appropriately calculated and raised according to the Finance Section's guidelines.	Denise Morgan	Working group to be set up to look at invoicing and charging. This action is linked to the operation difficulties of Webroster / staff capacity and it is intended that one working group will address the appropriate audit issues.	29-Feb-2015

**Audit Committee****01 March 2016****Audit Scotland and other External Audit Reports****Report No: IA-06-16-F****Report from: Executive Manager – Audit, Risk and Improvement****Corporate Services****1.0 Summary**

- 1.1 This regular report provides an opportunity for the Audit Committee to consider and monitor progress on any recommended actions resulting from Audit Scotland and External Audit body reports which have been or will be presented to the functional Committees. It also provides an opportunity for the Committee to monitor compliance with the external audit reports reporting Policy and procedures.

2.0 Decision Required

- 2.1 That the Audit Committee:
- 2.1.1 considers the progress statements provided by Lead Officers in Appendix 1, and makes any relevant comment on planned actions;
 - 2.1.2 note that some reports have not been presented to the relevant Committees within the timescale required by the Policy, and make comment or instruct accordingly; and
 - 2.1.3 Note that reports that previously went to Social Services Committee are currently under consideration as to the most appropriate body to exercise scrutiny.

3.0 Background

- 3.1 On 20 August 2014, the Council adopted a new policy and procedure to monitor actions resulting from external Auditor's/Advisers reports (Min ref 61/14).
- 3.2 The key points of the new policy are:
- All Audit Scotland and other External Adviser's reports should be presented to the relevant committee within 2 cycles of publication.
 - It is expected that each report will require an action plan to be prepared.
 - The Audit Committee will consider the agreed action plan once it has been agreed with the relevant Service committee.

- The Lead Officer would confirm when all agreed actions were implemented and completed
 - Reports will be presented to the Audit Committee to monitor progress against action plans.
- 3.3 Appendix 1 contains a list of the current reports for information. The progress statement is the latest statement received from Lead Officers.
- 3.4 There are 5 reports regarding IJB subject matter which would previously have been considered by the Social Services Committee:

EA0059 – Accounts Commission Health and Social Care Integration
<http://www.audit-scotland.gov.uk/report/health-and-social-care-integration-0>

EA0060 – Care Inspectorate - Nordalea (Care Home)
<http://www.careinspectorate.com/berengCareservices/html/reports/getPdfBlob.php?id=279417>

EA0061 – Care Inspectorate – Newcraigielea
<http://www.careinspectorate.com/berengCareservices/html/reports/getPdfBlob.php?id=279192>

EA0064 – Care inspectorate – Walter and Joan Gray (Support Service)
<http://www.careinspectorate.com/berengCareservices/html/reports/getPdfBlob.php?id=280108>

EA0067 – Care Inspectorate – Edward Thomason & Taing support Services
<http://www.careinspectorate.com/berengCareservices/html/reports/getPdfBlob.php?id=280583>

As these reports deal with matters which cut across Council operational issues and matters relating to integrated service delivery, consideration is being given to the most appropriate scrutiny process. The SIC Audit Committee will be updated in a future report as to the agreed process in relation to SIC functional / operational areas.

- 3.5 The Audit Committee is required to monitor the consideration of external audit reports by Committees in accordance with the agreed procedure and by reviewing progress against action plans. In this regard, the Committee should note that the expected presentation of reports to the relevant Committee within 2 cycles of publication has not been met, as follows:
- EA0017 Accounts Commission – An overview of local government in Scotland 2015: published on 5 March 2015 and due to be presented to Policy & Resources Committee on 22 June 2015 and again on 07 December 2015 but not yet reported. Will now be reported on 18 April 2016.
- 3.6 The Audit Committee should review progress and comments made in the appendix by the Lead Officers and comment or instruct accordingly.

4.0 Implications

Strategic

- 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 remit includes "...review reports from the Council's External Advisors and review action on External Audit recommendations". This delegation supports the policy requirement and procedure for presenting External Adviser reports as set out in Section 3 above, and it is a matter for the Audit Committee to monitor and ensure compliance.
- 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 reports produced by the Council's External Auditors and Advisers provide valuable information for Committees and officers throughout the Council.
- 5.2 It is for the Audit Committee to be satisfied that appropriate and timely action is being taken in relation to Audit Scotland and other external audit reports, in accordance with Council Policy.

For further information please contact:

Melissa Mullay, Performance & Improvement Officer – Audit, Risk and Improvement
01595 744598
March 2016

List of Appendices

Appendix 1 – List of External Auditors/Advisers Reports

END

Audit Committee - External Adviser's Reports - Progress

Generated on: 19 February 2016

Rows are sorted by Original Due Date

Code & Title	Lead Officer	Committee	Published	Target Presentation Date	Presented to Committee on	Progress Statement	Notes	Link
EA0026 Audit Scotland - Scotland's Colleges 2015	Irene Peterson	Development Services Directorate	02-Apr-2015	15-Jun-2015	11-Feb-2016	Report was presented to Shetland College Board on 11 February 2016.	Link to report http://www.audit-scotland.gov.uk/docs/central/2015/nr_150402_scotland_colleges.pdf Link to Committee report: http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=18860	
EA0017 Accounts Commission - An overview of local government in Scotland 2015	Jonathan Belford	Policy & Resources Committee	05-Mar-2015	22-Jun-2015		Report was due to be presented to Policy & Resources on 7th December 2015. Report will now be presented on 18 April 2016.	Link to report: http://www.audit-scotland.gov.uk/docs/local/2015/nr_150305_local_government_overview.pdf	
EA0028 Audit Scotland - Update on developing financial reporting	Jonathan Belford	Policy & Resources Committee	17-Mar-2015	22-Jun-2015		Report was referred to in the Overall Q2 Outturn report to P&R on 25 November 2015.	Link to report http://www.audit-scotland.gov.uk/docs/central/2015/nr_150317_developing_financial_reporting.pdf http://www.audit-scotland.gov.uk/work/all_national.php?year=2014 Link to Committee report: http://www.shetland.gov.uk/coins/agenda.asp?meetingid=4755	
EA0052 Accounts Commission - Scotland's public sector workforce - Impact report	Denise Bell	Policy & Resources Committee	04-Aug-2015	07-Dec-2015		Many of the recommendations in this report will be covered by the forthcoming Workforce Strategy report which is due to be presented to Council in early 2016.	Link to report:- http://www.audit-scotland.gov.uk/docs/central/2015/ir_public_sector_workforce.pdf	

Code & Title	Lead Officer	Committee	Published	Target Presentation Date	Presented to Committee on	Progress Statement	Notes	Link
EA0056 Care Inspectorate - Short Breaks for Children (Care Home)	Elaine Aitken	Education & Families Committee	02-Oct-2015	04-Feb-2016	19-Jan-2016	Report was presented at Education & Families Committee on 19 January 2016.	Link to Report:- http://www.careinspectorate.com/berengCareservices/html/reports/getPdfBlob.php?id=278314 Link to Committee report: http://www.shetland.gov.uk/coins/viewDoc.asp?c=e%97%9Dd%92o%7B%8F	
EA0058 Care Inspectorate - Short Breaks for Children (Support Service)	Elaine Aitken	Education & Families Committee	02-Oct-2015	04-Feb-2016	19-Jan-2016	Report was presented at Education & Families Committee on 19 January 2016.	Link to Report:- http://www.careinspectorate.com/berengCareservices/html/reports/getPdfBlob.php?id=278315 Link to Committee report: http://www.shetland.gov.uk/coins/viewDoc.asp?c=e%97%9Dd%92o%7B%8F	
EA0046 Audit Scotland - The Moray Council: the Audit of Best Value and Community Planning - progress report	Crawford McIntyre	Audit Committee	29-Oct-2015	02-Mar-2016		Will be presented to Policy & Resources Committee on 2 March 2016.	http://www.audit-scotland.gov.uk/report/the-moray-council-the-audit-of-best-value-and-community-planning-progress-report-1	
EA0062 Education Scotland - Burravoe Primary School	Audrey Edwards	Education & Families Committee	12-Jan-2016	11-Apr-2016		Will be presented to Education and Families Committee on 11 April 2016.	http://www.educationscotland.gov.uk/Images/BurravoePrimarySchoolIns20051017_tcm4-694506.pdf	
EA0065 Education Scotland - Aith Junior High School	Audrey Edwards	Education & Families Committee	19-Jan-2016	11-Apr-2016		Will be presented to Education and Families Committee on 11 April 2016.	http://www.educationscotland.gov.uk/inspectionandreview/reports/school/primsec/AithJuniorHighSchoolShetlandIslands.asp	
EA0063 Audit Scotland - Argyll and Bute Council - Best Value Audit 2015	Crawford McIntyre	Audit Committee	17-Dec-2015	13-Apr-2016		Will be presented to Policy & Resources Committee on 2 March 2016.	http://www.audit-scotland.gov.uk/report/argyll-and-bute-council-best-value-audit-2015	
EA0066 Audit Scotland - Major Capital Investment in Councils: follow up	Robert Sinclair	Policy & Resources Committee	14-Jan-2016	18-Apr-2016		To identify lessons for Shetland from this Care Inspectorate report. Lead Officer to Update.	Link to report:- http://www.audit-scotland.gov.uk/report/major-capital-investment-in-councils-follow-up	

Code & Title	Lead Officer	Committee	Published	Target Presentation Date	Presented to Committee on	Progress Statement	Notes	Link
EA0068 Audit Scotland - Procurement in councils - Impact report	Robert Sinclair	Policy & Resources Committee	08-Feb-2016	18-Apr-2016		To identify lessons for Shetland from this Care Inspectorate report. Lead Officer to Update.	Link to report:- http://www.audit-scotland.gov.uk/report/procurement-in-councils-impact-report	



Audit Committee
Policy & Resources Committee

1 March 2016
2 March 2016

Audit Scotland and other External Audit Reports – Best Value Reports

Report No – IA-05-16-F

**Report from: Executive Manager – Audit, Risk
and Improvement**

Corporate Services

1.0 Summary

- 1.1 This report provides the Committee with the Audit Scotland Best Value reports recently issued to Moray Council & Argyll and Bute Council. It gives Committee the opportunity to consider issues raised that may also be pertinent to this Council.

2.0 Decision Required

- 2.1 That the Audit Committee and Policy & Resources Committee NOTE the contents of this report and APPROVE any actions required, for recommendation to the relevant Committee, or an officer.

3.0 Background

- 3.1 On 20 August 2014, the Council adopted a new policy and procedure to monitor actions resulting from External Auditor's/Advisers reports (Min ref 61/14).
- 3.2 In the case of Best Value reports, not specific to Shetland Islands Council, these cannot be allocated to a specific officer.
- 3.3 Responses from relevant officers are sought and a report co-ordinated by the Executive Manager – Audit, Risk & Improvement.
- 3.4 Best Value reports have recently been issued to Moray Council & Argyll and Bute Council.

<http://www.audit-scotland.gov.uk/report/the-moray-council-the-audit-of-best-value-and-community-planning-progress-report-1>

<http://www.audit-scotland.gov.uk/report/argyll-and-bute-council-best-value-audit-2015>

- 3.5 The Areas for Improvement summary for the Moray Council reports is attached as an appendix with comment, where deemed relevant, from officers of this Council boxed and italicised for information.
- 3.6 In relation to the report on Argyll and Bute Council the general view of officers is that there is little that applies to Shetland, at present, and accordingly no comment is presented.
- 3.7 If Members consider however that further information is required, where no comment has been given, this will be addressed.
- 3.8 Overall, whilst there are issues that we can and will improve upon much of what is captured in both these reports is already in place or a work in progress within the Council.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – Improved external engagement and sharing best practice will contribute to high standards of governance and the Council being operated and managed effectively.
- 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 Committee remit includes “...*review reports from the Council's External Advisors and review action on External Audit recommendations*”. The Policy and Resources Committee has within its remit “..*ensure the Council discharges its functions relating to Best Value*.”
- 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 Best Value reports produced by Audit Scotland provide valuable information for Committees and officers throughout the Council and could provide opportunities for proactive improvement within Shetland Islands Council.

For further information please contact:

Crawford McIntyre Executive Manager – Audit, Risk and Improvement
01595 744546
March 2016

List of Appendices

Appendix A – Moray Council – Areas for Improvement

END

Areas for Improvement – Moray Council

We have identified six areas for improvement as a result of our most recent audit work in The Moray Council. The council will want to consider how best to integrate these areas into its improvement activity.

Political leadership and development

The council should:

- continue to build effective working relations between members and ensure that sound protocols are in place for making the council's key business decisions, including agreeing financial savings
- ensure that its member development programme is well aligned to its corporate priorities.

Opportunities for policy forums and seminars allow officers and members to hear about the latest thinking and ideas as well as to understand the political priorities. Examples would be in relation to work on the budget, medium term financial plan and the new corporate plan. Improvements could still be made as such initiatives are in their infancy for example in relation to the building budgets exercise work is already underway to improve this in 2016.

Member development has been a focus of activity over the last couple of years. A proportionate approach has been taken making best use of available resources. This involves blending internal and external training opportunities with identified training needs, and matching these with the national core Councilor competencies.

Managerial leadership and development

The council should:

review, by June 2016, recent developments to improve corporate leadership to ensure:

a consistent standard of management is being delivered across the council

council priorities are communicated effectively to all staff.

- use the senior management development programme to strengthen the council's approach to managing strategic projects that involve more than one service
- monitor senior management development needs more robustly through the performance appraisal process
- ensure senior management development needs are well aligned to the

council's corporate priorities as part of the review of training provision scheduled for 2016.

Delivering high standards of leadership is one of the Council's 20/20 outcomes. Investment has been made in leadership programmes such as Leading for Outcomes, Project Management and Building Better Business Cases which will facilitate service transformation.

A need has also been identified to develop the softer people management skills of our wider management team and this will be a focus for 2016/17. This will help support 20/20 outcomes and viewpoint survey feedback.

In addition the Council has a forum called Executive Influence where senior managers come together on a quarterly basis to improve council wide working to break down silos and share good practice and expertise.

Senior management should all be receiving performance appraisals.

Financial sustainability

The council should:

- ensure that its plans for changing the way it delivers services are informed by performance intelligence and strike an appropriate balance between maintaining services and securing the council's long-term financial stability
- strengthen its approach to developing new ways of delivering services and organisational change, and maintain a shared commitment across the council in this area
- use the 2016/17 budget setting process to agree its strategy for the use of financial reserves and ensure the councils uses them for the long-term benefit of local communities.

All Councils need to turn their attention to the long-term as much of the change now required is not deliverable in the short term. This is something we can look positively on in relation to SIC as we've looked at our reserves position, assessed and analysed the most effective means of delivering long-term benefit to Shetland, i.e. the affordable draw from long-term reserve investments. We now have a history of looking robustly at the medium term and aligning what needs to be done with that medium term view. We will need to do more in relation to the long-term especially in connection with the assets that the Council has and the structure of service delivery to ensure that it takes account of the anticipated shape, scale and size of the Council in the future. It is clear that SIC will not be the same in 5/10 years as it is now.

In terms of organisational change it is clear from the MTFP and the Corporate Plan that such change is recognised and investment will be required. SIC has

set aside funding to assist with this. There have also been positive developments that link back to the managerial leadership in the form of corporate approaches to asset investment, building better business cases and consistent corporate approaches. This will only improve as work in relation to driving change corporately begins to have an impact. It is clear the Council needs capacity and skills and we are working towards building that.

Workforce culture

The council should:

- develop appropriate responses to the findings of the 2015 staff survey results, using the Workforce Culture Group to coordinate areas for action
- ensure that all staff receive an annual performance appraisal, and that the results of these are used to inform the review of training provision scheduled for 2016
- review, by June 2016, the impact of additional human resources staff put in place to address the priority areas of the Workforce Culture Group.

Shetland Islands Council also conducted a staff survey (Viewpoint) in 2015. Action plans to address the outcomes of the review have been drawn up throughout the Council and have been fully considered by CMT. Results of the survey have also been published on the intranet and this has been communicated to staff.

Participation in the initial viewpoint survey was excellent at 53% and it is intended to run a survey every 2 years to build up a picture of trends and council wide progress on issues identified.

It is also intended to update Members on Viewpoint progress through a seminar which will also advise on a proposed Employee Engagement Plan as we work towards further developing a positive workforce culture.

Staff appraisals are highlighted within Moray as in need of improvement particularly around monitoring and reporting. A similar situation is prevalent here and improvements in ERD Policy and Procedure are a priority for 2016/17 and it is anticipated that we can make positive changes to our approach.

Shetland Islands Council have good data on equalities and are making progress with our action plan to ensure we have no gender bias in our terms and conditions

Strategic planning and continuous improvement

The council should:

- review, by March 2016, the performance management / continuous improvement framework to ensure it is delivering the intended benefits, and that officers and members are effectively scrutinising performance.

Our Plan 2016 – 2020 and the “20 by 20” therein is effectively our roadmap for improvement and business transformation. This sets out 20 outcomes we want to see delivered by 2020. Directorate Plans and Service plans should link to the Corporate Plan to facilitate delivery. The quarterly PPMF reporting cycle will link to the new corporate plan from 2016/17 to enable Members to monitor progress

Recognising when performance will and should fall is also a matter that the Council will have to address as resources reduce and there simply isn't the means to support what we do now. Reporting performance in such circumstances will be challenging.

A Performance Management Strategy is currently being developed which will help to determine what performance we actually should be measuring to facilitate improvement within the Council. It is intended that CMT will steer this process and Member involvement will be sought and not just at the final approval stage.

Customer and citizen focus

The council should:

increase the momentum of its approach to customer focus by:

using the customer focus strategy and action plan to drive an improved culture of customer focus across the council

using customer satisfaction results more systematically to improve services

- work with its partners to develop an overarching framework for engagement activities across Moray and its communities.

The Council is actively supporting a number of staff in the Local Government Service qualification. However we do not have corporate policy or strategy in relation to customer focus. This is an area that requires addressed. Some background work has been undertaken in relation to this. Discussion is being held within Corporate Services as to how this can be developed as a priority in 2016/17. Moray appear to have made savings by “changing processes for handling customer enquiries” and this and reference to CIPFA Customer services benchmarking may be worth aligning to the development of our Customer Focus Strategy

Our Public Performance Reporting (PPR) assessment showed considerable improvement when assessed by Audit Scotland last year. However, an area of weakness is a lack of feedback and / or consultation surveys in a number of areas Council wide. This is an area where we require to improve. There are however examples where this is happening, such as the building budgets exercise. What we need to ensure is that there is a real sense from the participants that their views are being heard with real consideration given to the views expressed.

**Audit Committee****01 March 2016****Local Government Benchmarking Framework – 2014/15 Indicators****Report No: IA-07-16-F****Report from: Executive Manager – Audit, Risk
and Improvement****Corporate Services****1.0 Summary**

1.1 This report presents the third set of public results from a national benchmarking exercise carried out across all Scottish Councils by a joint project between:

- The Scottish Government
- The Society of Local Government Chief Executives (SOLACE)
- The Convention of Scottish Local Authorities (COSLA)
- The Improvement Service (IS) and
- Audit Scotland

2.0 Decision Required

2.1 That the Audit Committee should discuss the content of this report and highlight any Indicators where further attention or explanation is required through this Committee, other Committees or by Council management.

3.0 Background

- 3.1 Benchmarking is a way of comparing performance across organisations and can help provide valuable information on cost, quality and satisfaction with services to deliver better local services for local communities.
- 3.2 It is the ambition of the benchmarking project to help Councils shift the focus onto efficiency, effectiveness and outcomes – away from processes and meaningless league tables.
- 3.3 The Benchmarking data in Appendix 1 is intended to help identify where there is variation in service delivery; then allow Councils to work together to understand why this occurs and learn from best practice so we can change and improve.

- 3.4 It is acknowledged that Councils represent diverse communities – there are huge variations in geography, population, levels of deprivation and community needs. That means the benchmarking data needs to be read in the round rather than taking a simplistic view of one dimension such as cost.
- 3.5 Benchmarking can be an important contribution to change and improvement, with the potential to help deliver better services for less money and to drive up outcomes for communities and individuals through comparison of best practice across Scotland.

4.0 Public Performance Reporting

- 4.1 The Performance indicators, in Appendix A, contain the suite of indicators that the Council has a statutory obligation to publish using a *“range of mechanisms and formats”*.
- 4.2 The graphs in Appendix A, and other performance information are publically available at the following website:
<http://scotland.myllocalcouncil.info/>

5.0 Implications

Strategic

- 5.1 Delivery On Corporate Priorities – This report is part of the Council’s Corporate Plan commitment to *“provide good-quality information regularly through a variety of ways to tell people how we are doing and to make sure we take responsibility for our decisions”*.
- 5.2 Community /Stakeholder Issues – Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public.
- 5.3 Policy And/Or Delegated Authority – As outlined in Section 2.6 of the Council’s Scheme of Administration and Delegations, the Audit Committee remit includes *“...to promote good performance management within the Council”*. Performance reporting is an integral part of performance management.
- 5.4 Risk Management - Embedding a culture of continuous improvement is a key aspect of the Council’s improvement activity. Effective performance management is an important component of that which requires the production and consideration of these reports. Failure to deliver and embed this increases the risk of the Council working inefficiently, failing to focus on customer needs and being subject to further negative external scrutiny.
- 5.5 Equalities, Health And Human Rights – NONE
- 5.6 Environmental - NONE

Resources

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

6.0 Conclusions

- 6.1 This report provides a suite of benchmarking information that compares Shetland Islands Council's performance with other Scottish Councils and has the potential to help share best practice and generate further positive change and improvement.

For further information please contact:

Jim MacLeod, Performance & Improvement Adviser – Audit, Risk and Improvement
01595 744672
February 2016

List of Appendices

Appendix A – Local Government Benchmarking Framework – 2014/15 Indicators

END

FAppendix 1 – Local Government Benchmarking Framework Indicators

Children’s Services

CHN 1: How much does my council spend on primary schools (£ per pupil)

CHN 2: How much does my council spend on secondary schools (£ per pupil)

CHN 3: How much does my council spend on pre-school education (£ per pupil)

CHN 4: What percentage of forth year pupils achieved 5 plus awards at SCQF level 5

CHN 5: What percentage of secondary school pupils achieved 5 plus awards at SCQF level 6 at the end of sixth year

CHN 8a: How much does my council spend on providing residential accommodation for “looked after children” (£ per child per week)

CHN 8b: How much does my council spend on providing fostering/family placements for “looked after children” (£ per child per week)

CHN 9: How many “looked after children” are being cared for in foster/family placements rather than residential accommodation

CHN 10: How satisfied are residents with local schools

CHN 11: What percentage of pupils enter a positive destination after leaving school

Corporate Services

CORP 1: How much of my council’s total running costs is spent on administrative support services

CORP 2: How much does my council spend on supporting elected members (£ per 1,000 people)

CORP 3b: What is the current gender balance in more senior posts

CORP 4: How much does my council spend on collecting council tax (£ per home)

CORP 5b2: How long does it take my council to attend a domestic noise complaint on average

CORP 6: What is the level of sickness absence in my council (average number of days per employee & per teacher)

CORP 7: How efficient is my council at collecting council tax

CORP 8: How efficient is my council at paying invoices on time

Adult Social Care

SW 1: How much does my council spend on providing care to support older people to live at home (£ per hour)

SW 2: How many people needing social work support get to chose how their support needs will be met

SW 3: How many older people with intensive needs are supported by my council so that they can remain at home

SW 4: How satisfied are residents with local social care/social work services

SW5: How much does my council spend on providing residential care for older people (per person, per week)

Culture and Leisure Services

C & L1: How much does my council spend on sport and leisure facilities (£ per visit)

C & L 2: How much does my council spend on libraries (£ per visit)

C & L 3: How much does my council spend on museums and galleries (£ per visit)

C & L 4: How much does my council spend on parks and open spaces (£ per 1,000 people)

- C & L 5a: How satisfied are residents with local libraries
- C & L 5b: How satisfied are residents with local parks and open spaces
- C & L 5c: How satisfied are residents with local museums and galleries
- C & L 5d: How satisfied are residents with local leisure facilities

Environmental Services

- ENV 1a: How much does my council spend on refuse collection (net) (£ per premise)
- ENV 2: How much does my council spend on waste disposal (e.g. recycling and landfill) (£ per premise)
- ENV 2a: How much does my council spend on waste disposal (e.g. recycling and landfill) (£ per premise)
- ENV 3a: How much does my council spend on street cleaning (£ per 1,000 people)
- ENV 3c: How clean are my local streets
- ENV 4a: How much does my council spend maintaining the condition of my roads (£ per kilometre)
- ENV 4b: How many of my local A class roads are in need of repair
- ENV 4c: How many of my local B class roads are in need of repair
- ENV 4d: How many of my local C class roads are in need of repair
- ENV 4e: How many of my local unclassified roads are in need of repair
- ENV 5: How much does my council spend on trading standards and environmental health (£ per 1,000 people)
- ENV5a: How much does my council spend on providing trading standards (£ per 1,000 people)
- ENV5b: How much does my council spend on providing environmental health (£ per 1,000 people)
- ENV 6: How much household waste is recycled by my council
- ENV 7a: How satisfied are residents with local refuse collection
- ENV 7b: How satisfied are residents with local street cleanliness

Housing Services

- HSN 1a: How much rent is owed to the council due to arrears (net)
- HSN 1b: How much rent is owed to the council due to arrears (gross)
- HSN 2: How much rent was lost due to empty properties
- HSN 3: What is the quality and standard of housing provided by my council measured by the Scottish Housing Quality Standard
- HSN 4a: How many repairs does my council complete within my council's target time
- HSN 4b: How long does it take my council to complete non emergency repairs, on average
- HSN 5: How energy efficient is the housing provided by my council as measured by the Scottish Housing Quality Standard

Corporate Services: Asset Management and Property

- CORP ASSET 1: How many council buildings are suitable for their current use
- CORP ASSET 2: How many council buildings are in a satisfactory condition

How much does my council spend on primary schools (£ per pupil)?



£7,568

per pupil
Shetland Islands

£4,653

per pupil
Scotland

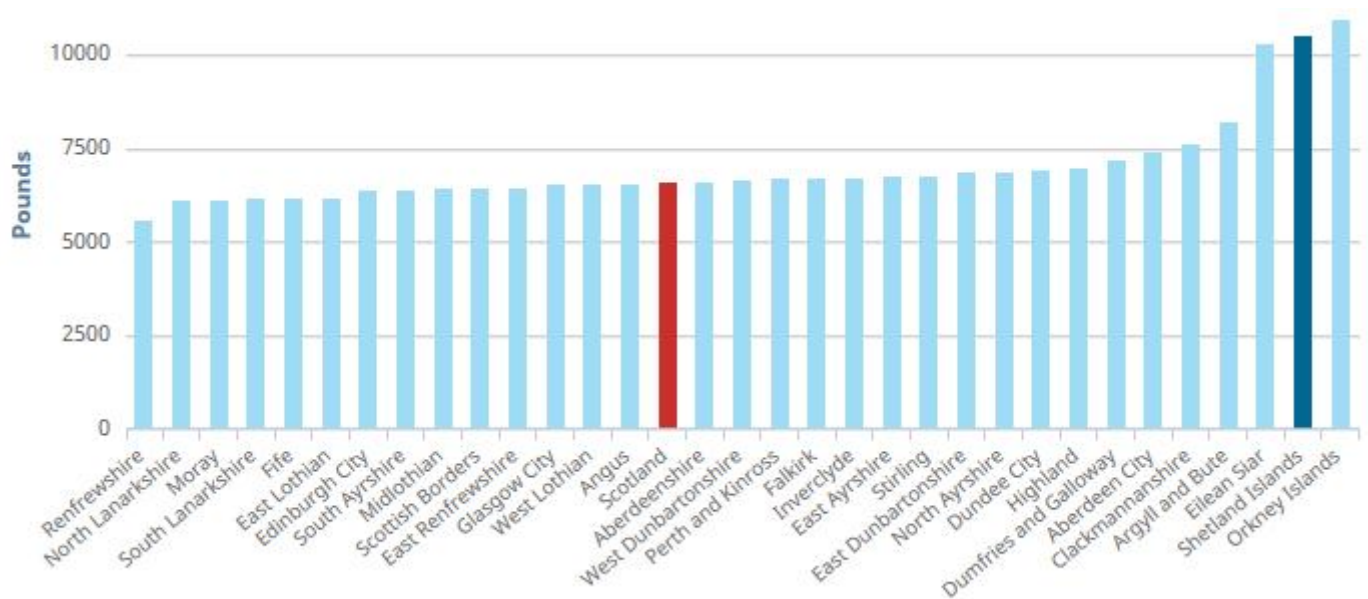
2014-15

2015/16 Target: £7,100

2016/17 Target: £7,100

Performance	Improvement
We have a large number of very small schools which makes our staffing inefficient and our cost per pupil high. There have been no changes to the school estate in primary to improve efficiency.	There will be no changes to the primary school estate in the next year, so we are unlikely to make any improvement in this area. In addition, we also have to meet our commitment to maintaining teacher numbers.

How much does my council spend on secondary schools (£ per pupil)?

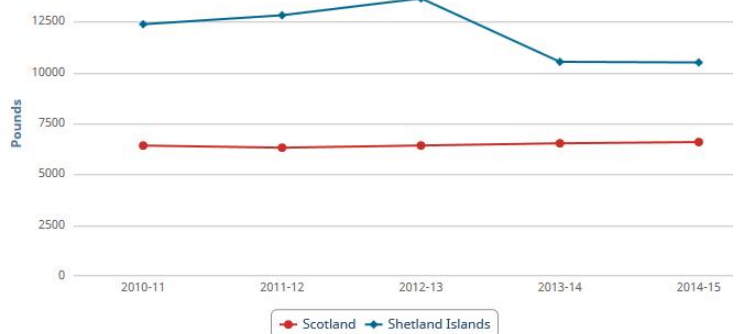


£10,507
per pupil
Shetland Islands



£6,593
per pupil
Scotland

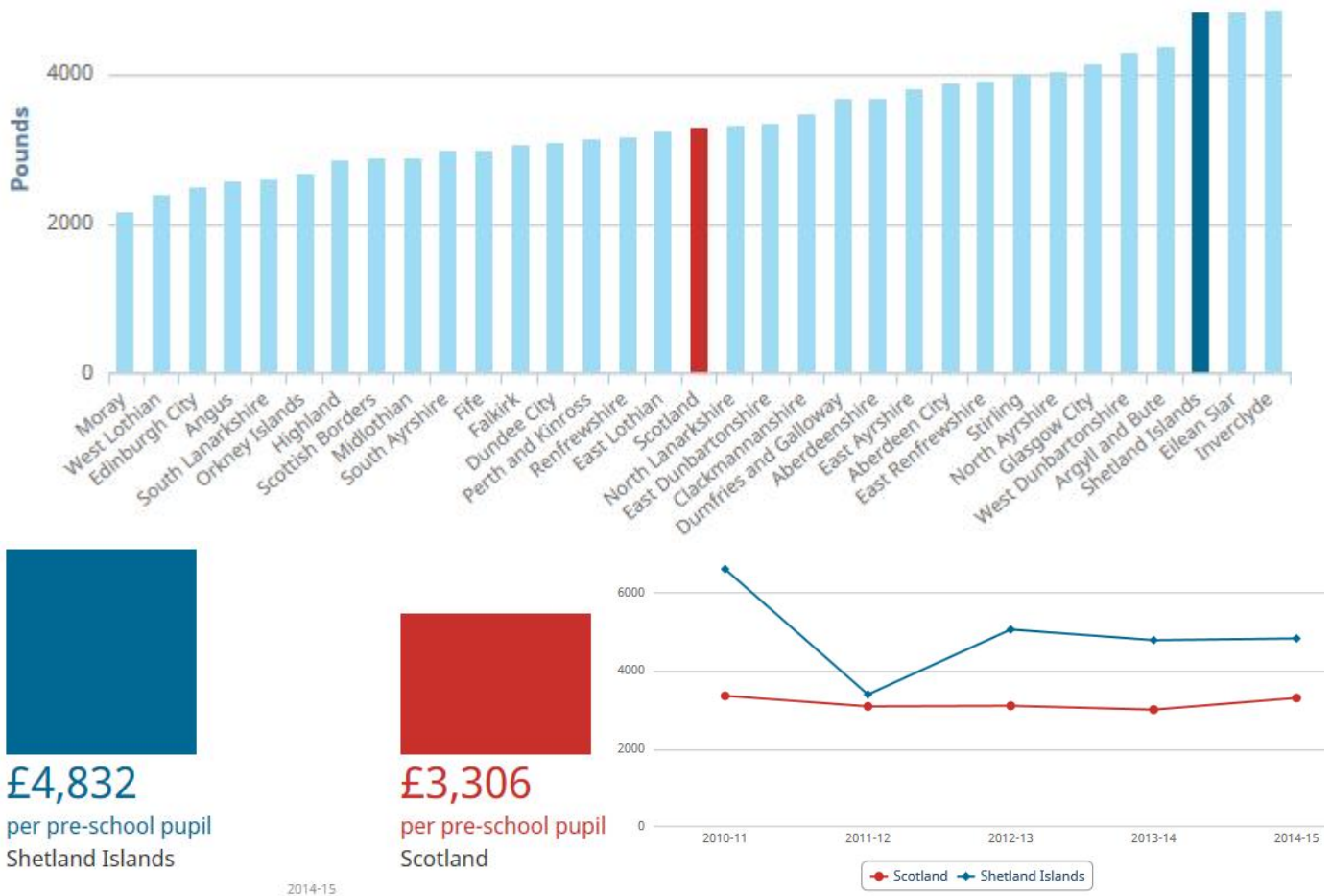
2014-15



2015/16 Target: £10,000	2015/16 Target: £10,000
-------------------------	-------------------------

Performance	Improvement
We have reduced our cost per secondary pupil considerably since 2012/13 figures.	The Quality Improvement Framework and the Shetland Learning Partnership Project may yield some efficiencies. Secondary pupil numbers however are still falling overall. In addition, we also have to meet our commitment to maintaining teacher numbers.

How much does my council spend on pre-school education (£ per pre-school pupil)?



2015/16 Target: £4,800

2016/17 Target: £4,800

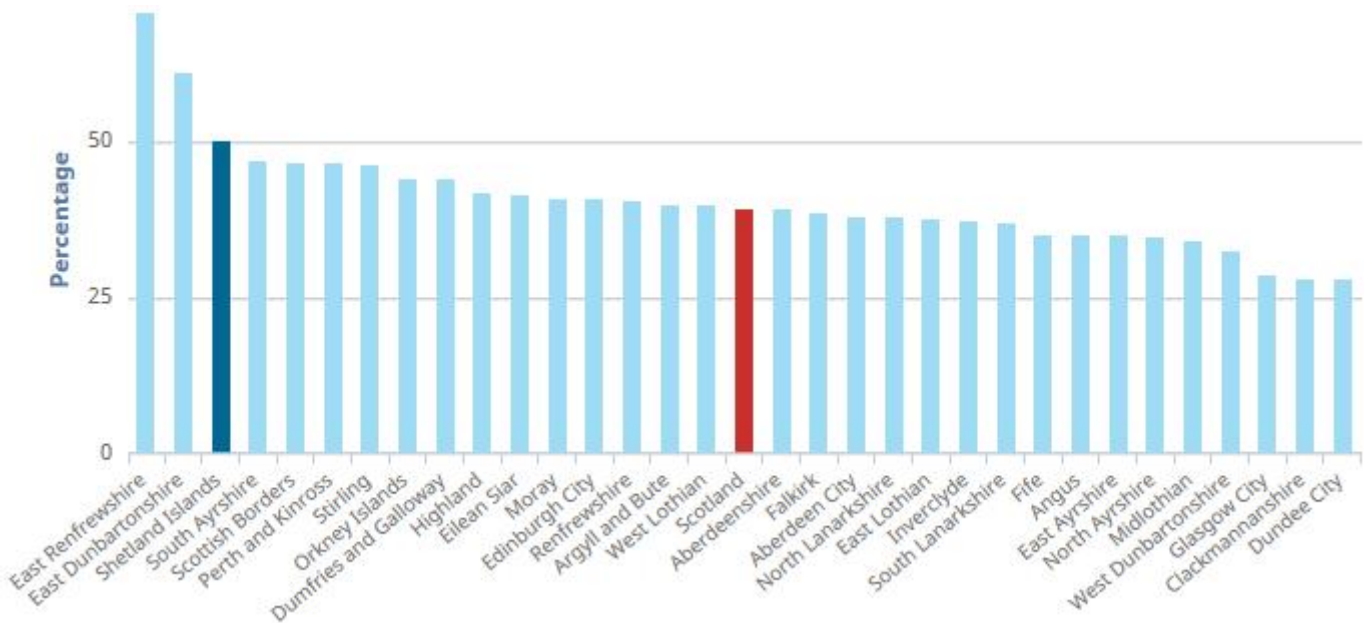
Performance

In August 2014 we increased pre-school education from 475 hours to 600 hours, in line with Scottish Government legislation so our costs may go up.

Improvement

From August 2015 We have also provided places for Entitled Two Year Olds. We are not planning to change our settings so are unlikely to improve our position much.

What percentage of fourth year pupils achieved 5 plus awards at SCQF level 5?



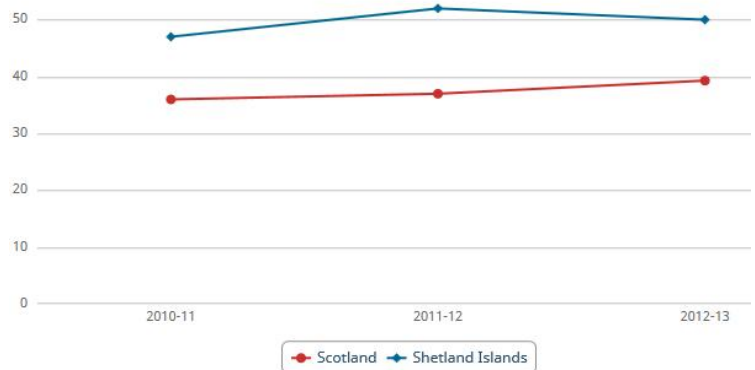
50.0%

Shetland Islands



39.3%

Scotland



2015/16 Target: 53%

2016/17 Target: 58%

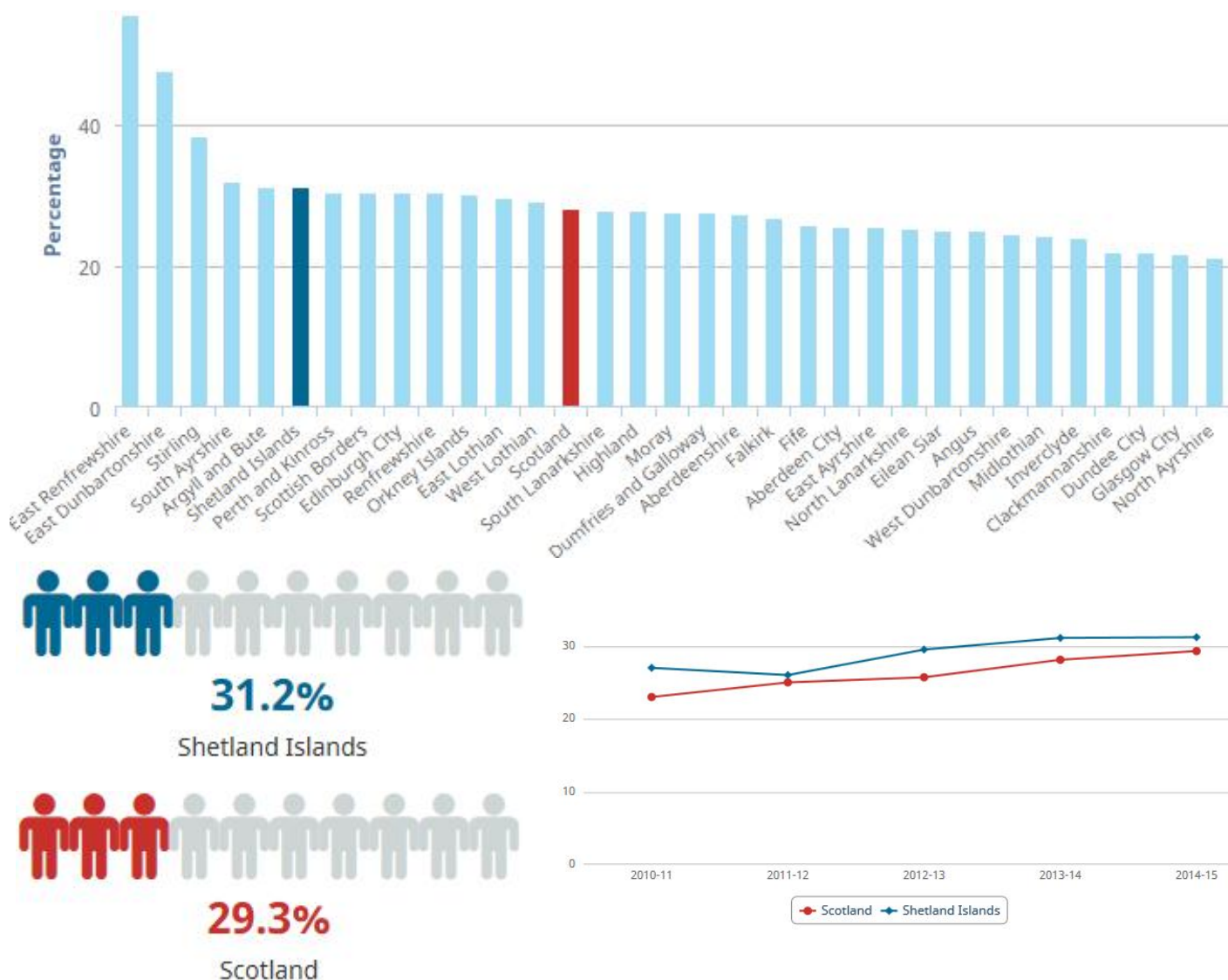
Performance

The most up-to-date figures published here are for 2012/13. However, there have been increases in both 13/14 (54.2%) and 14/15 (57.3%), this figure is 48.0% for our comparator authorities.

Improvement

We now have a local Attainment Improvement Action Plan and support from an Education Scotland Attainment Advisor, through the Scottish Attainment Challenge and the National Improvement Framework. We have a specific focus on this area, and will push to continue to improve.

What percentage of secondary school pupils achieved 5 plus awards at SCQF level 6 at the end of sixth year?



2015/16 Target: 33%

2016/17 Target: 33.5%

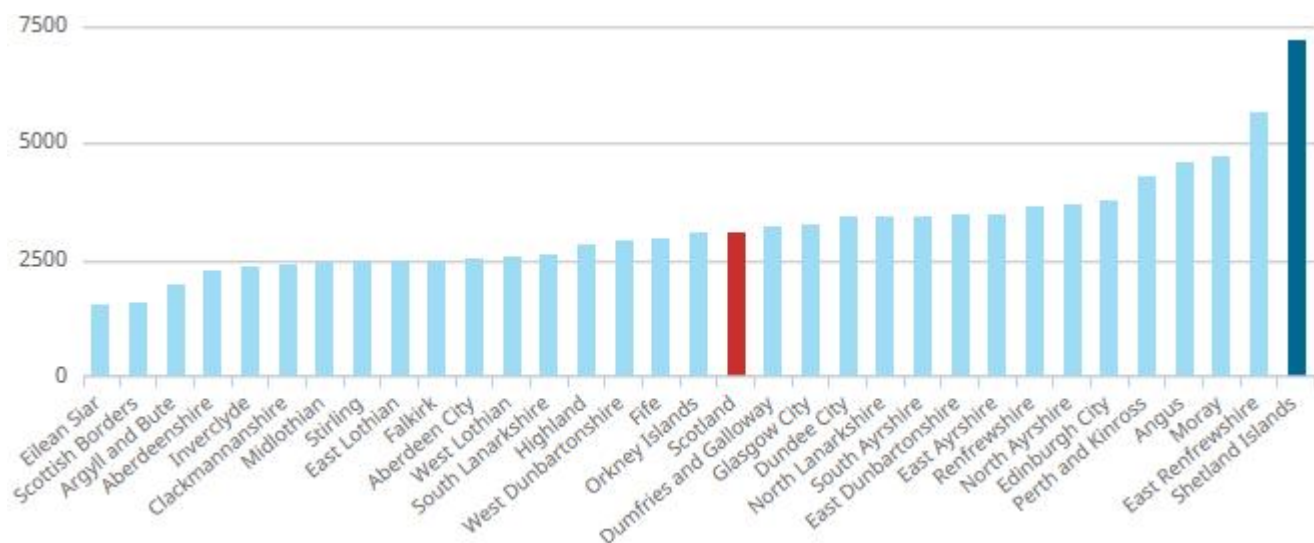
Performance

We remain above the Scottish average. 14/15 figures are 31.2% for Shetland and 29.3% for Scotland.

Improvement

We now have a local Attainment Improvement Action Plan and support from an Education Scotland Attainment Advisor, through the Scottish Attainment Challenge and the National Improvement Framework. We have a specific focus on this area, and will push to continue to improve.

How much does my council spend on providing residential accommodation for 'looked after children' (£ per child per week)?



£7,219

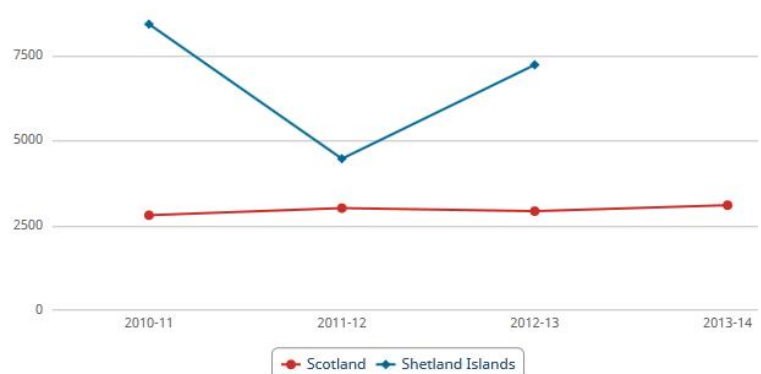
per week
Shetland Islands

2013-14



£3,098

per week
Scotland



2015/16 Target:

2016/17 Target:

Performance

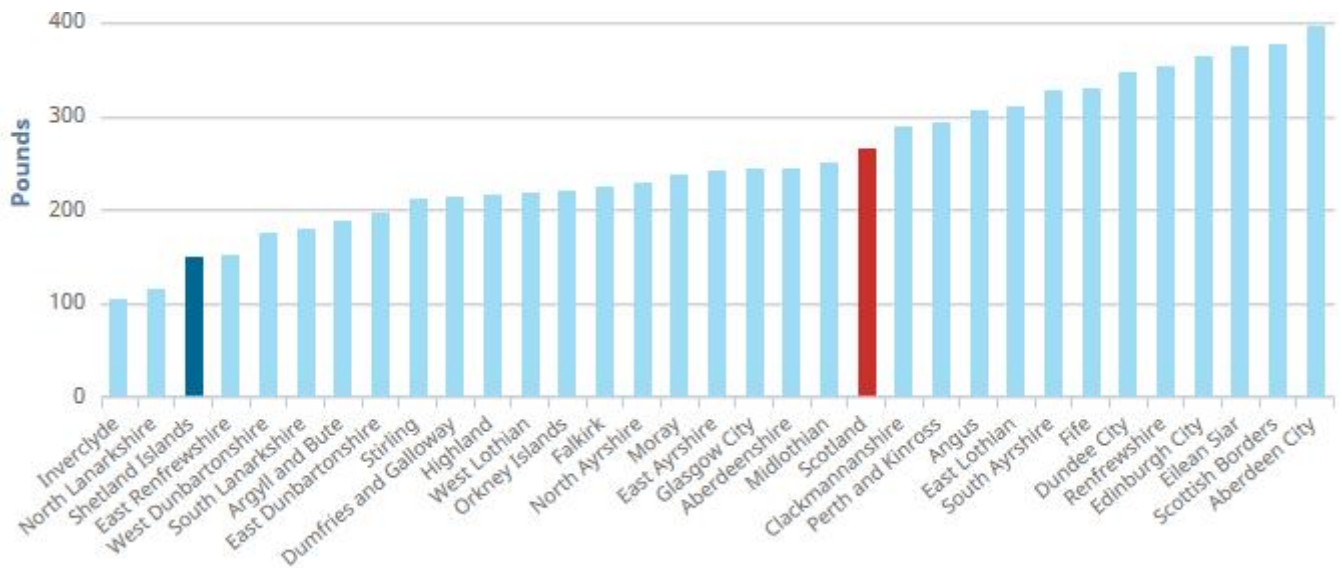
The most up-to-date figures published at a national level are for 2012/13. Subsequent figures have been withheld due to the low numbers of children and variance in budgetary requirements of each.

Improvement

To ensure that we use financial data accurately to give a true picture of spend on placements.

CHN 8b

How much does my council spend on providing fostering/family placements for 'looked after children' (£ per child per week)?



£151

per week

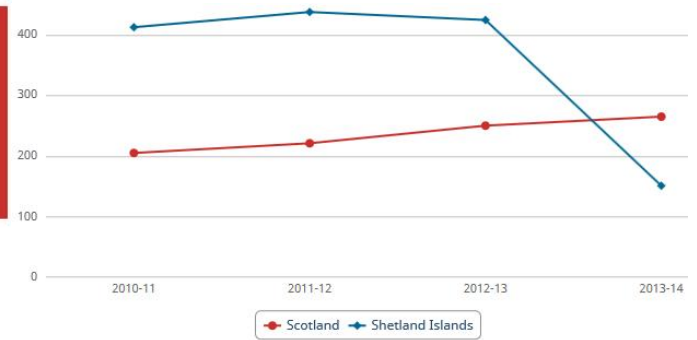
Shetland Islands



£265

per week

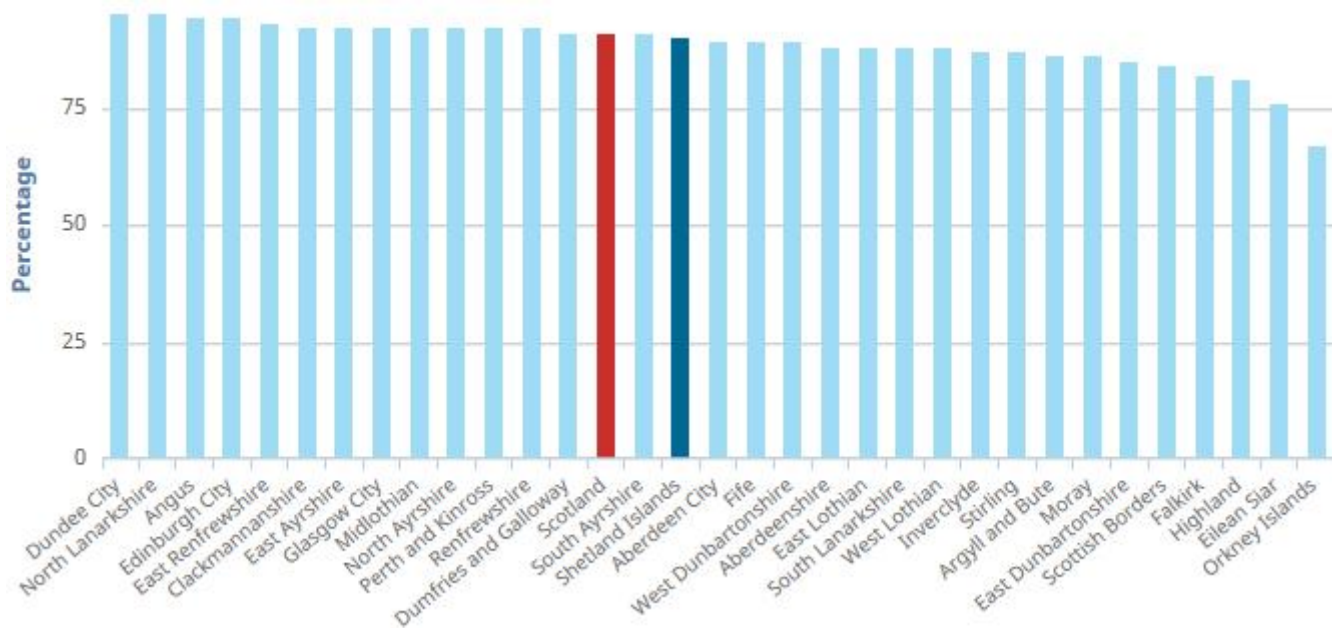
Scotland



2015/16 Target:	2016/17 Target:
-----------------	-----------------

Performance	Improvement
As with CHN8a costs have high variance due to the low numbers of children involved. In 13/14 we were well below the national average.	To ensure that we use financial data accurately to give a true picture of spend on placements

How many 'looked after children' are being cared for in foster/family placements rather than residential accommodation?



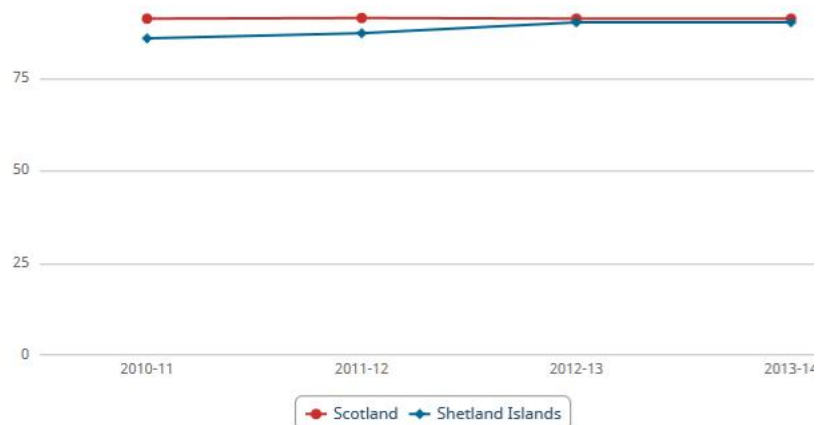
90.0%

Shetland Islands



91.0%

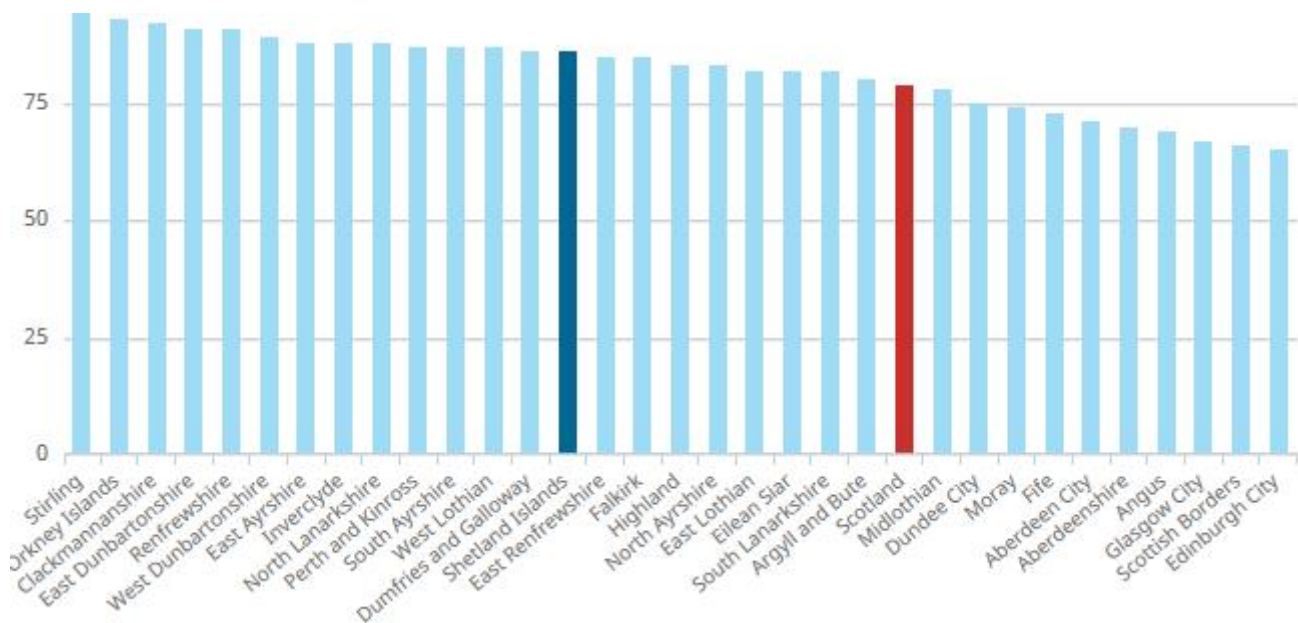
Scotland



2015/16 Target:	2016/17 Target:
-----------------	-----------------

Performance	Improvement
We are close to the national average for the percentage of children accommodated in placements rather than in residential settings.	To ensure that there are enough placements available locally to best meet children's assessed needs.

How satisfied are residents with local schools?



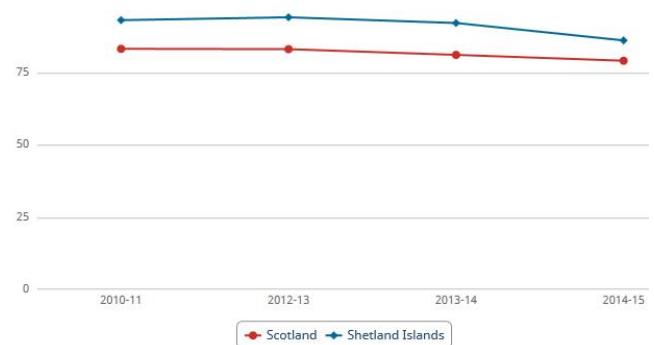
86.0%

Shetland Islands



79.0%

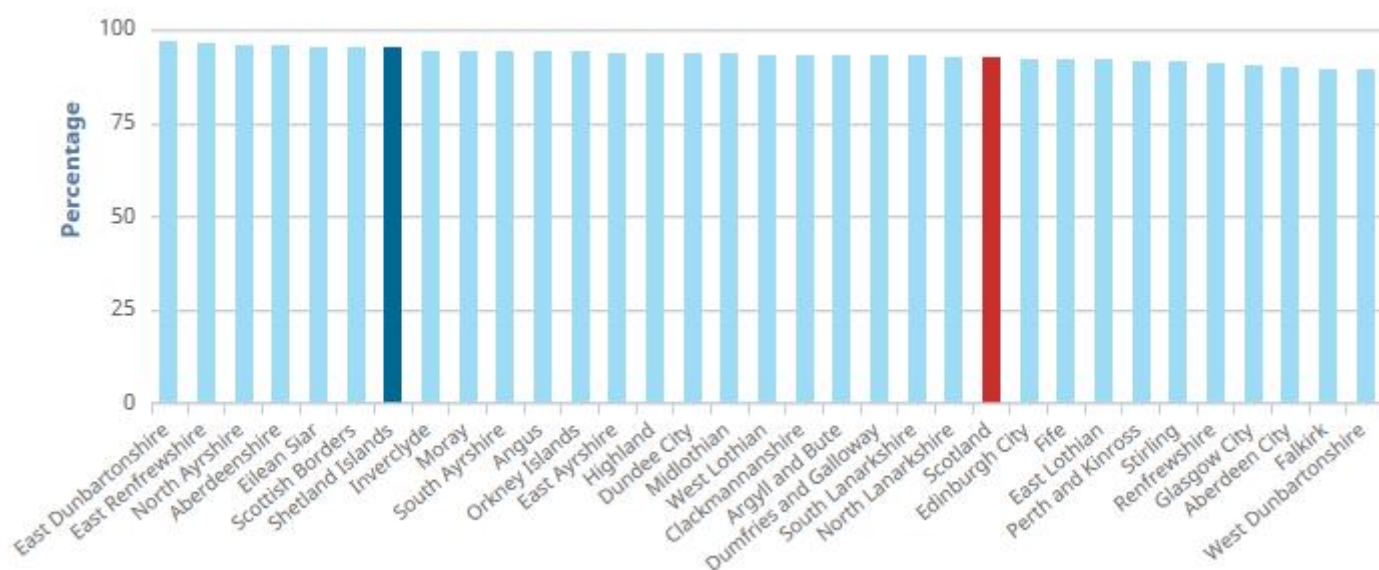
Scotland



2015/16 Target:	2016/17 Target:
-----------------	-----------------

Performance	Improvement
Statutory consultations have indicated a strong preference for the status quo in terms of the school estate and underline satisfaction with rural school.	A new corporate complaints procedure is being introduced.

What percentage of pupils enter a positive destination after leaving school?



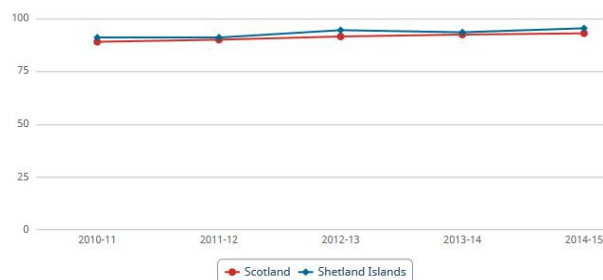
95.3%

Shetland Islands



92.9%

Scotland



2015/16 Target:

2016/17 Target:

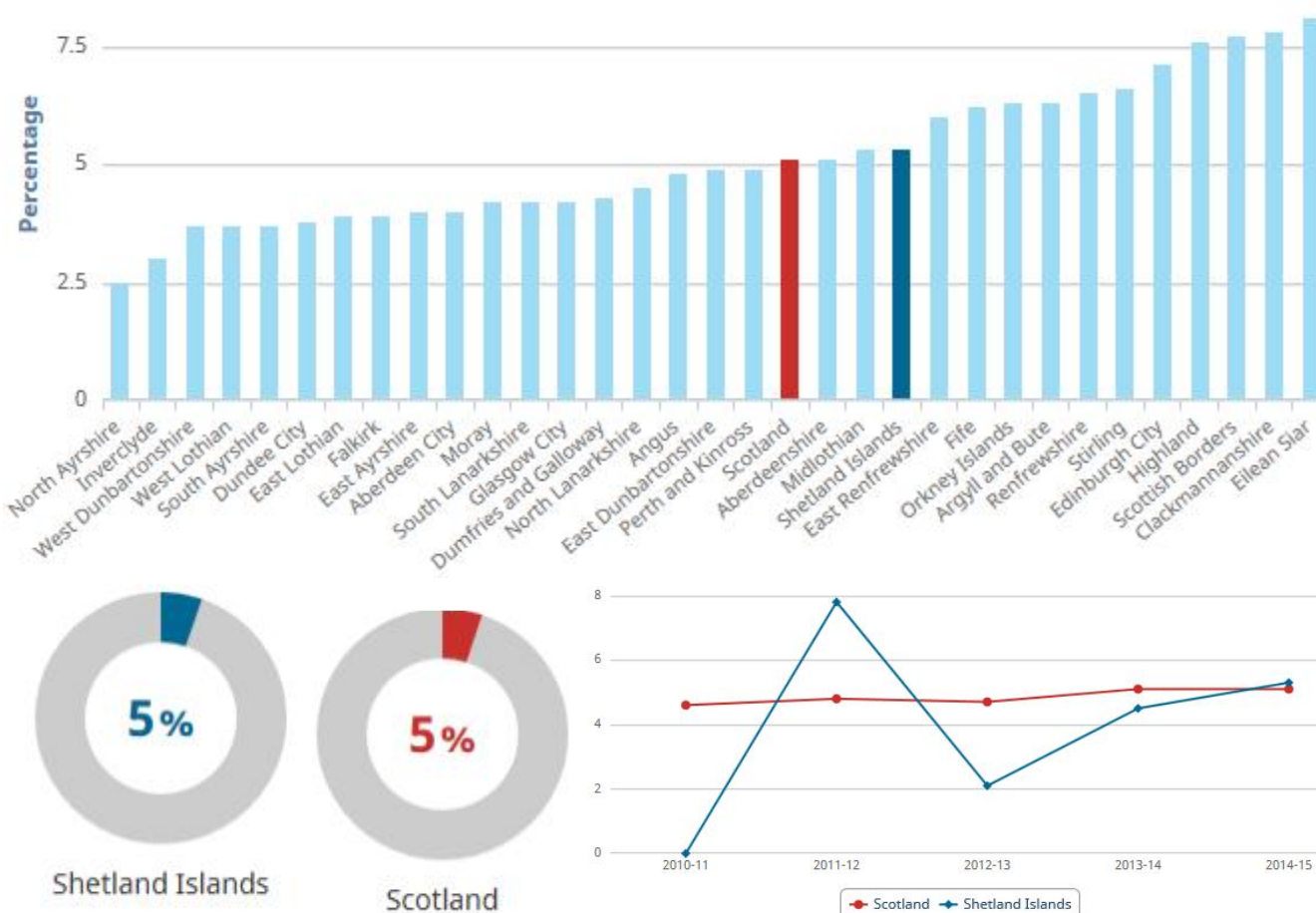
Performance

Improvement

We consistently provide a higher rate of positive destinations for school leavers than the national average.

Shetland Learning Partnership is developing more vocational learning and better links between schools, colleges and employers.

How much of my council's total running costs is spent on administrative support services?

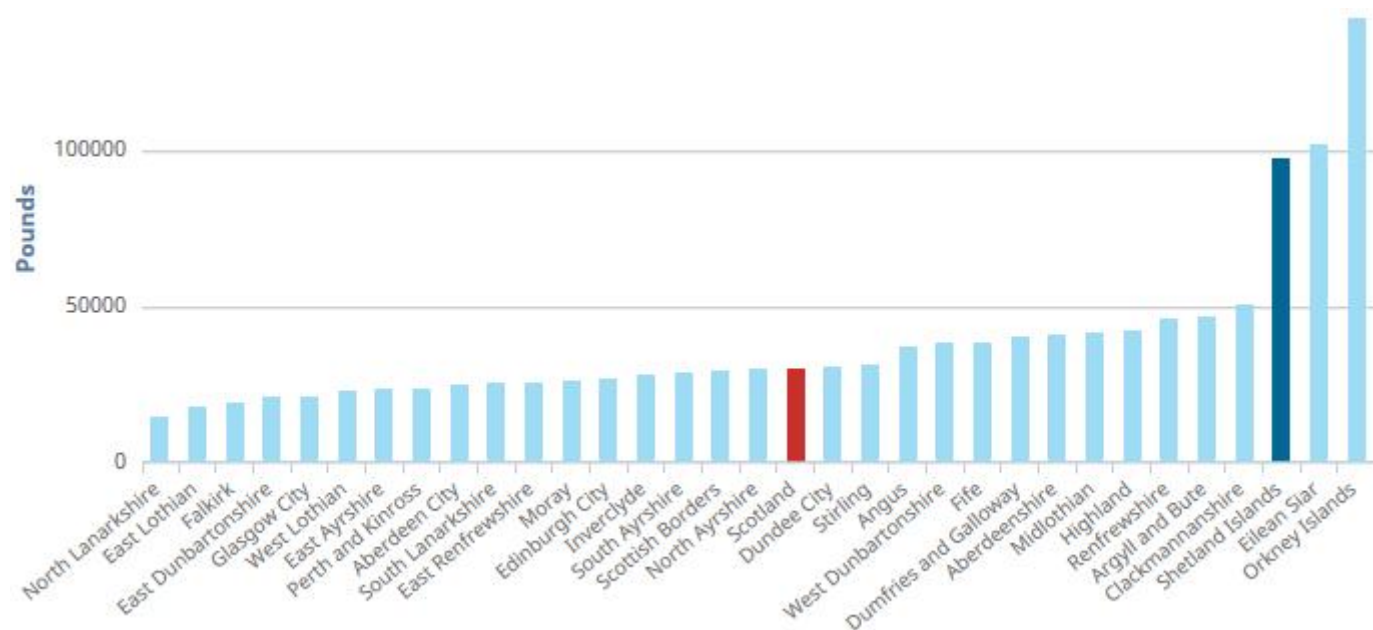


2015/16 Target: 4%

2016/17 Target: 4%

Performance	Improvement
Overall the Council performance in regard to proportion of expenditure incurred on support activities is in line with the Scotland average, and is lower than the other island authorities, to which direct comparison is often made. This is the result of active management of support service activities and this needs to remain a priority to achieve the targets for future years.	The Council will continue to ensure that it works to provide efficient and effective support services and recognise the strategic direction taken in the Corporate Plan where the priorities are clearly centred on front-line services but considerable focus is given to the need for adequate and effective support functions being critical to the governance and operation of the Council.

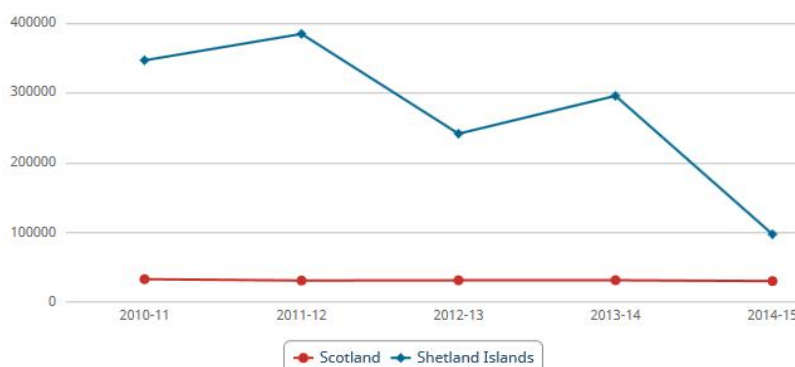
How much does my council spend on supporting elected members (£ per 1,000 people)?



£97,675
per 1,000 people
Shetland Islands



£30,688
per 1,000 people
Scotland



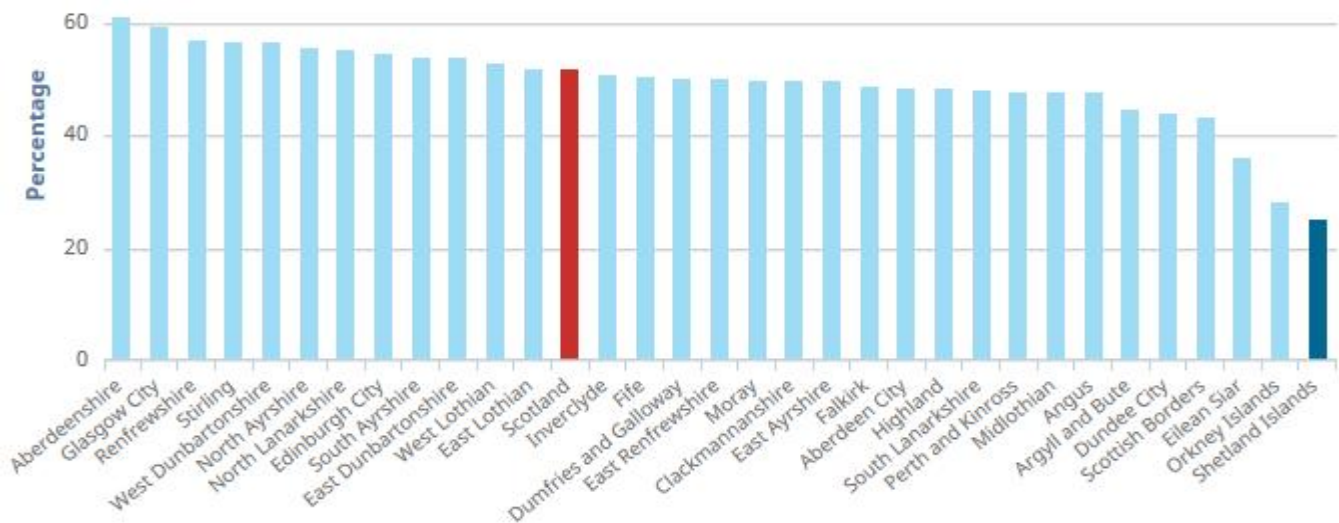
2015/16 Target: £250,000

2016/17 Target:

Performance	Improvement
<p>This indicator extends beyond a simple definition of providing support to elected members. In compiling the data behind the total value it takes into account two categories of expenditure (i) Democratic representation and Management costs – <i>all aspects of members' activities in that capacity, including corporate, programme and service policy making and more general activities relating to governance and the representation of local interests</i>; and (ii)</p>	<p>A substantial proportion of the value that is included in this indicator is generated from information that defines in cost terms how much of the internal resources of the council relate to the individual elements of Democratic Representation & Management and Corporate Management costs. This brings a significant amount of subjectivity to the values so the Finance team continues to work with services to refine the data</p>

<p>Corporate Management costs – <i>activities and costs that provide the infrastructure that allows service to be provided, whether by the authority or not, and the information that is required for public accountability.</i></p> <p>In 2013/14 the values were inconsistent with the practice in other local authorities therefore there has been a significant improvement in Shetland's performance, the 2014/15 value per thousand population being approximately 1/3 of the 2013/14 value. For 2014/15, a detailed review of costs included in this area was undertaken, to bring Shetland in line with the practices in other local authorities and so ensure better comparison</p>	<p>As a consequence of the Council starting to borrow money a loans fund has been established. As such Shetland now operates on the same basis as all other local authorities</p>
--	---

What is the current gender balance in more senior posts?



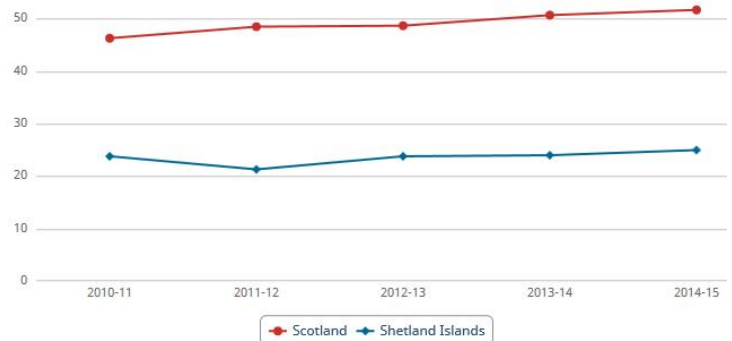
25.0%

Shetland Islands



51.7%

Scotland



2015/16 Target:	2016/17 Target:
-----------------	-----------------

Performance	Improvement
<p>This indicator actually looks at the % of highest paid 5% employees who are women, rather than “senior” posts in organisational terms. It excludes teachers, including Head Teachers. Unlike most other local authorities our makeup of services includes marine, and this sector is significantly represented within this reported group. While there has been a slight improvement on our performance between 2013/14 and 2014/15 due to successful internal promotions, given our organisational composition and the current gender balance in the marine sector, changes are likely to be incremental.</p>	<p>We continue to monitor the profile of our workforce and to carry out Impact Assessments of all policies and reviews to ensure any detrimental impact on any particular group is highlighted and addressed where necessary.</p> <p>We have compiled our first Equal Pay Audit this year which has identified areas for attention or improvement, particularly around occupational segregation. We have also published our Equality Statistics, which has highlighted areas which require some work to improve.</p>

CORP 4

How much does my council spend on collecting council tax (£ per home)?

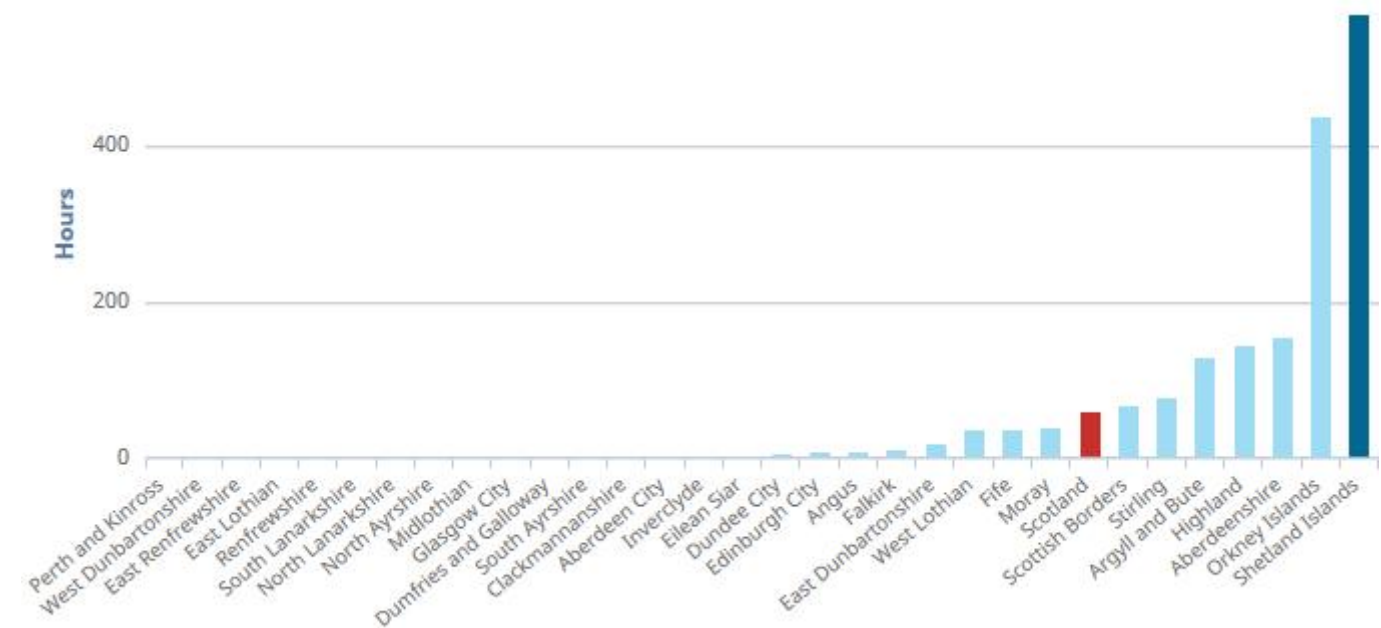


2015/16 Target: £8.67:

2016/17 Target: £11.82

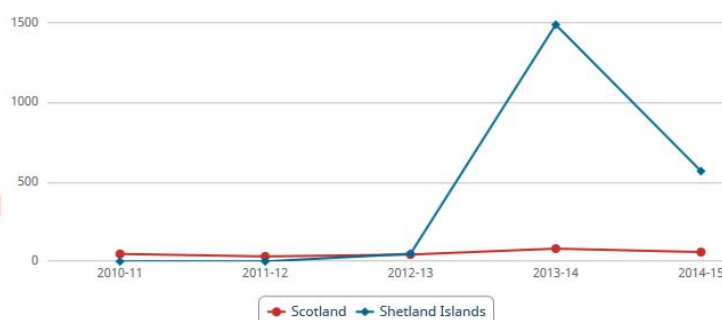
Performance	Improvement
Direct costs remained similar to last year. However there was a significant increase in recharges due to a change in the way support services were recharged to the Council Tax 'service'.	Continue to monitor collection costs and discuss at monthly Revenues and Benefits team meetings any issues or means of improvement.

How long does it take my council to attend a domestic noise complaint on average?



567.3
hours
Shetland Islands

58.9
hours
Scotland



2014/15 Target:

2015/16 Target:

Performance

The Council has little control of the number of noise complaints received each year. The Council set up a successful partnership a number of years ago to try and ensure all noise complaints received by the Council, Police and Hjalmland Housing Association are all responded to by Environmental Health.

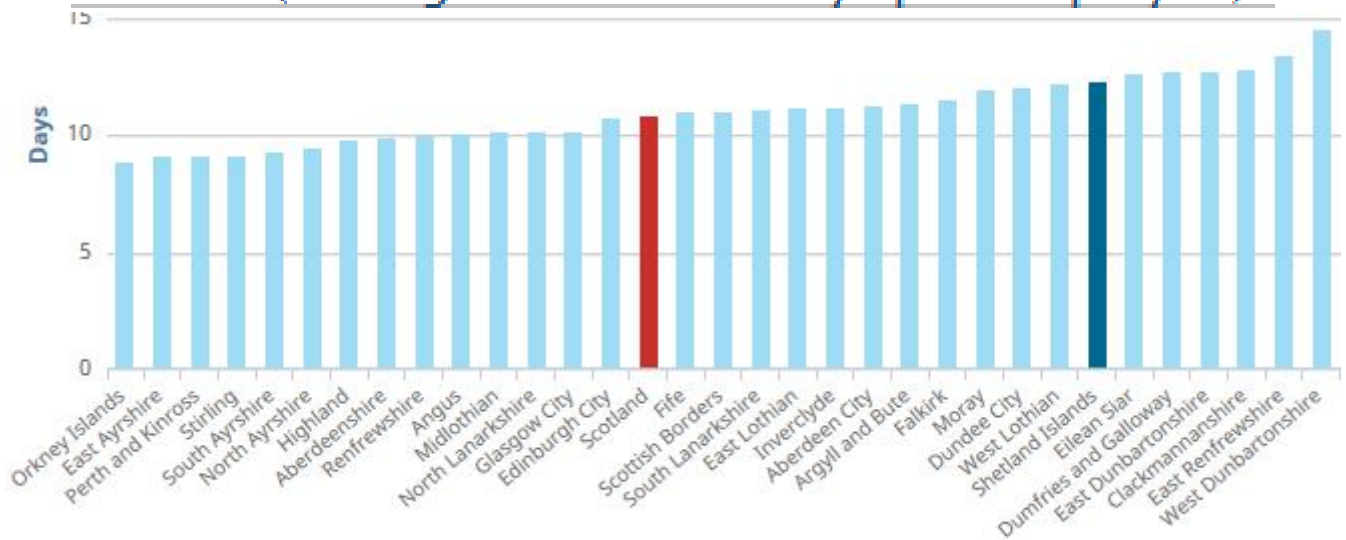
Shetland records more noise complaints than Orkney and Western Isles, this is because all complaints received by all agencies are investigated by Environmental Health and responded to, regardless of where the

Improvement

Shetland Islands Council has developed the most effective response to noise complaints, for which it won an award in 2006, without setting up a 24 hour team on standby for noise complaints. It relies on partnership with all the key agencies. A 24 hour response team would be costly and a disproportionate response to the number of complaints received. The investigation and response to complaints is complaint specific, and there is little value in reviewing trends year on year for response times as each complaint is different and can be

<p>complaint originated. The majority of noise complaints come via the Police out of office hours.</p> <p>The Environmental Health investigation response depends on the time of the complaint and the type of noise experienced.</p> <p>For example, if someone phones during the working day and says the noise is happening now – if there is an officer available they will visit and hear the noise to establish if it is a statutory nuisance. This could be an immediate response, resulting in a very short response time to an initial complaint. If the noise is happening at 2am, complainants call the police so they will visit and witness the noise. Police Scotland can take their own action or Environmental Health can take enforcement action on the evidence of the police, rather than witnessing the noise ourselves. This may depend on the nature and duration of the noise. Police Scotland may take immediate enforcement action if they have visited a property and issued a warning and are called back again shortly afterwards.</p> <p>Noise equipment is routinely used when, for some reason, the police are unable to attend to the premises to provide evidence or when the noise appears to follow a pattern. These tend to be the more complex and challenging cases investigated. Around 60% of Shetland's noise complaints are resolved by the first contact with the person causing the noise and 90% resolved by first or second contact with the person causing the noise, so only a very small number of complaints that need more detailed investigation need a visit to assess the noise.</p>	<p>investigated and resolved in different ways.</p>
--	---

What is the level of sickness absence in my council (average number of days per employee)?



12.22

days

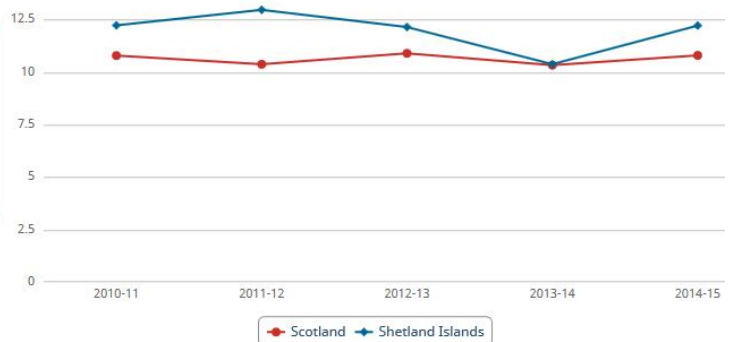
Shetland Islands



10.80

days

Scotland



2015/16 Target:

2016/17 Target:

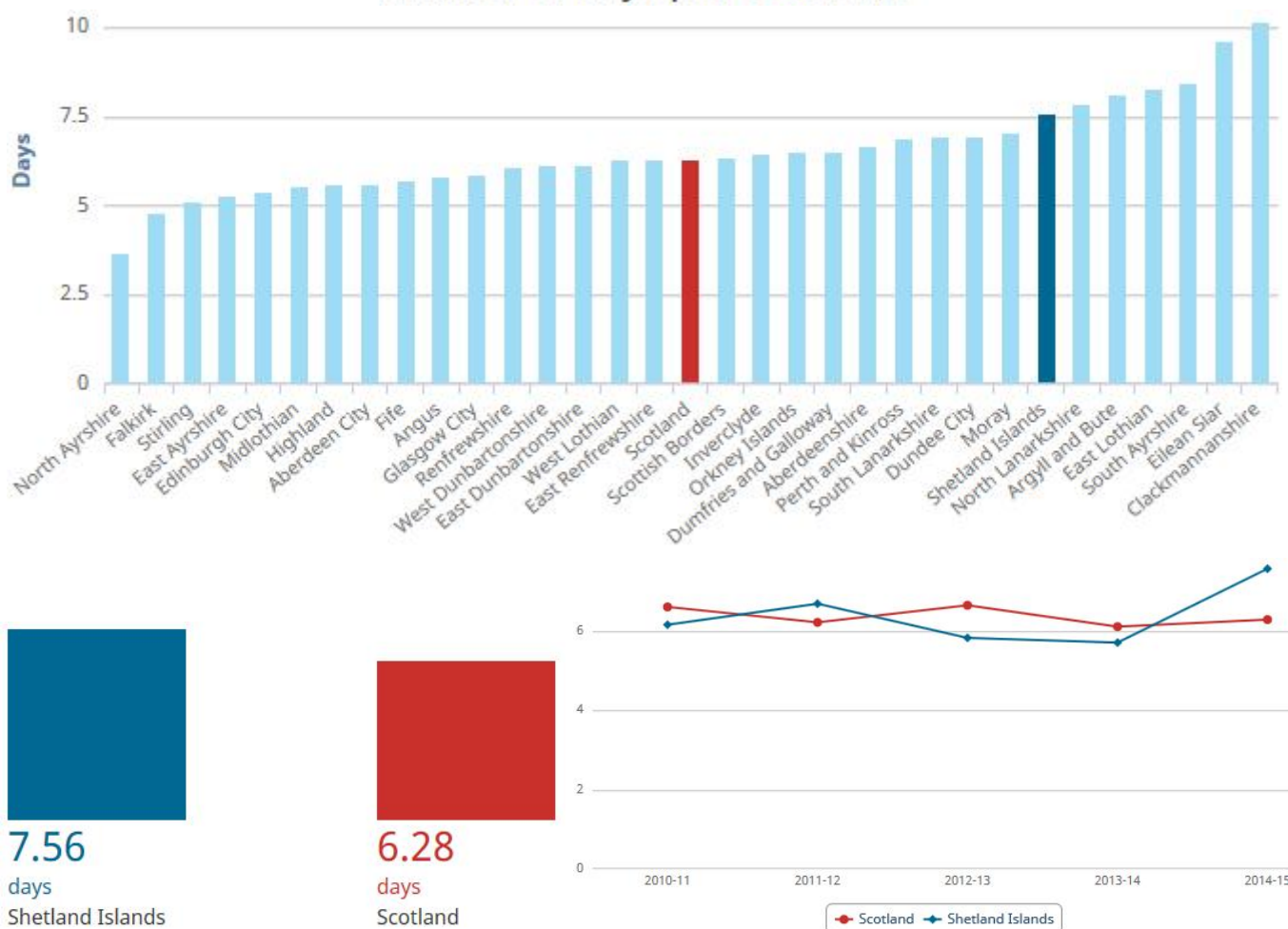
Performance

The average sick days for this group of staff rose by 1.5 days. There are two factors leading to this; a decrease in the Council's overall FTE and an increase in long term sickness.

Improvement

We have introduced greater focus on case management of sickness absence that includes the organisations most senior management and expect that this will address this increase and lead to a reduction in the number of long term absence cases. The Maximising Attendance policy and procedures are being reviewed which provides an opportunity to look for improvement in reducing sickness absence.

What is the level of sickness absence for teachers in my council (average number of days per teacher)?



7.56

days

Shetland Islands

6.28

days

Scotland

2015/16 Target:

2016/17 Target:

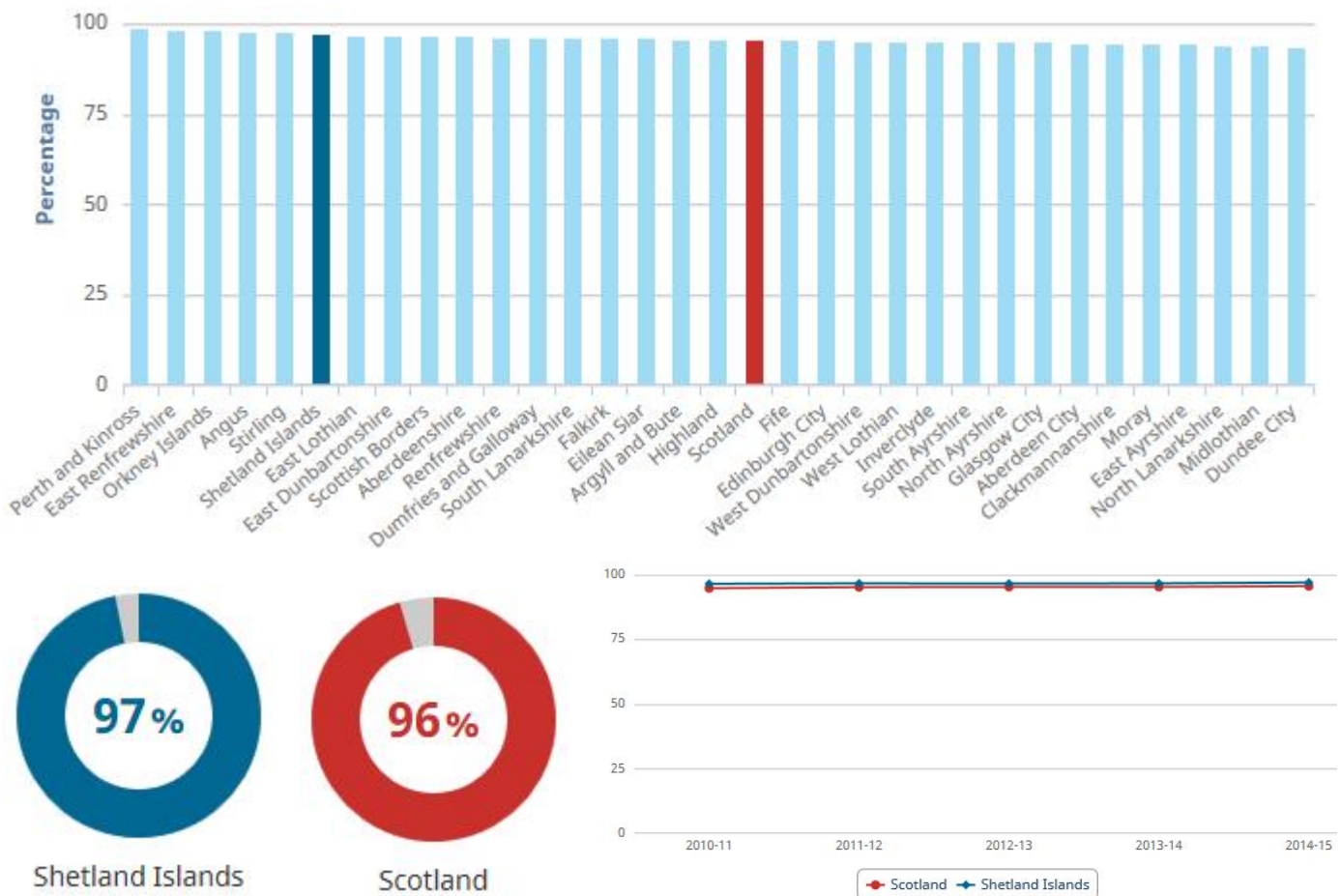
Performance

The figure for average teacher's days rose by 1.8 days, attributable in large part to an increase in long term sickness although our extremely long sickness (over 100 days) days have reduced.

Improvement

We have introduced greater focus on case management of sickness absence that includes the organisations most senior management and expect that this will address this increase and lead to a reduction in the number of long term absence cases. The Maximising Attendance policy and procedures are being reviewed which provides an opportunity to look for improvement in reducing sickness absence.

How efficient is my council at collecting council tax?

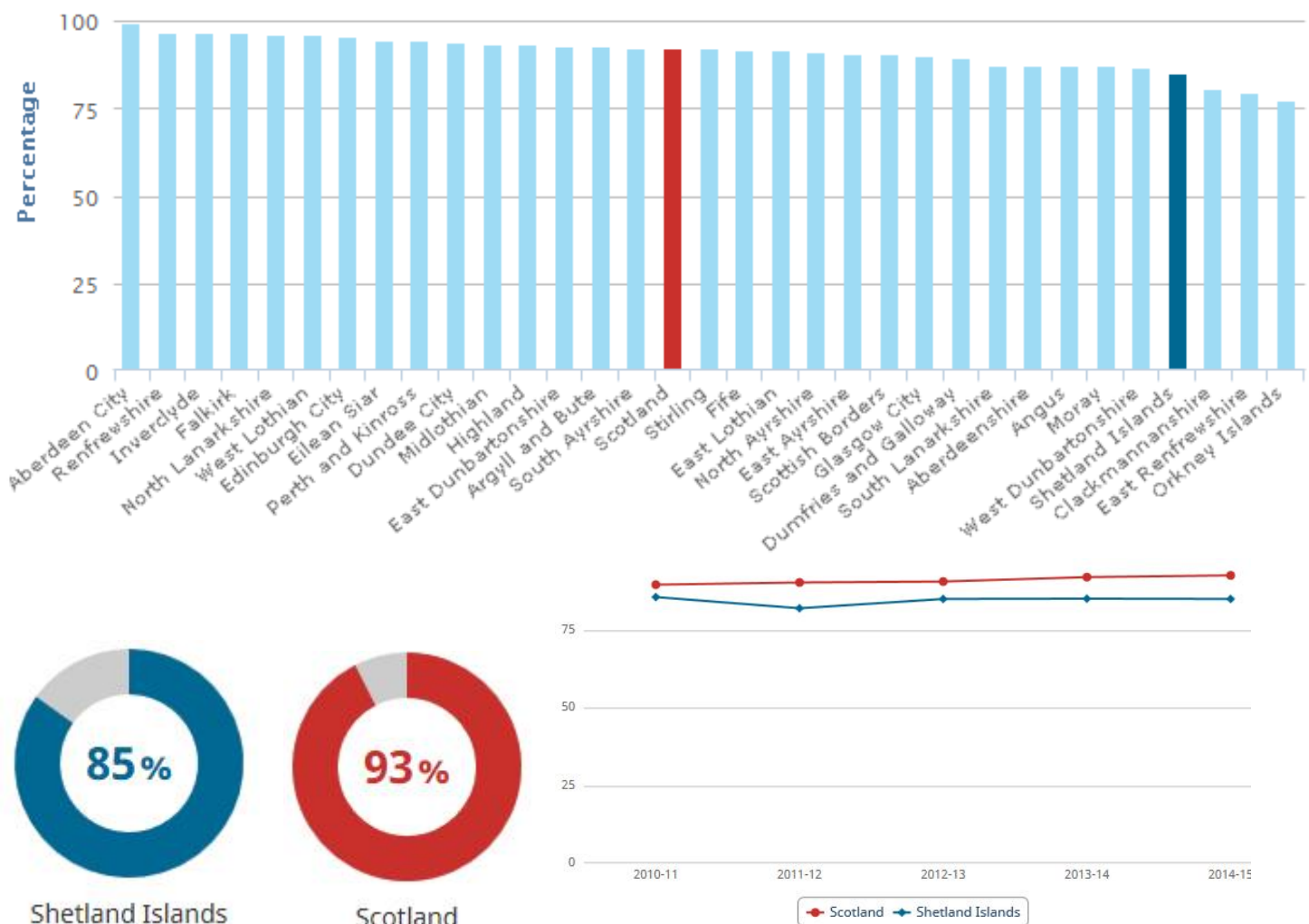


2015/16 Target: 96.5%

2016/17 Target: 97%

Performance	Improvement
During 2014/15 slight improvement on collection rates, this resulted in best ever Council Tax collection levels.	Seek to maintain current high income collection rates through effective income recovery processes. Continue to monitor collection levels on a monthly basis and discuss at monthly Revenues and Benefits team meetings any issues or means of improvement.

How efficient is my council at paying invoices on time?



2015/16 Target:88%

2016/17 Target:90%

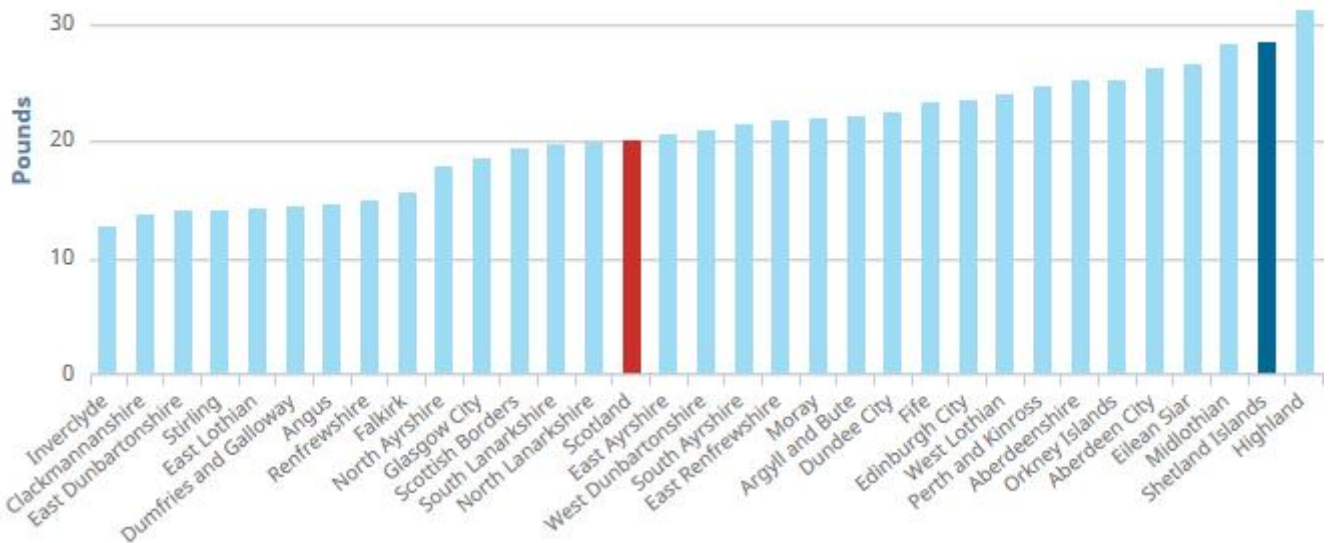
Performance

In 2014/15 our performance was maintained, however many invoices continue to be received several days after the invoice date, due to our remote location, and to suppliers posting out a whole months invoices with their monthly statement. In addition, staff prioritisation of invoice approval processes, causes further delays

Improvement

New software has been fully implemented across the Council now and we have set a challenging target to improve by 3%.

How much does my council spend on providing care to support older people to live at home (£ per hour)?



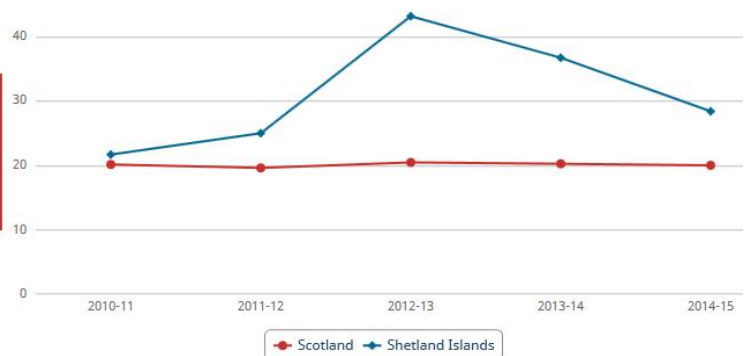
£28.38

per hour
Shetland Islands



£20.01

per hour
Scotland

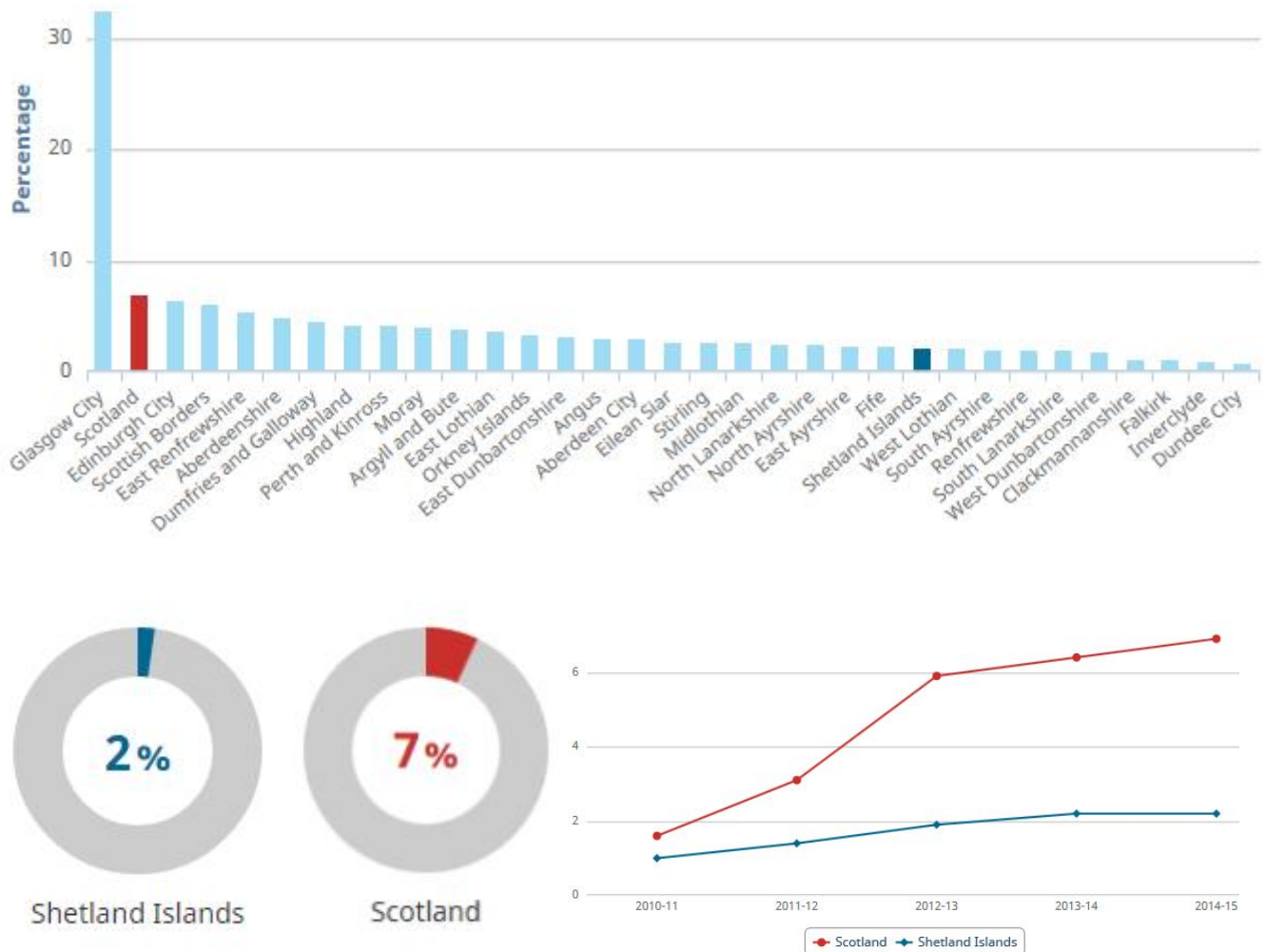


2015/16 Target: No target

2015/16 Target:

Performance	Improvement
We have been continuing to implement our reablement programme to enable people to live for longer in their own home increasing their independence.	Continue to work closely with agencies and integrating services to reduce costs and still enable people to stay at home for longer.

How many people needing social work support get to choose how their support needs will be met?



2015/16 Target:

2016/17 Target:

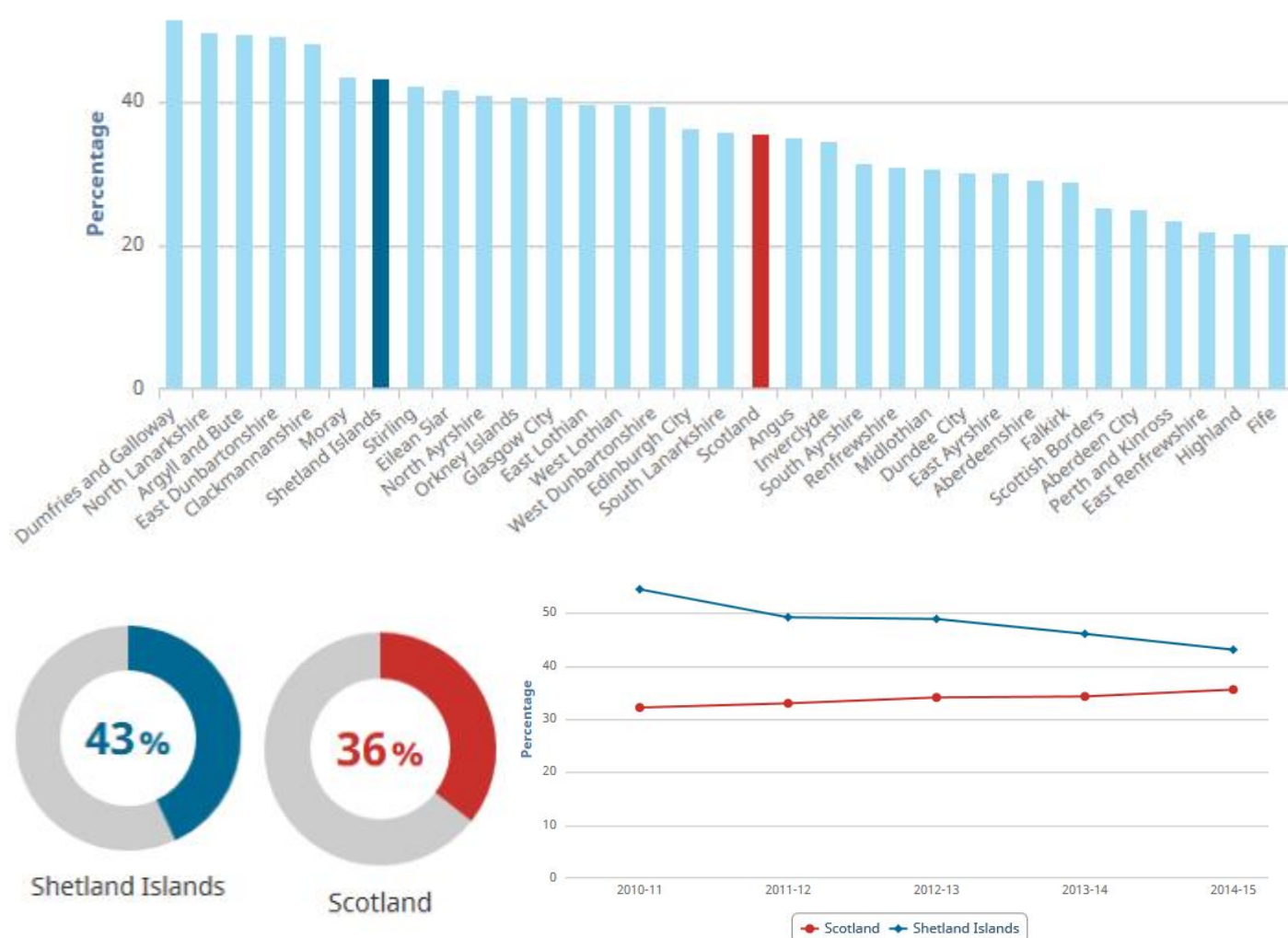
Performance

The figure above shows the spend on Self-directed Support (Direct Payments) as a percentage of total social work spend on adults (aged 18+). A much higher percentage of people were offered the choice of Direct Payments or Council provided support.

Improvement

We can evidence that all people eligible for community care support are given the 4 options of Self-directed support

How many older people with intensive needs are supported by my council so that they can remain at home?

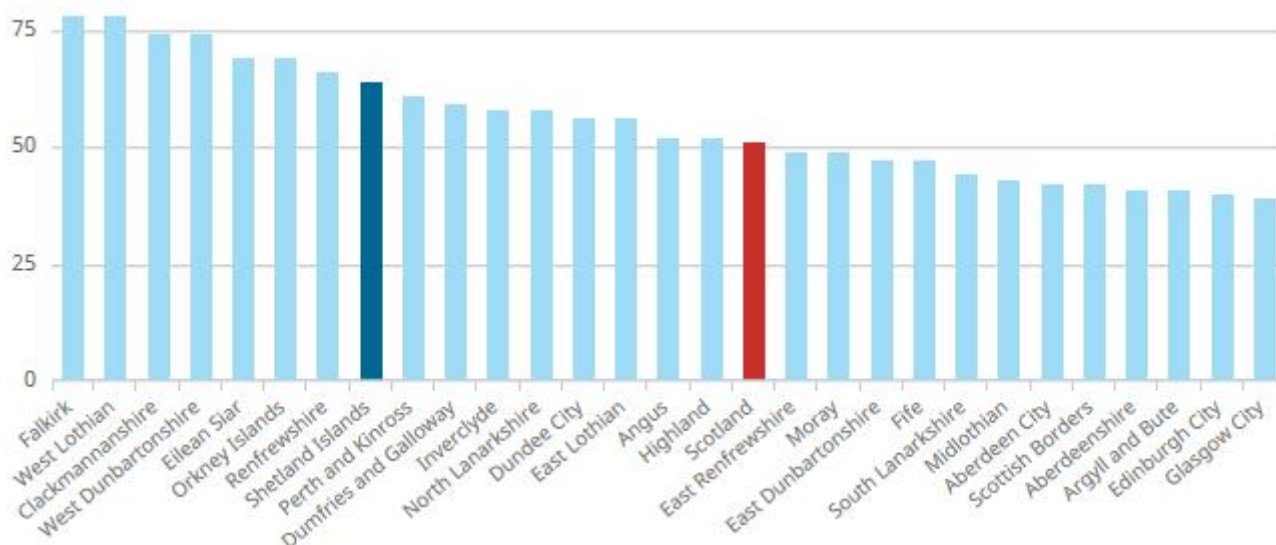


2015/16 Target: Local target in performance report is 39%

2016/17 Target:

Performance	Improvement
Consistently deliver a high level of care into people's homes as an alternative to receiving residential care services.	Continue to work closely with agencies and integrating services to enable people to stay at home for longer. It should be noted that reablement and telecare services also enable people to stay at home without necessarily delivering an 'intensive care' package.

How satisfied are residents with local social care/social work services?



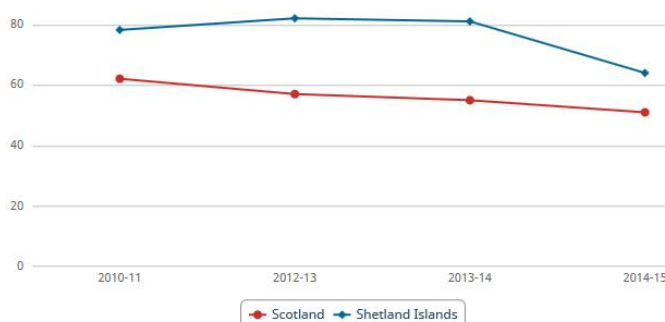
64.0%

Shetland Islands



51.0%

Scotland



2015/16 Target:

2016/17 Target:

Performance

This figure is taken from the Scottish Household Survey and we are pleased with our performance in this area. We aim to continue with such positive results.

Improvement

A recent multi-agency inspection of community health and social care clients recorded a satisfaction rate of 85%

How much does my council spend on providing residential care for older people (per person, per week)?



2015/16 Target: No target set

2015/16 Target: No target set

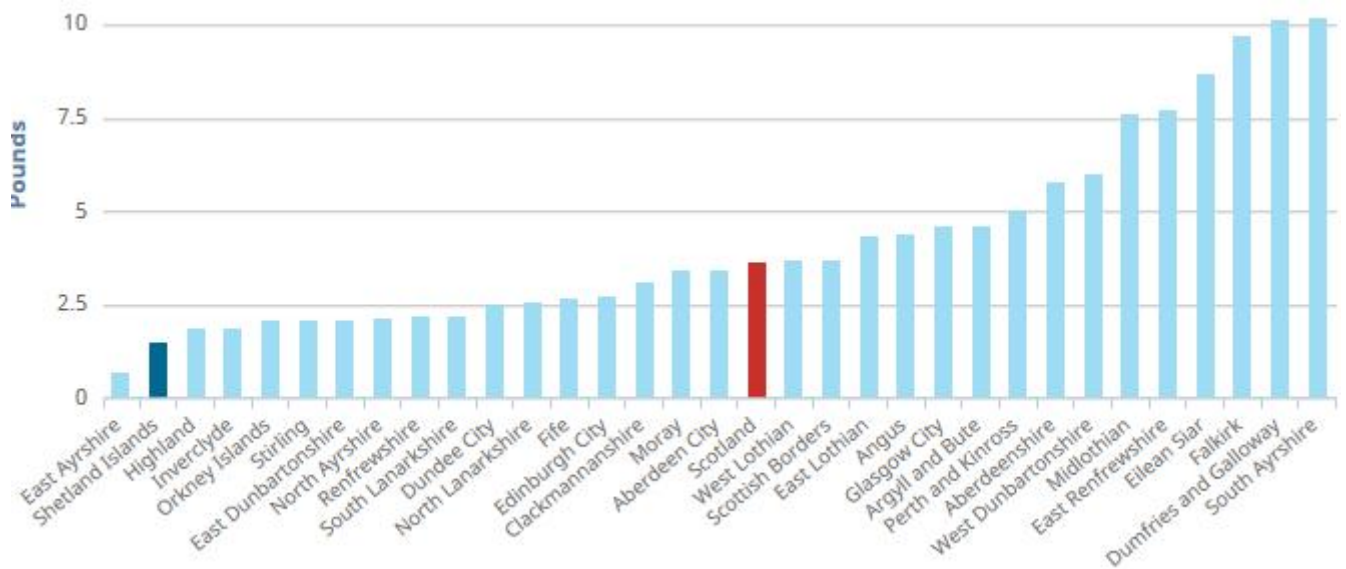
Performance

As with other island authorities, we are one of the most expensive in terms of service provision. Mainland authorities run at a lower cost due to competitive private availability and larger residential units.

Improvement

Refurbishment and review of existing service provision should lead to more efficient delivery and related costs

How much does my council spend on sports and leisure facilities (£ per visit)?



£1.50

per visit

Shetland Islands

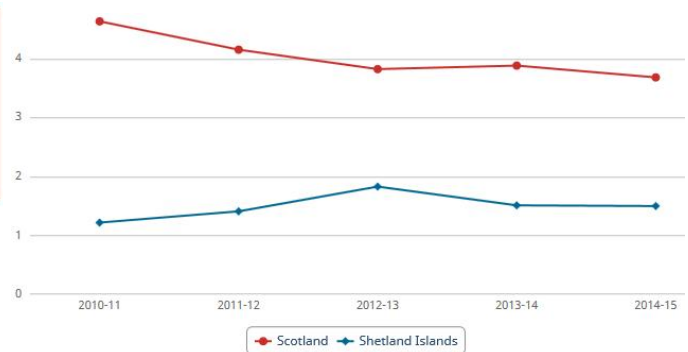


£3.68

per visit

Scotland

2014-15



2015/16 Target: £1.50

2016/17 Target: £1.50

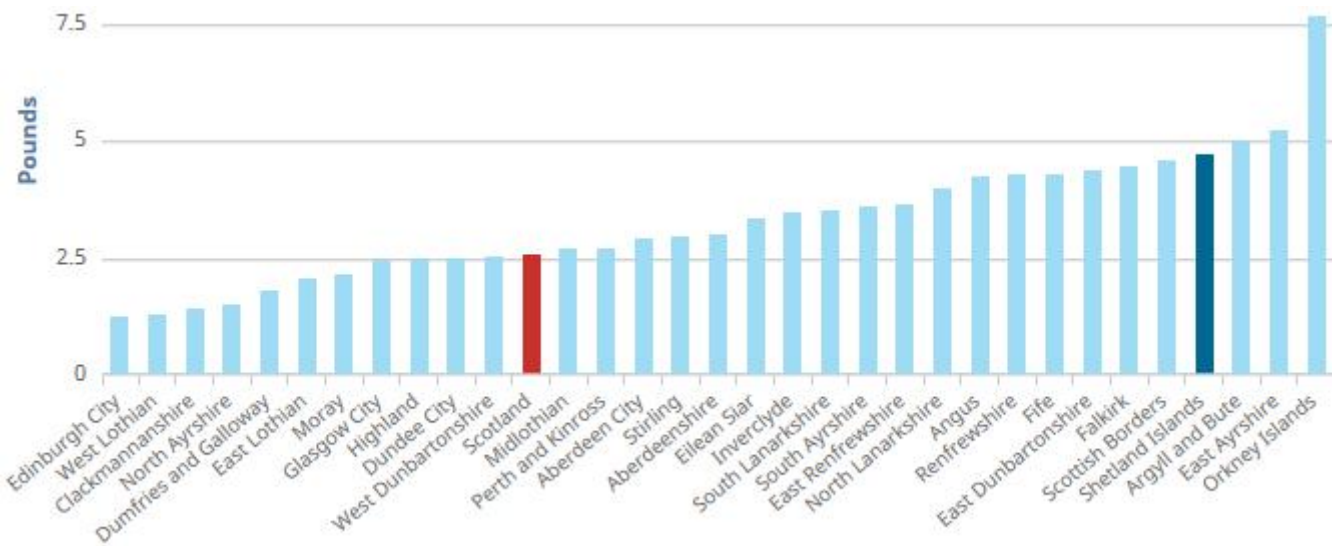
Performance

Costs have slightly decreased, while Shetland continues to be ranked second in Scotland.

Improvement

To continue providing high quality services and high levels of usage within existing budgets.

How much does my council spend on libraries (£ per visit)?



£4.71

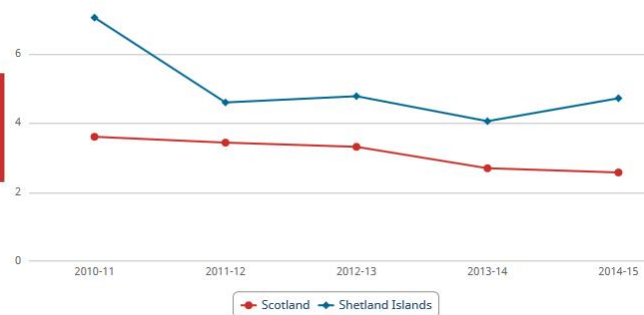
per visit
Shetland Islands



£2.57

per visit
Scotland

2014-15

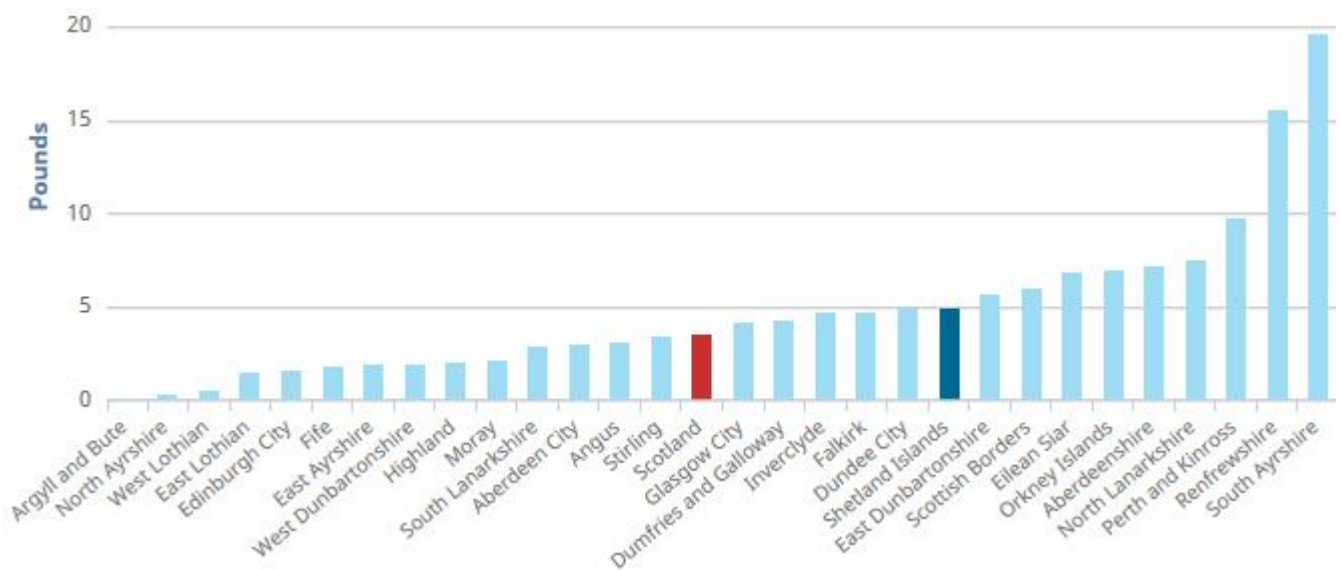


2015/16 Target: £3.90

2016/17 Target:

Performance	Improvement
The cost per visit to Shetland Library continues to fall, in line with budget cuts, so by 2017 the cost should be nearer the Scottish average.	Continue to ensure awareness of Library services among residents, keep services accessible and ensure consistency in visitor counting.

How much does my council spend on museums and galleries (£ per visit)?



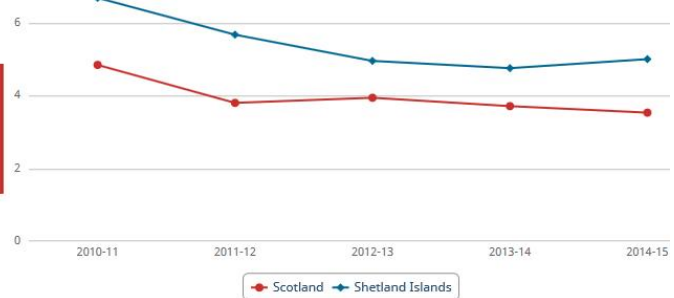
£5.00

per visit
Shetland Islands



£3.53

per visit
Scotland



2015/16 Target:

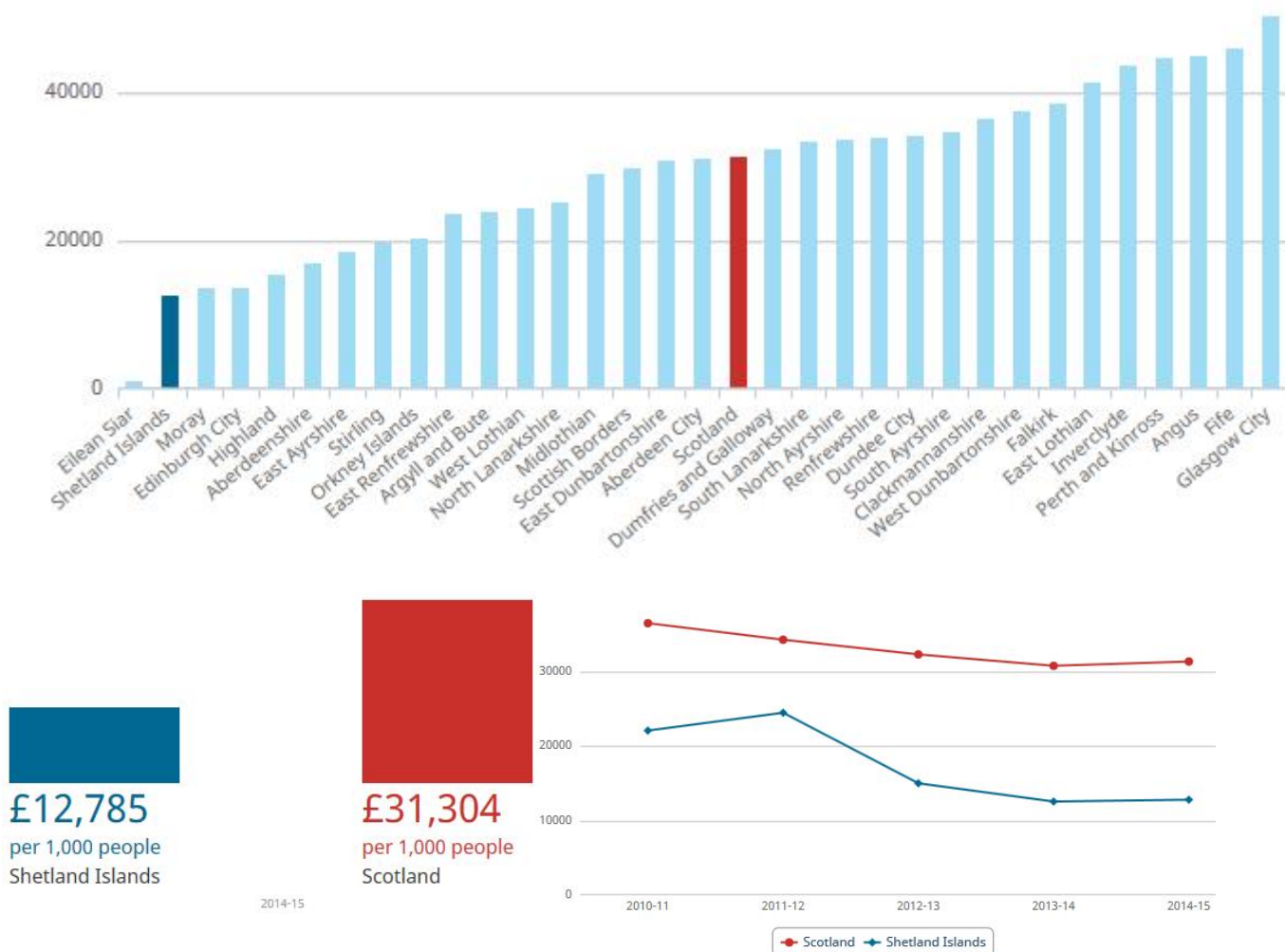
2016/17 Target:

Performance

Improvement

This indicator is for information only, these services are not run by the Council

How much does my council spend on parks and open spaces (£ per 1,000 people)?



2015/16 Target: £12,740

2016/17 Target: £12,700

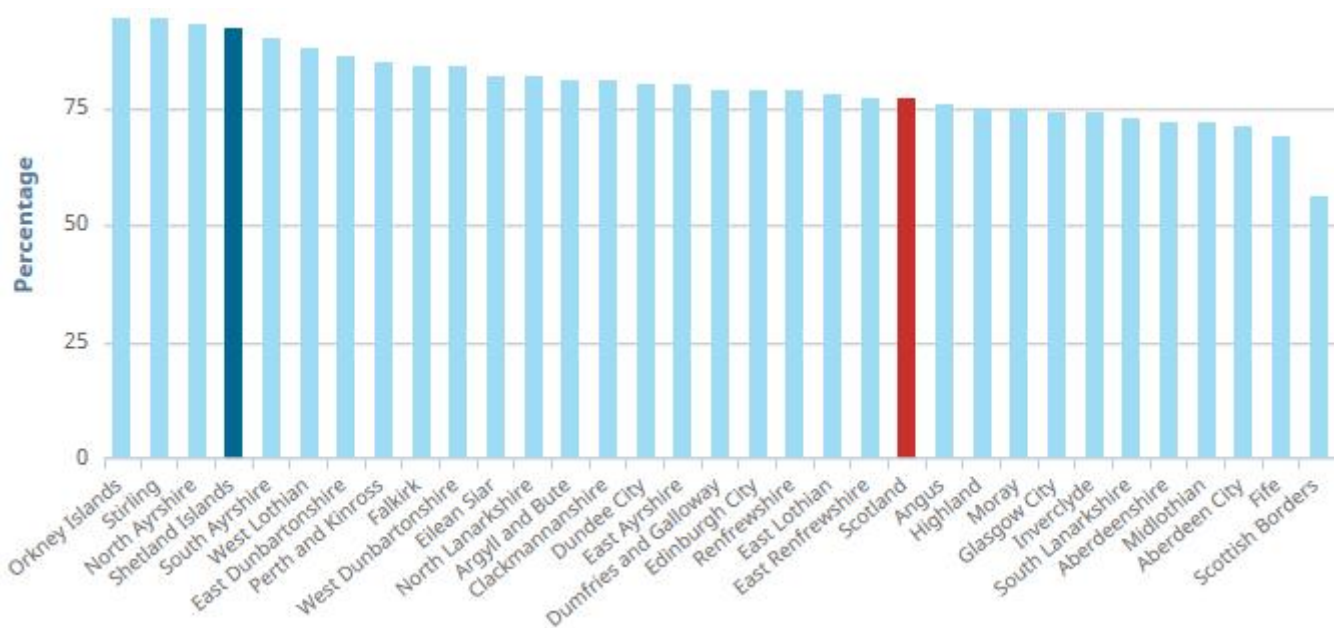
Performance

Costs are continually reducing and are significantly below the Scottish Average. Ranking improved.

Improvement

To continue providing high quality services and high levels of usage within existing budgets.

How satisfied are residents with local libraries?



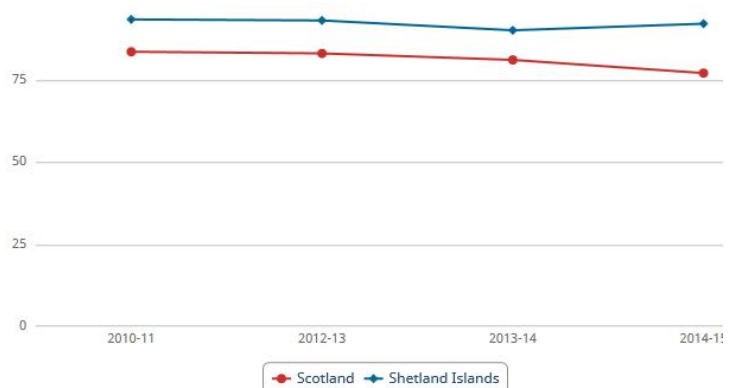
92.0%

Shetland Islands



77.0%

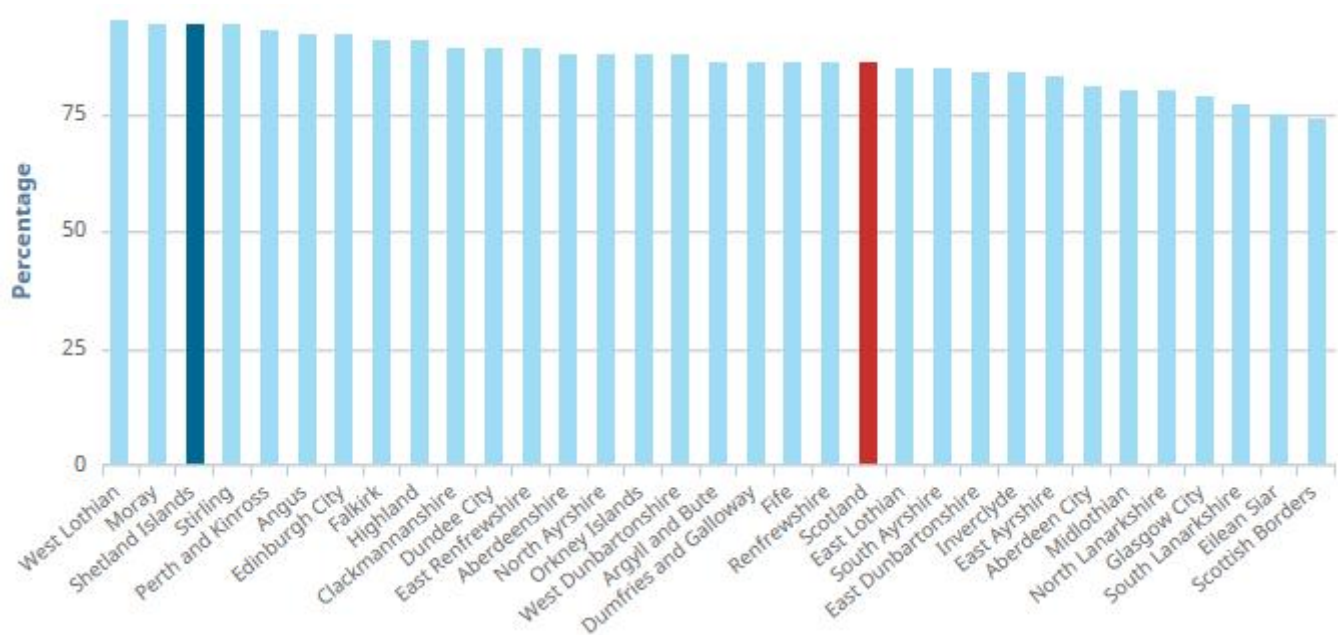
Scotland



2015/16 Target:90%	2016/17 Target:
--------------------	-----------------

Performance	Improvement
Customer satisfaction rate is, at 92%, much higher than the Scottish average of 77%.	Customers are happy with almost every aspect of the service other than the space constraints of the building.

How satisfied are residents with local parks and open spaces?



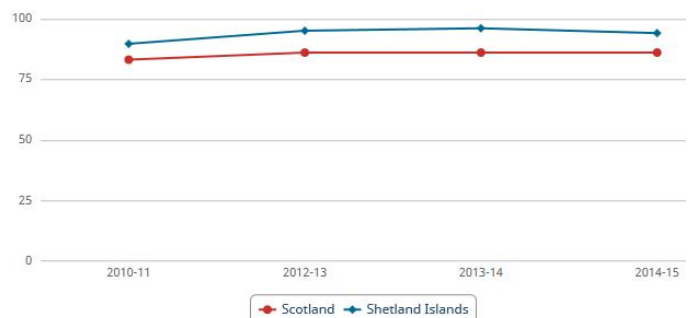
94.0%

Shetland Islands



86.0%

Scotland

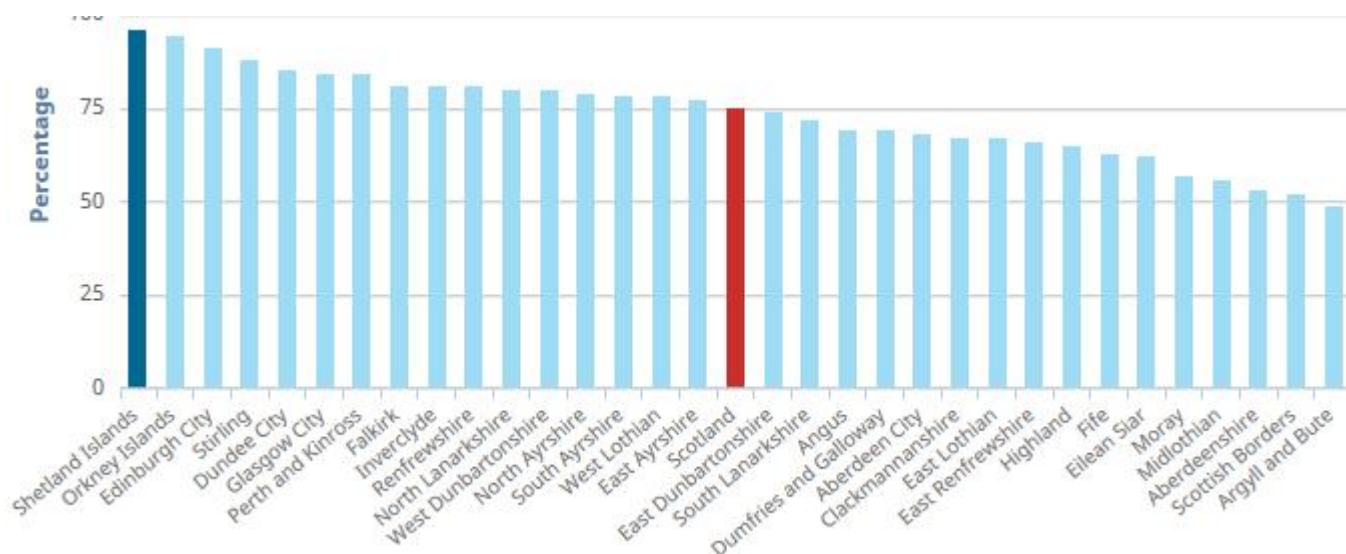


2015/16 Target: 95%

2016/17 Target: 95%

Performance	Improvement
Second equal highest satisfaction rate in Scotland, and well above the Scottish Average.	To maintain this high level of satisfaction with the services and facilities provides.

How satisfied are residents with local museums and galleries?



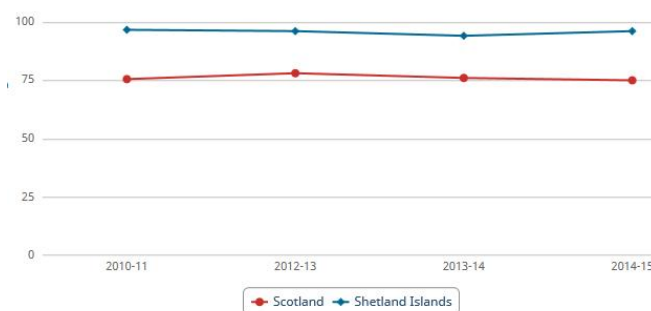
96.0%

Shetland Islands



75.0%

Scotland



2015/16 Target:

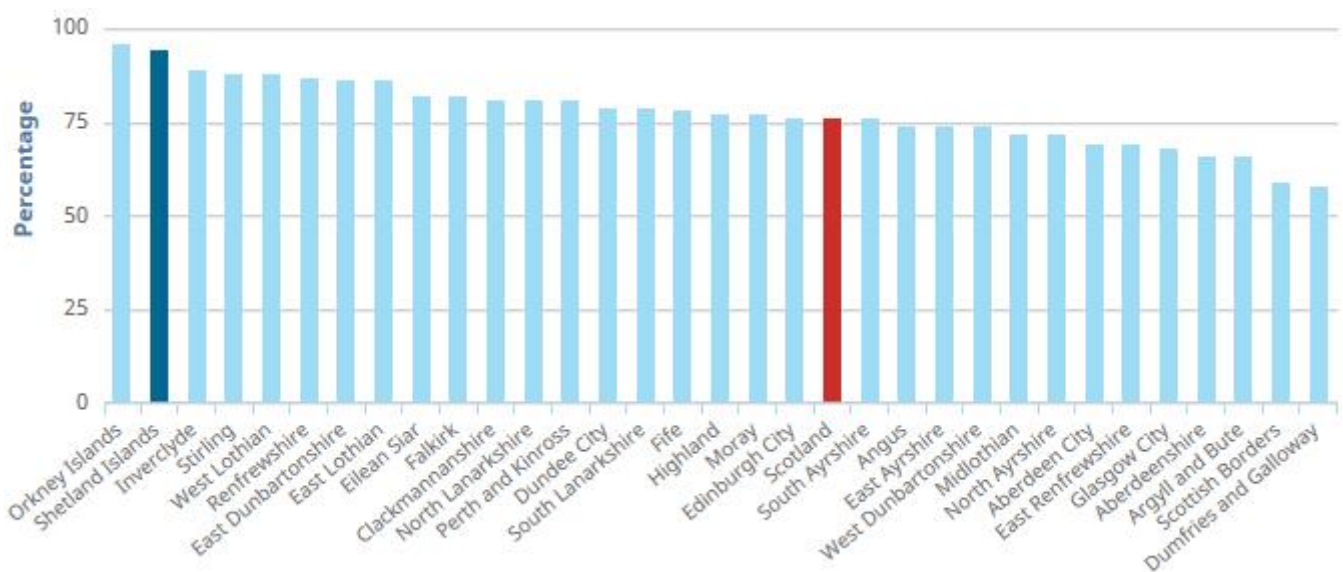
2016/17 Target:

Performance

Improvement

This indicator is for information only, these services are not run by the Council.

How satisfied are residents with local leisure facilities?



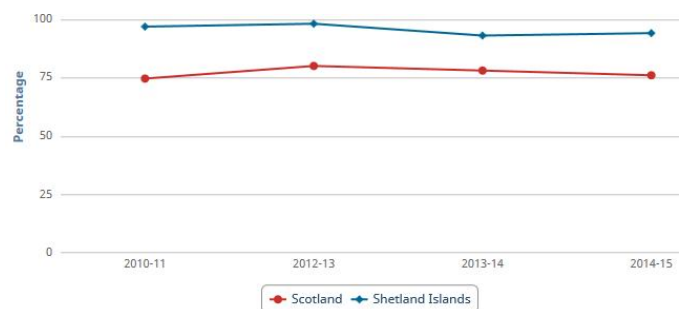
94.0%

Shetland Islands



76.0%

Scotland



2015/16 Target: 95%

2016/17 Target: 95%

Performance

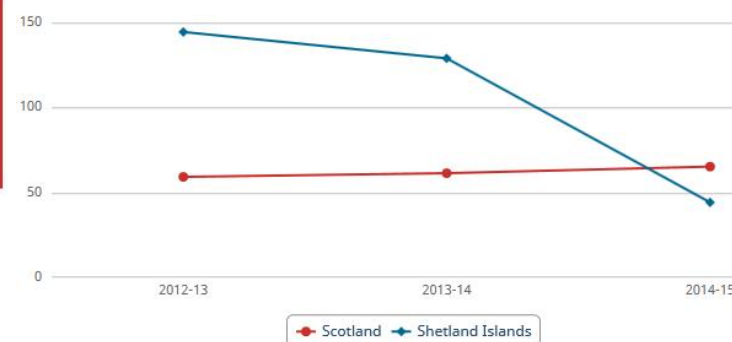
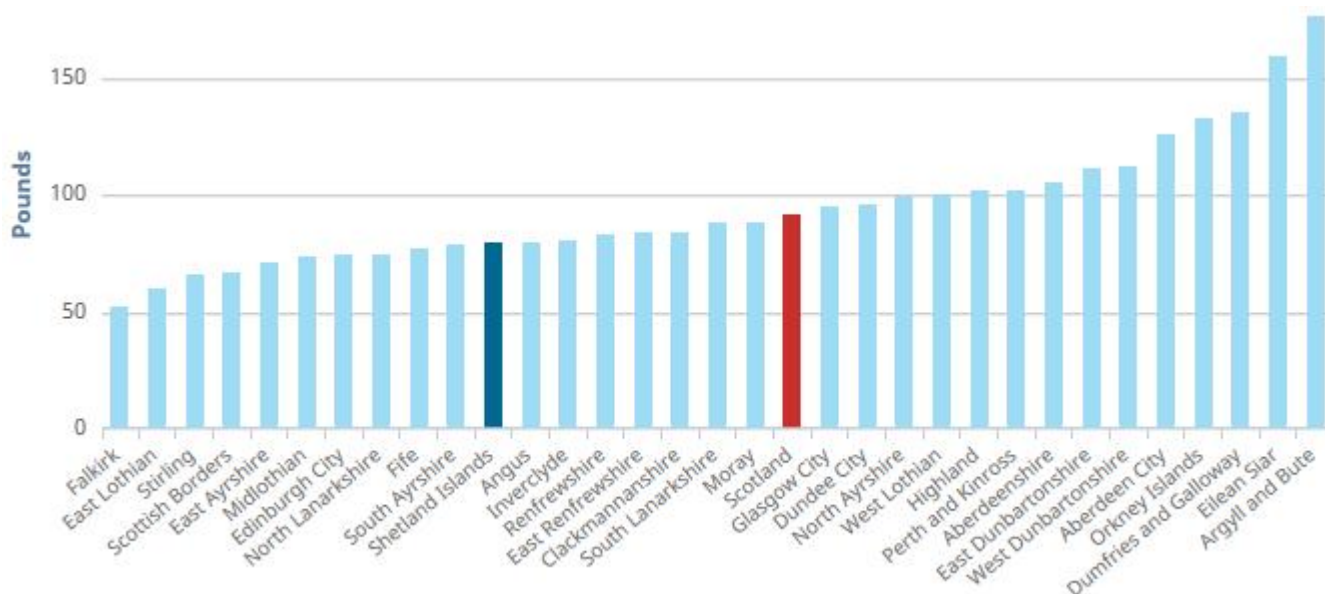
Second highest satisfaction rate in Scotland, and well above the Scottish Average.

Improvement

To maintain this high level of satisfaction with the services and facilities provides.

ENV 1a

How much does my council spend on refuse collection (net) (£ per premise)?



2015/16 Target:

2016/17 Target:

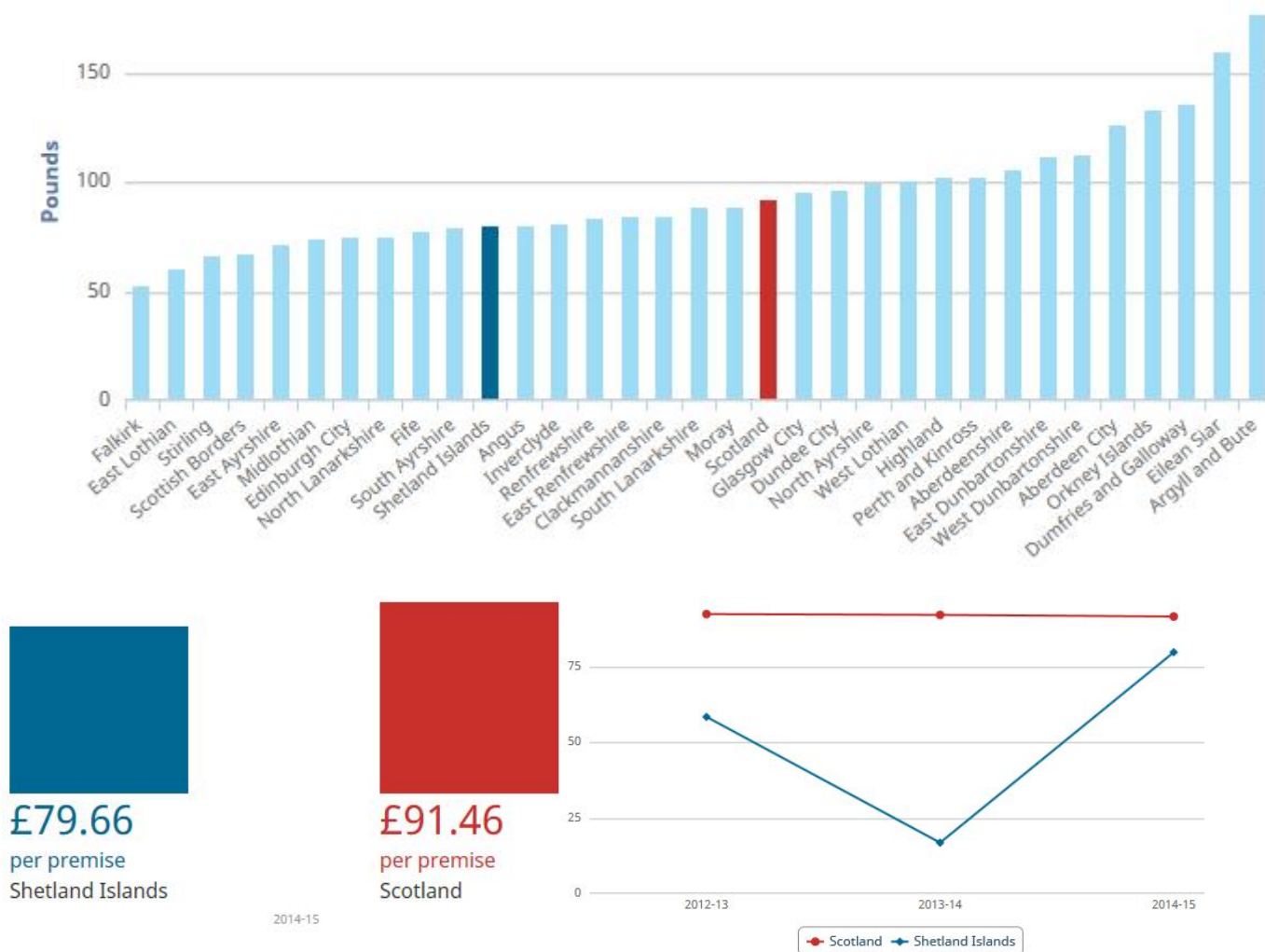
Performance

Improvement

Taking active steps to reduce costs, reduce staff numbers and reduce equipment costs. Cost has gone down because waste disposal charges were included the previous year.

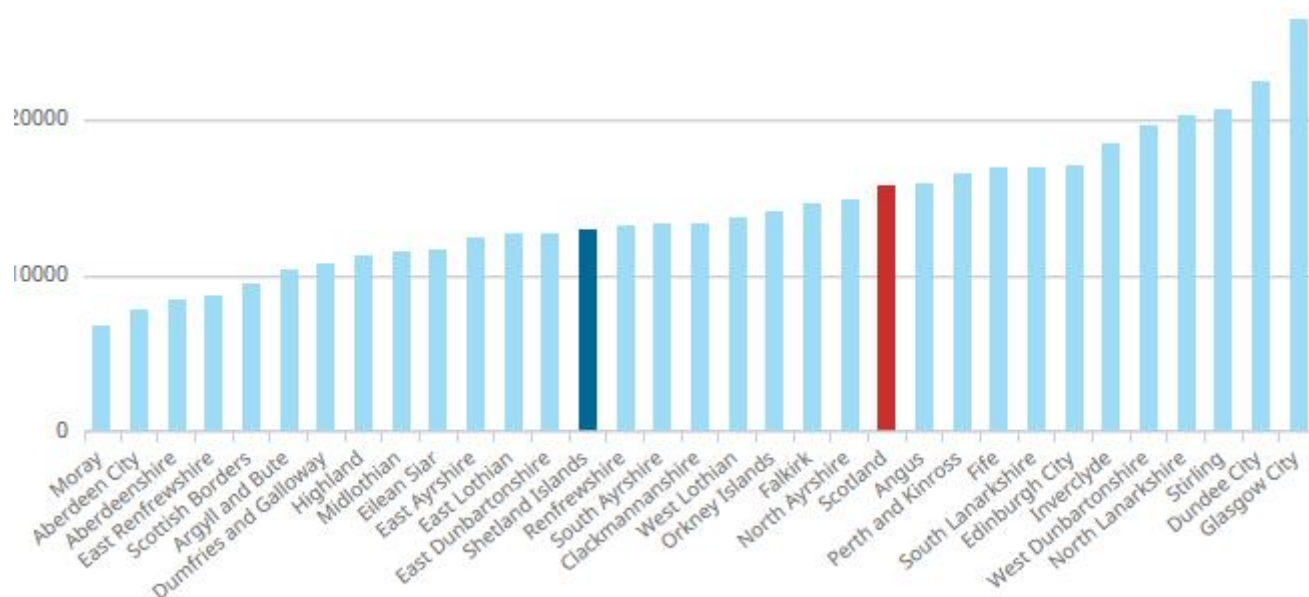
Service is reviewing routes and considering best practice to improve efficiency.

How much does my council spend on waste disposal (e.g. recycling and landfill) (net) (£ per premise)?



2015/16 Target:	2016/17 Target:
Performance	Improvement
Apparent costs have gone up because disposal charges were not included before. Also, the amenity site (which is a disposal facility) was incorrectly charged to collection.	To maintain the service we provide with new vehicles and improvements on collection routes. Work is ongoing to ensure that this indicator is measuring like-for-like between Councils.

How much does my council spend on street cleaning (£ per 1,000 people)?

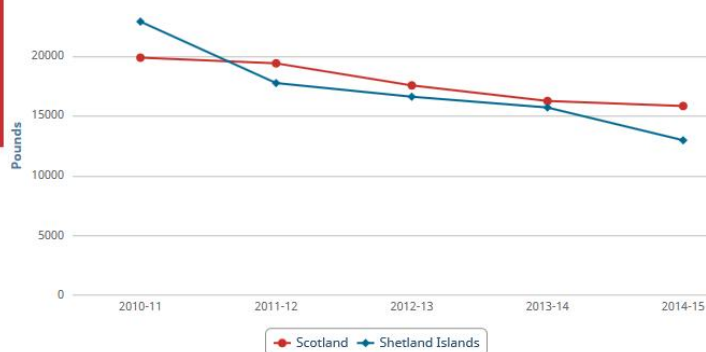


£12,957
per 1,000 people
Shetland Islands



£15,818
per 1,000 people
Scotland

2014-15



2015/16 Target:

2016/17 Target:

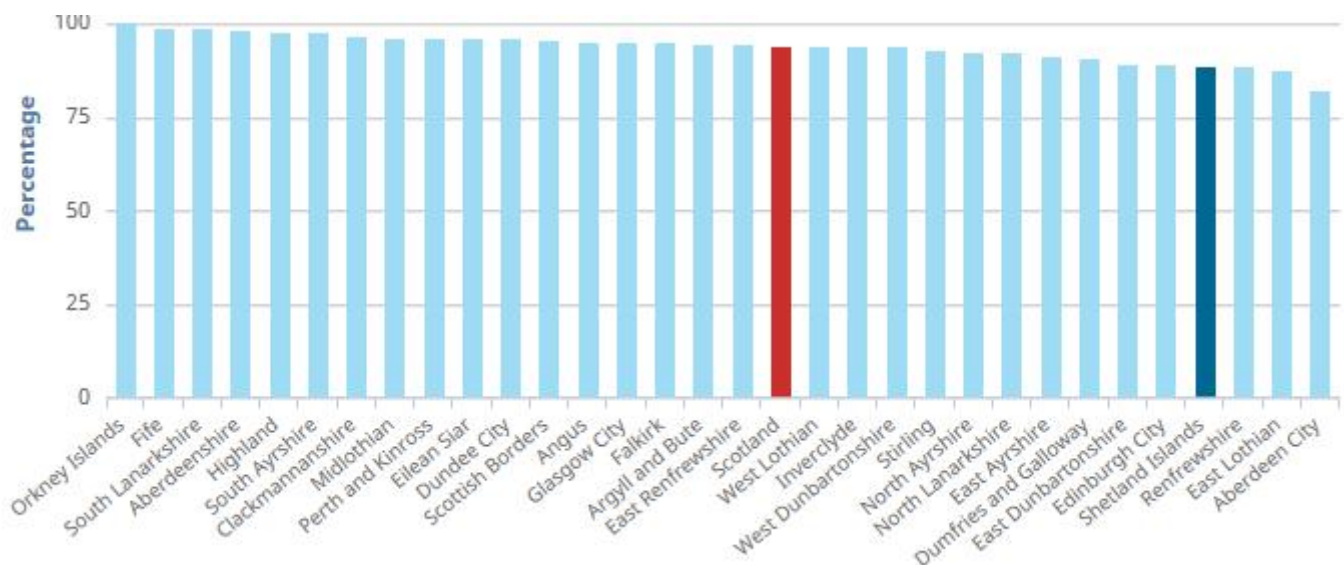
Performance

The council achieves a high cleanliness score at below average costs

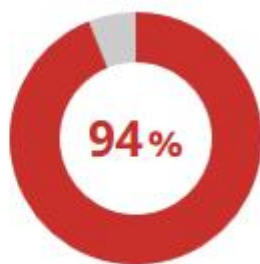
Improvement

Staff are fully engaged in maintenance to a high cleaning standard. This is actively monitored and reported to maintain performance.

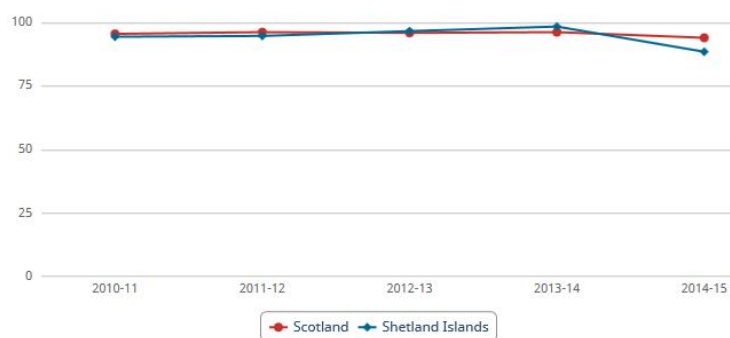
How clean are my local streets?



Shetland Islands



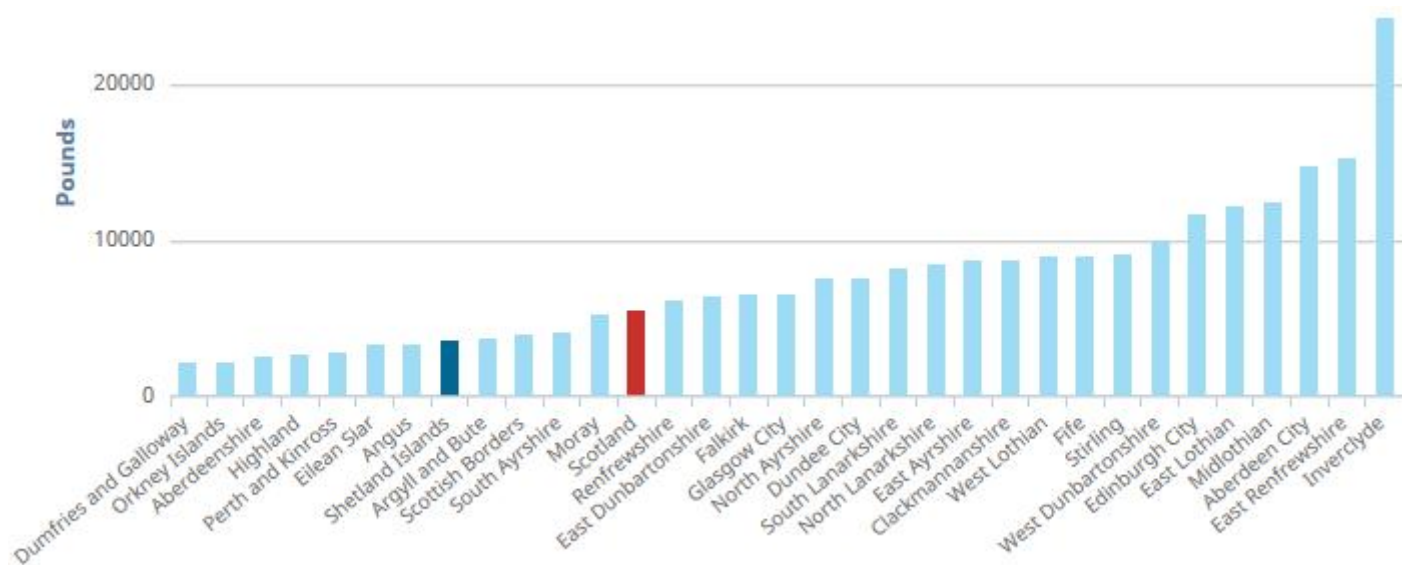
Scotland



2015/16 Target:	2015/17 Target:
-----------------	-----------------

Performance	Improvement
The council achieves a high clean score at below average costs	Staff are fully engaged in maintenance to a high cleaning standard. This is actively monitored and reported to maintain performance.

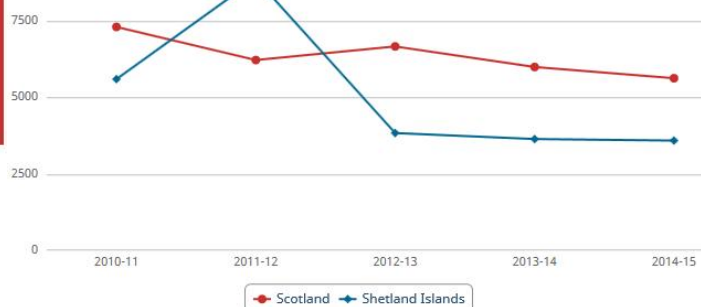
How much does my council spend maintaining the condition of my roads (£ per kilometre)?



£3,586
per kilometre
Shetland Islands



£5,618
per kilometre
Scotland

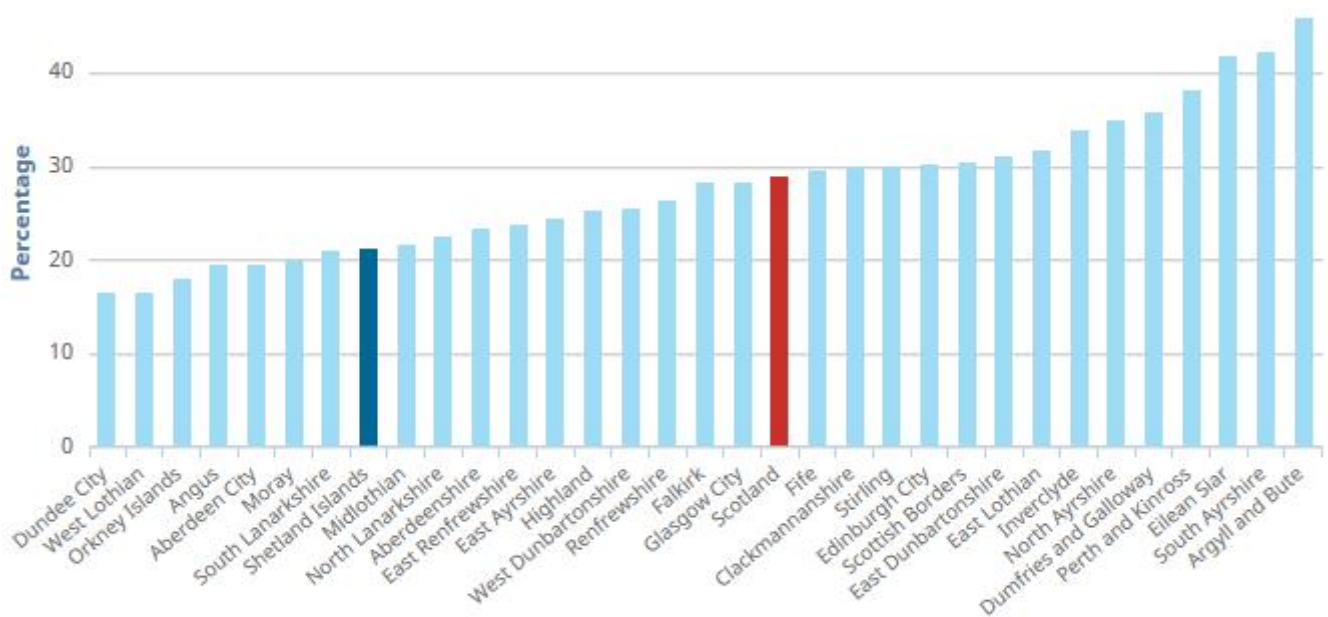


2015/16 Target: £3,562

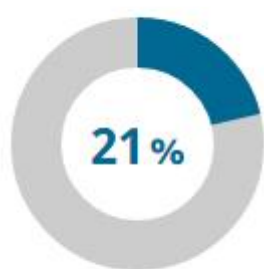
2016/17 Target:

Performance	Improvement
The programmed works were completed on budget. Budgets have been reduced in line with the Council's medium term financial plan. This is reflected in our performance in comparison to other authorities with our expenditure per km in the lower third.	The Council's Financial Plan is that each service make a 2% efficiency saving year on year.

How many of my local A class roads are in need of repair?



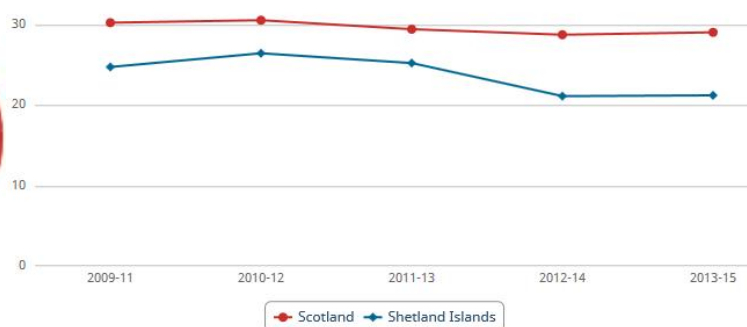
2013-15



Shetland Islands



Scotland

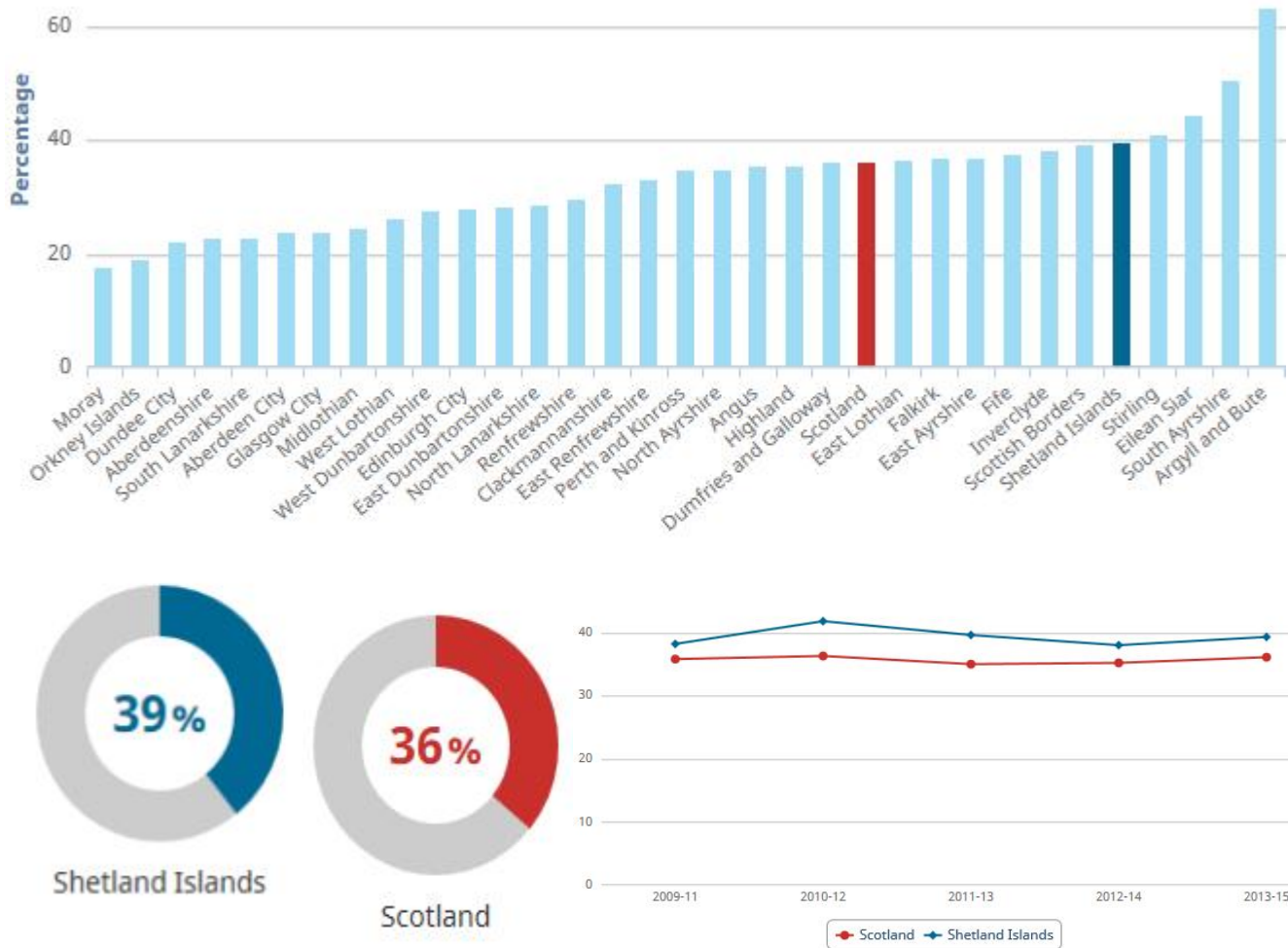


2015/16 Target: 21.2%

2016/17 Target: 21.2%

Performance	Improvement
The Road Condition Indicator for “A class” roads has remained relatively stable over the past few years. Therefore we are currently achieving our target of maintaining our “A class” roads in their current condition.	The aim is to maintain Shetland’s carriageways at their current condition. The limited resources available for carriageway maintenance mean that improvement is likely to be restricted.

How many of my local B class roads are in need of repair?

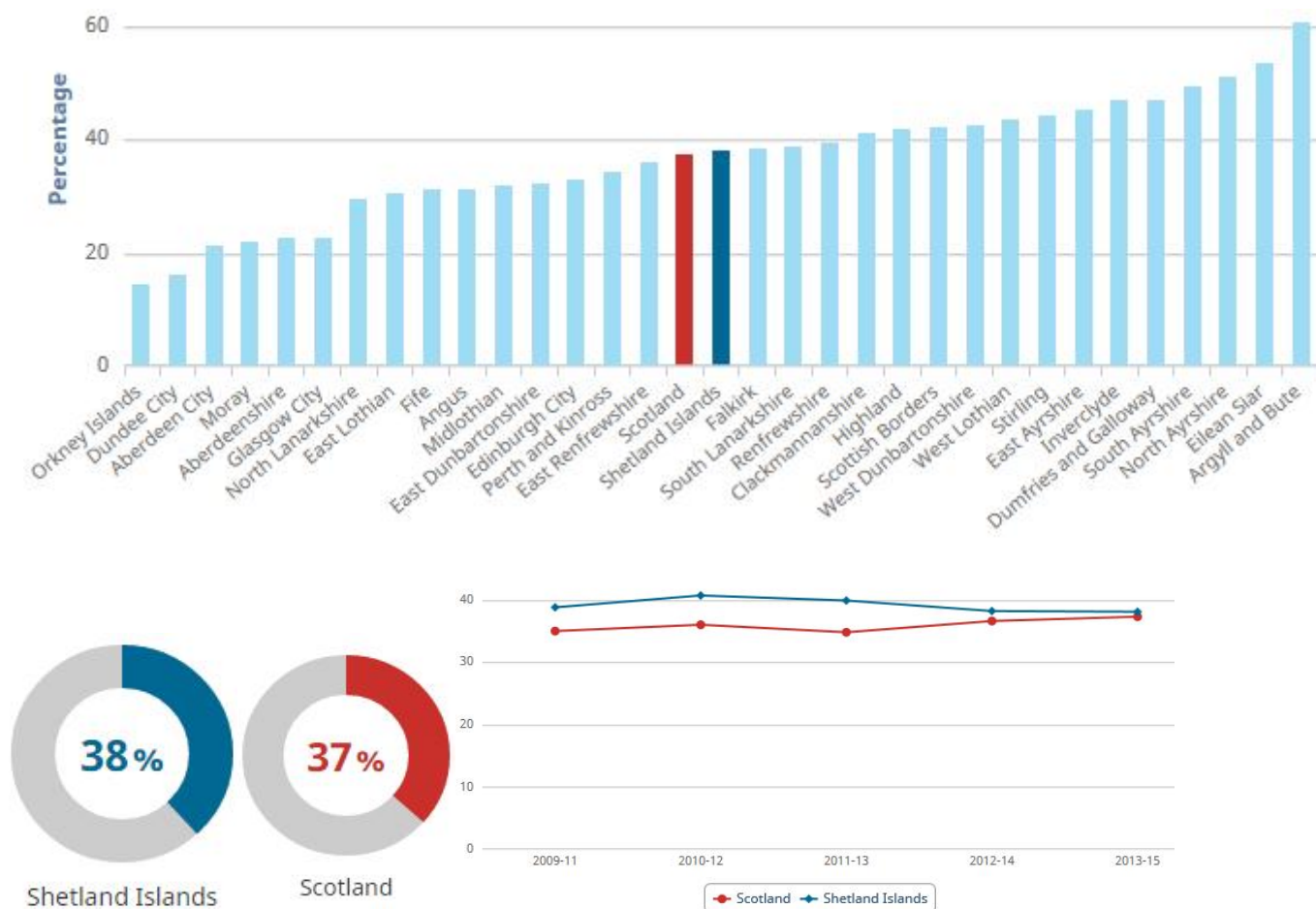


2015/16 Target: 39.3%

2016/17 Target:

Performance	Improvement
The Road Condition Indicator for “B class” roads has slightly deteriorated recently. This reflects the significant reduction in maintenance budgets that has occurred over the past 5 years.	The aim is to maintain Shetland’s carriageways at their current condition. The limited resources currently available for carriageway maintenance mean that improvement is likely to be restricted.

How many of my local C class roads are in need of repair?



2015/16 Target: 38.1%

2016/17 Target:

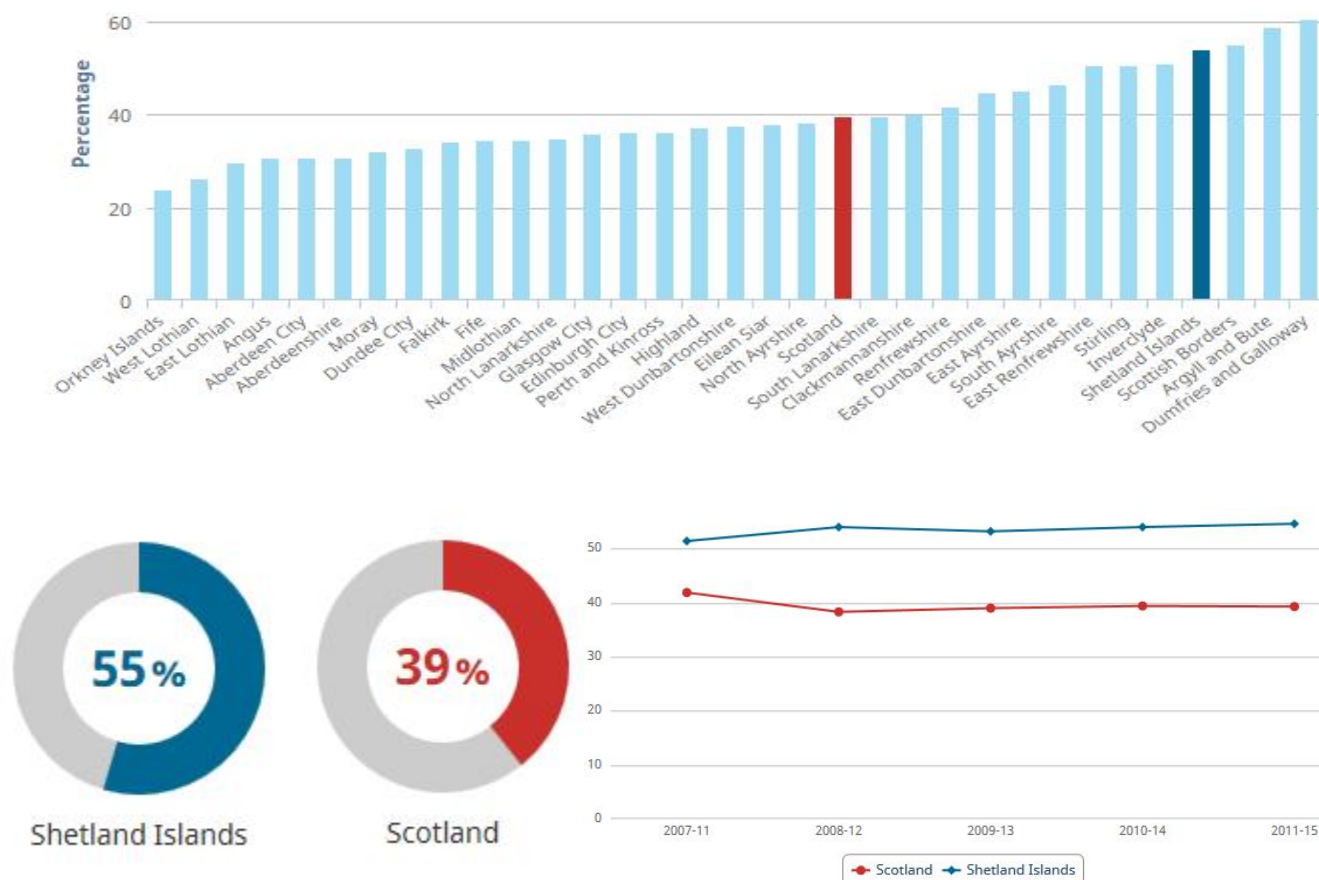
Performance

The Road Condition Indicator for “C class” roads has remained relatively stable over the past few years. Therefore we are currently achieving our target of maintaining our “C class” roads in their current condition.

Improvement

The aim is to maintain Shetland’s carriageways at their current condition. The limited resources currently available for carriageway maintenance mean that improvement is likely to be restricted.

How many of my local unclassified class roads are in need of repair?

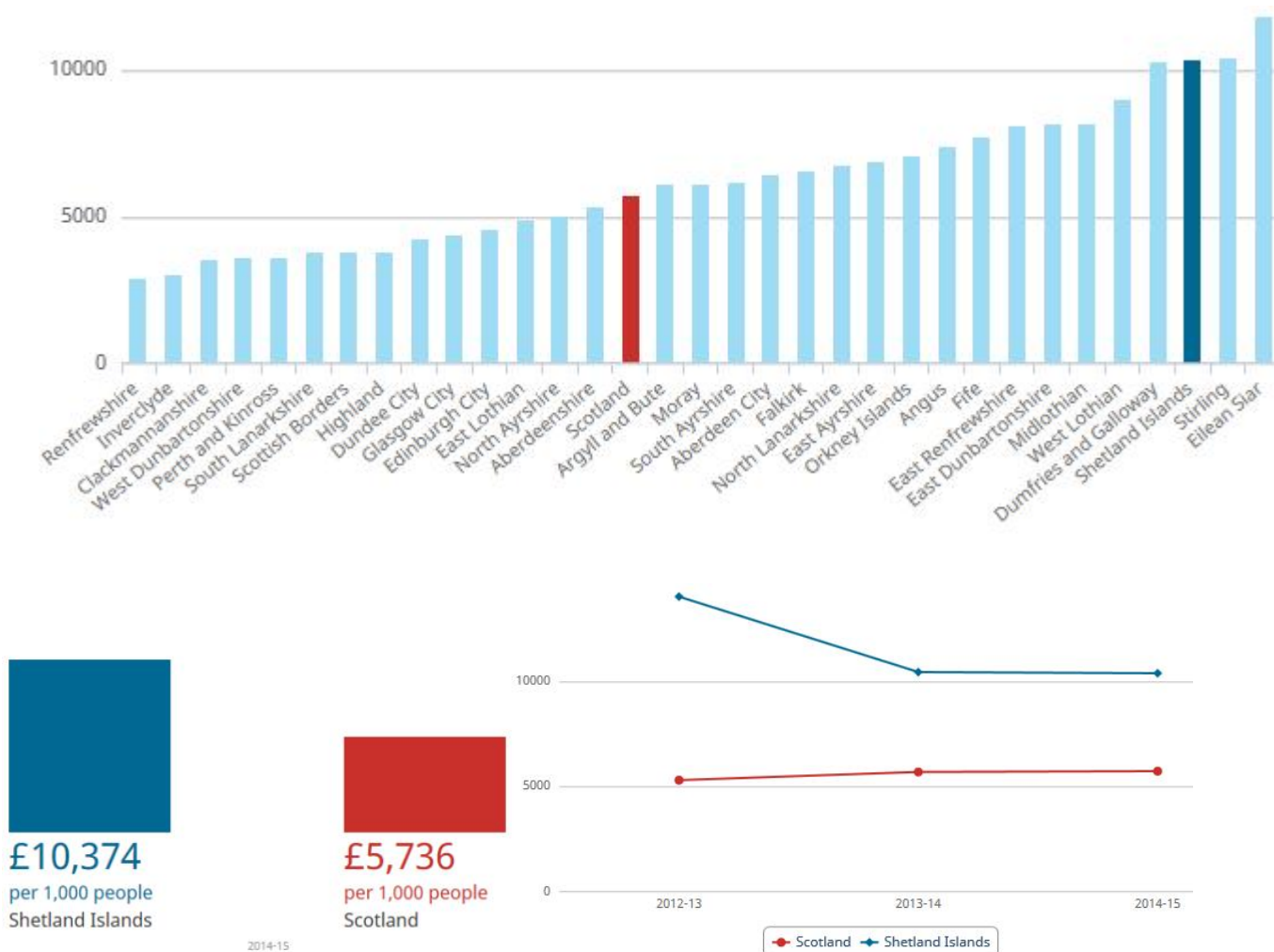


2015/16 Target: 54.6%

2016/17 Target:

Performance	Improvement
The Road Condition Indicator for unclassified roads remains high with a large percentage requiring maintenance. We are in the bottom quartile for performance when compared with other Scottish local authorities. This is detrimental to our overall performance indicator for all classifications of road.	The aim is to maintain Shetland's carriageways at their current condition. The limited resources currently available for carriageway maintenance mean that improvement is likely to be restricted. However, the decision has been taken to address the condition of our unclassified roads by allocating more of our resurfacing and surface dressing budgets to their maintenance.

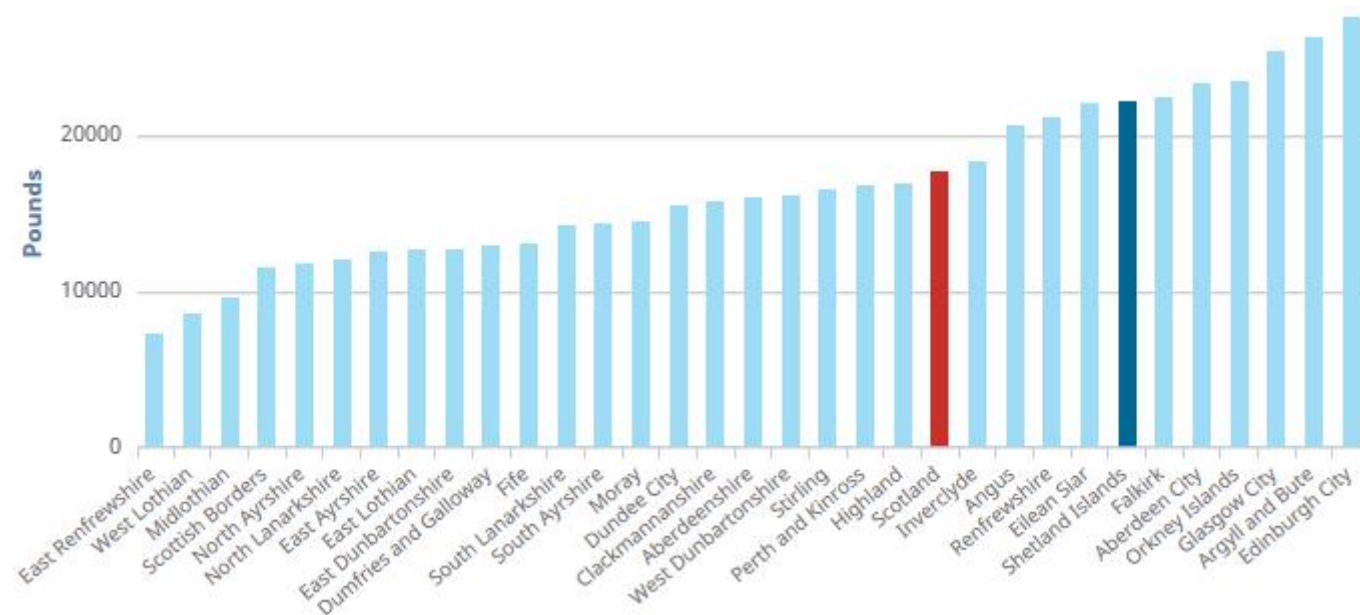
How much does my council spend on providing trading standards (£ per 1,000 people)?



2015/16 Target:		2015/16 Target:	
Performance		Improvement	
Reduction in staff as part of the council's cuts and restructuring. In addition, Shetland's population has increased over the same period, this also contributed to the reduction in this indicator.		We continue to constrain our costs within the budget set by the Council. This indicator will also be affected by any change in the population figure for Shetland.	

ENV 5b

How much does my council spend on providing environmental health per 1,000 people?

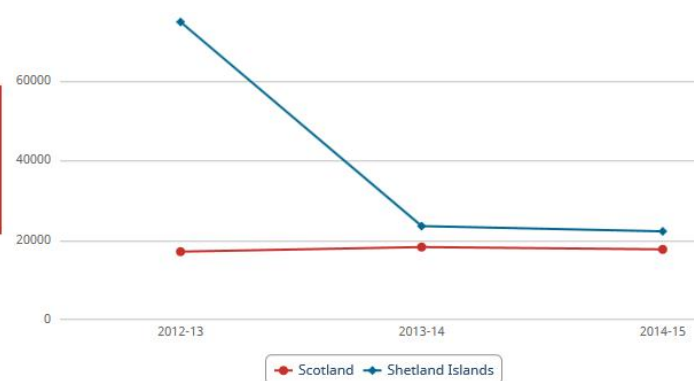


£22,213
per 1,000 people
Shetland Islands



£17,698
per 1,000 people
Scotland

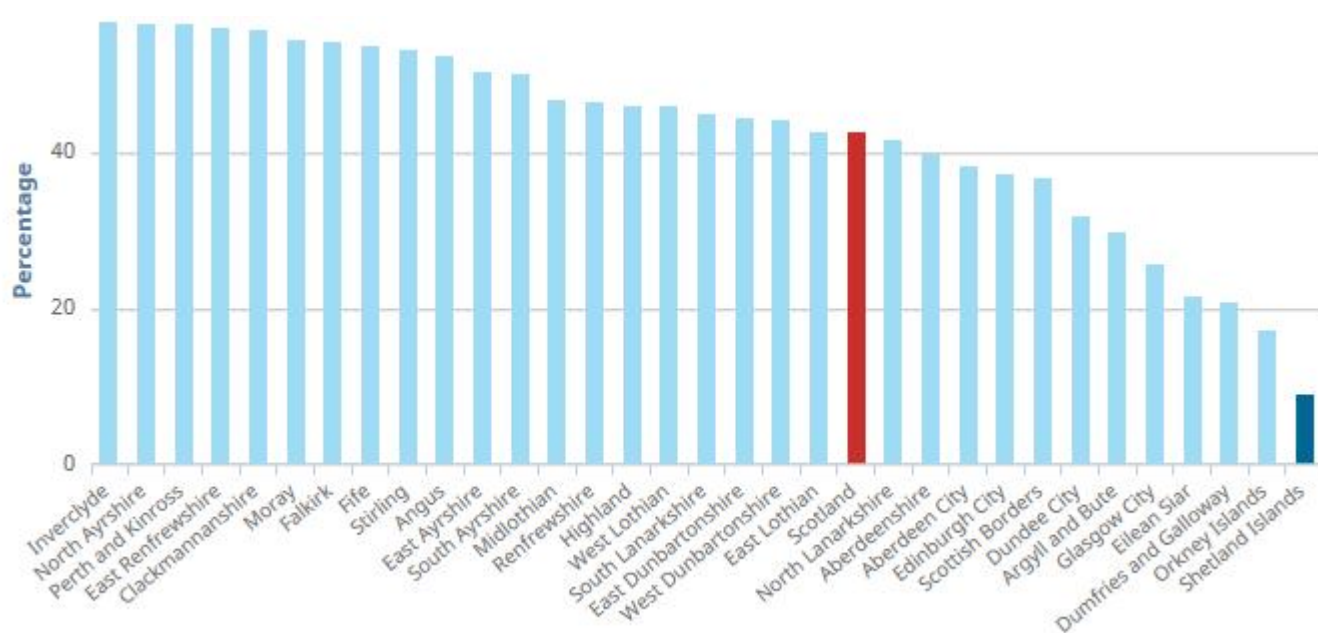
2014-15



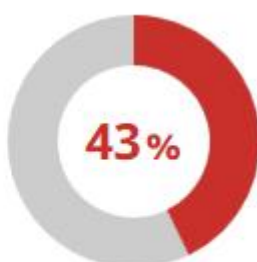
2015/16 Target:	2016/17 Target:
-----------------	-----------------

Performance	Improvement
Environmental Health has reduced management and staffing resource. There has also been work to ensure the costs included are comparable across other environmental health services	Maintain position and find further efficiencies through more flexible use of staff.

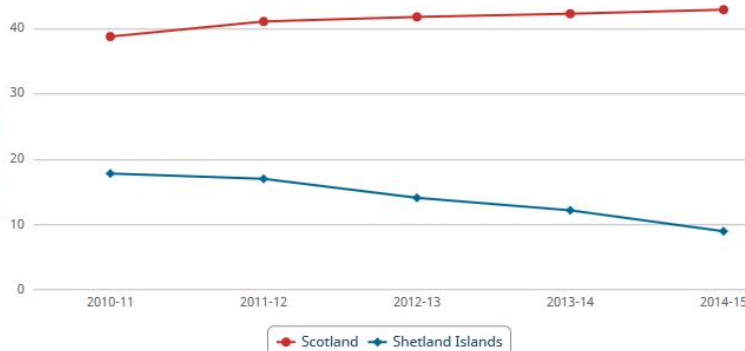
How much household waste is recycled by my council?



Shetland Islands



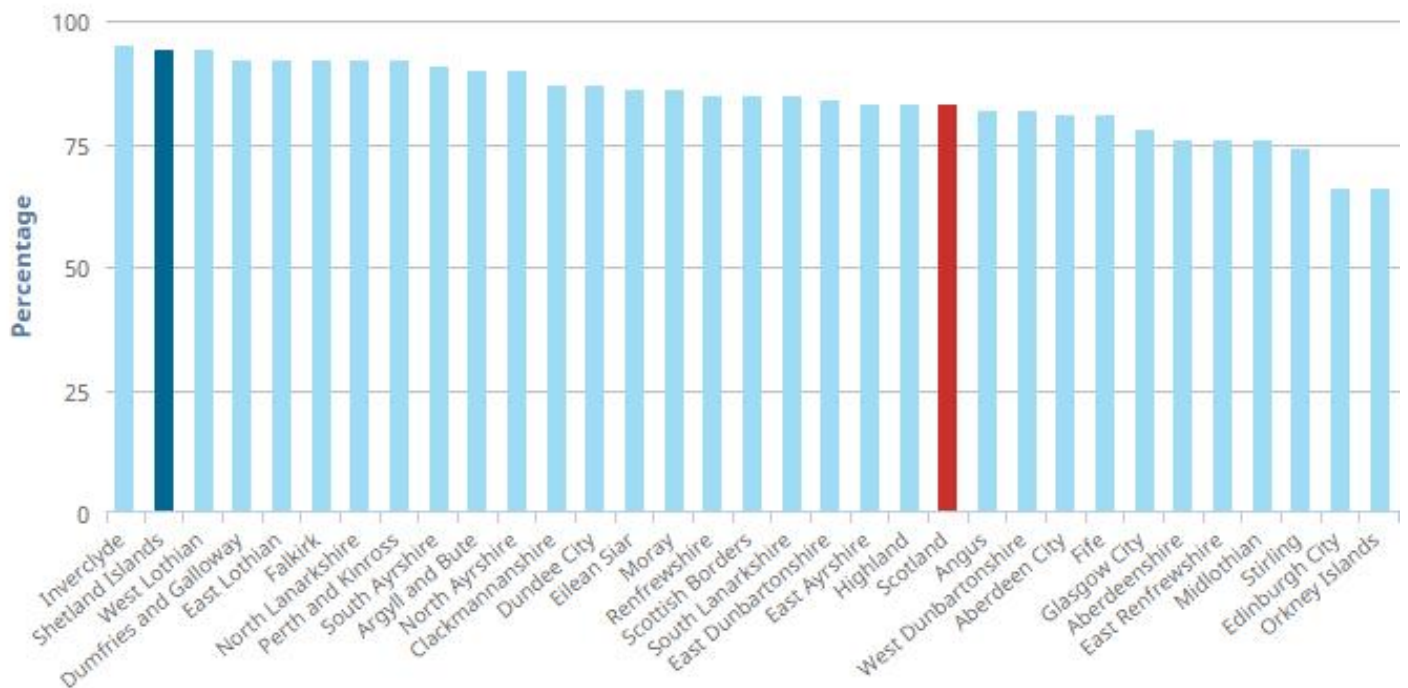
Scotland



2015/16 Target:	2016/17 Target:
-----------------	-----------------

Performance	Improvement
Low recycling is due to our geographic location and Best Practical Environmental Option for Shetland is to burn waste to generate heat for a district heating scheme.	Introduction of kerbside collections to increase recycling amounts from household.

How satisfied are residents with local refuse collection?



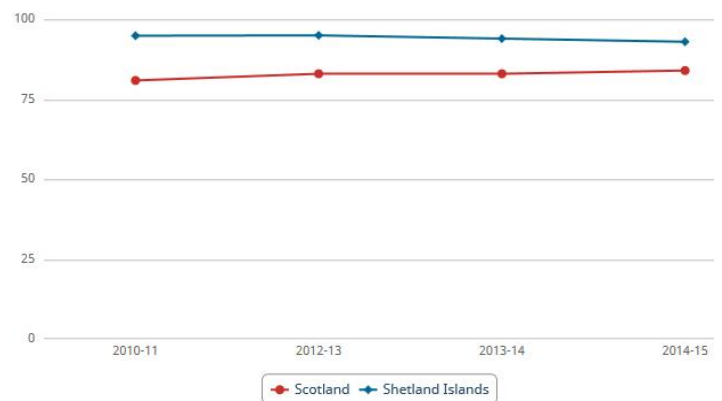
93.0%

Shetland Islands



84.0%

Scotland



2015/16 Target:

2016/17 Target:

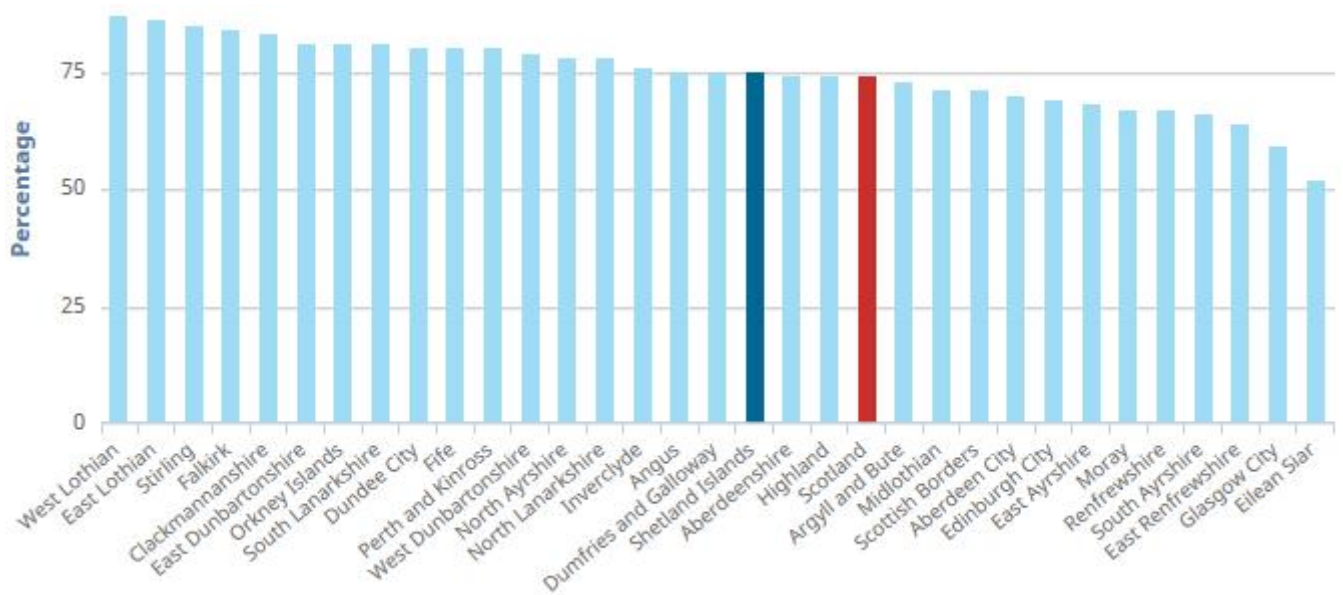
Performance

Improvement

Weekly collections and good public cooperation.

Continue to work with the public and revisit routes to improve service.

How satisfied are residents with local street cleanliness?



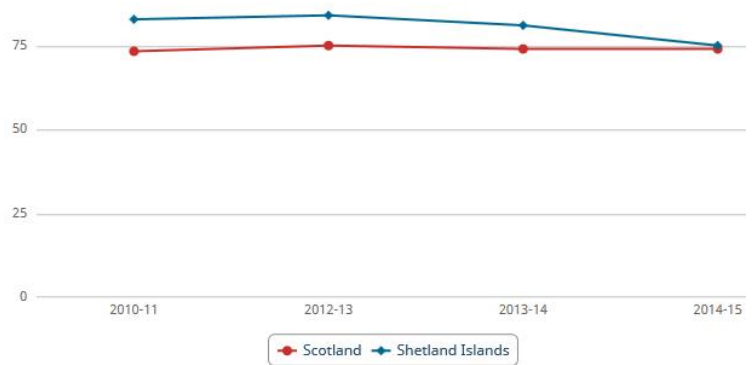
75.0%

Shetland Islands



74.0%

Scotland



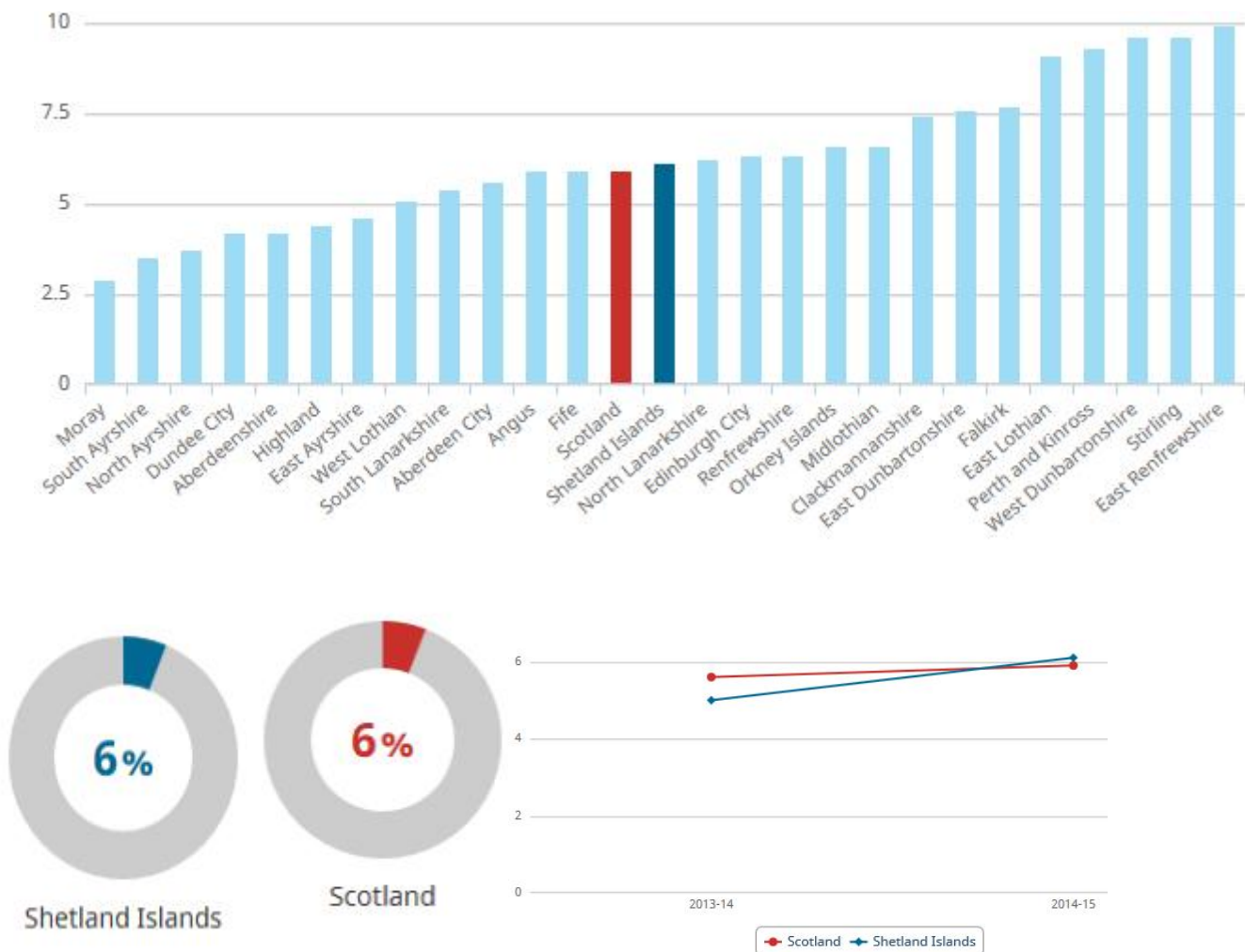
2015/16 Target:

2016/17 Target:

Performance	Improvement
Dedicated cleansing staff	Continue and improve town centre areas and promote reduction in litter and fly tipping.

HSN 1b

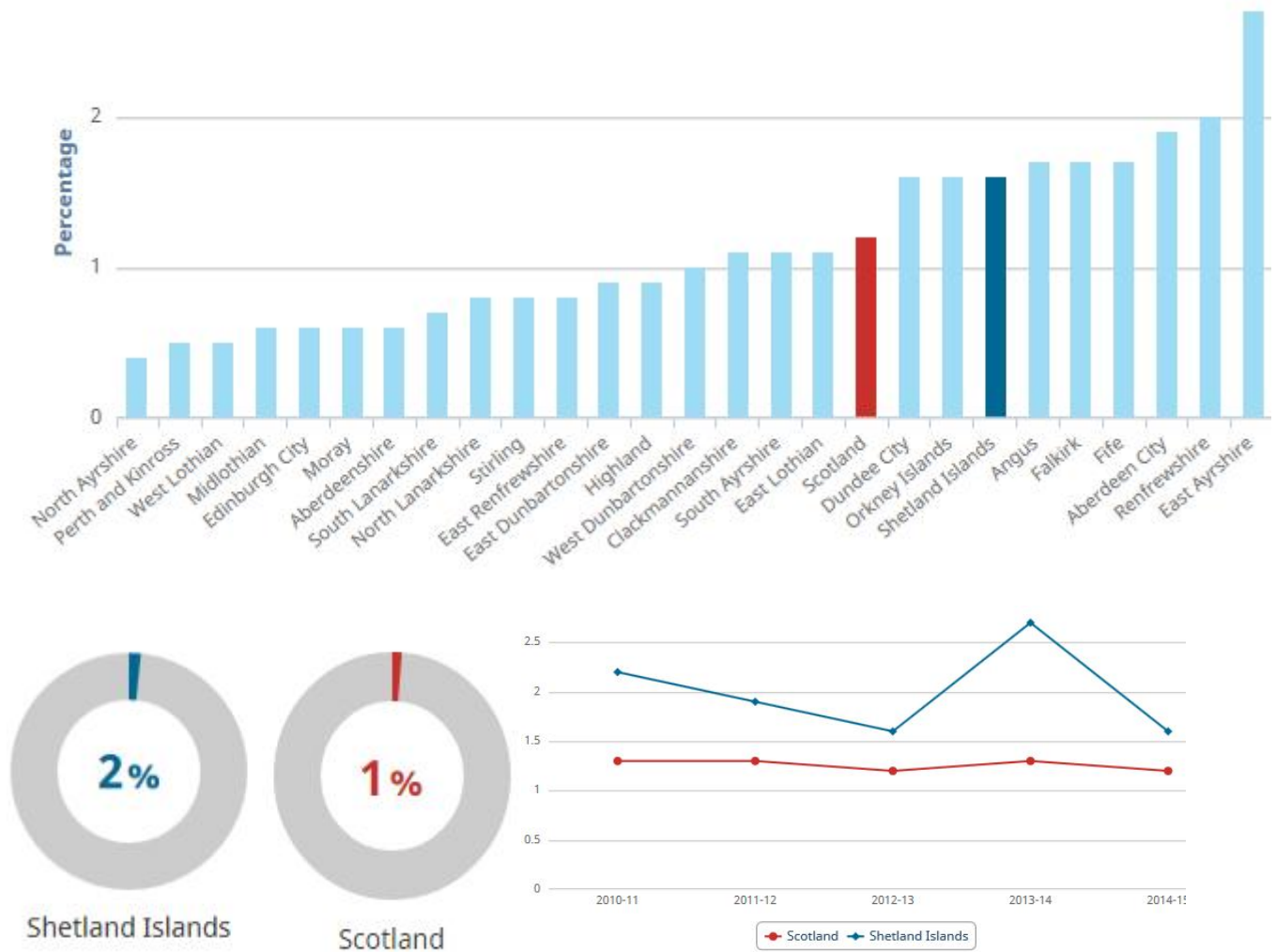
How much rent is owed to the council due to arrears (gross)?



2015/16 Target: 4%	2016/17 Target
--------------------	----------------

Performance	Improvement
The 2014/2015 performance showed that we moved slightly above the Scottish average. The collection of rent arrears remains as a priority for the Housing Service. Joint working between Housing and Finance staff leads to a very low % of tenants with arrears in comparison with other authorities. Management Team monitor this on a regular basis.	The joint working and close monitoring will continue to ensure our performance continues to be high. It will be challenging to maintain this performance with the changes to welfare benefits

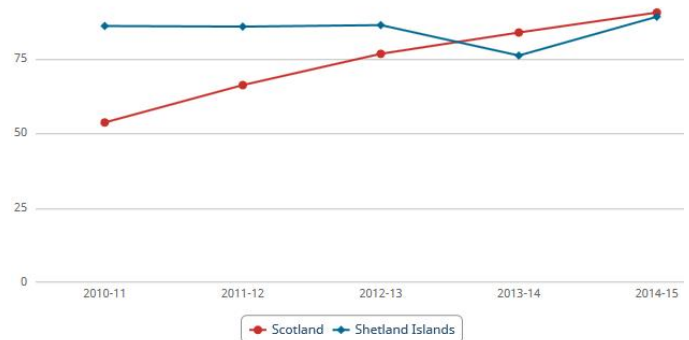
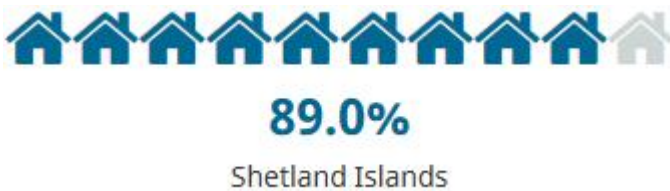
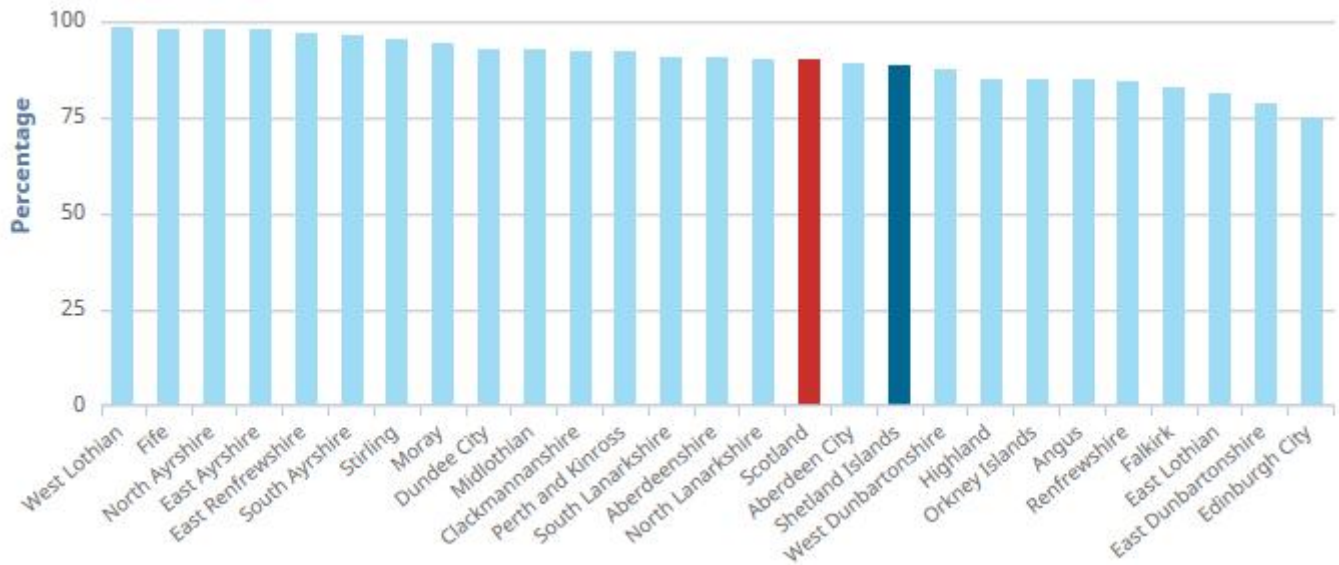
How much rent was lost due to empty properties?



2015/16 Target: 3%	2016/17 Target:
--------------------	-----------------

Performance	Improvement
The rent lost due to empty properties is mainly due to the number of void properties in low demand areas, particularly in the North Isles.	We are committed to continuing to seek ways of advertising and promoting low demand properties, and will continue to monitor our performance. Our void policy has been updated and close monitoring on this will continue.

What is the quality and standard of housing provided by my council measured by the Scottish Housing Quality Standard?

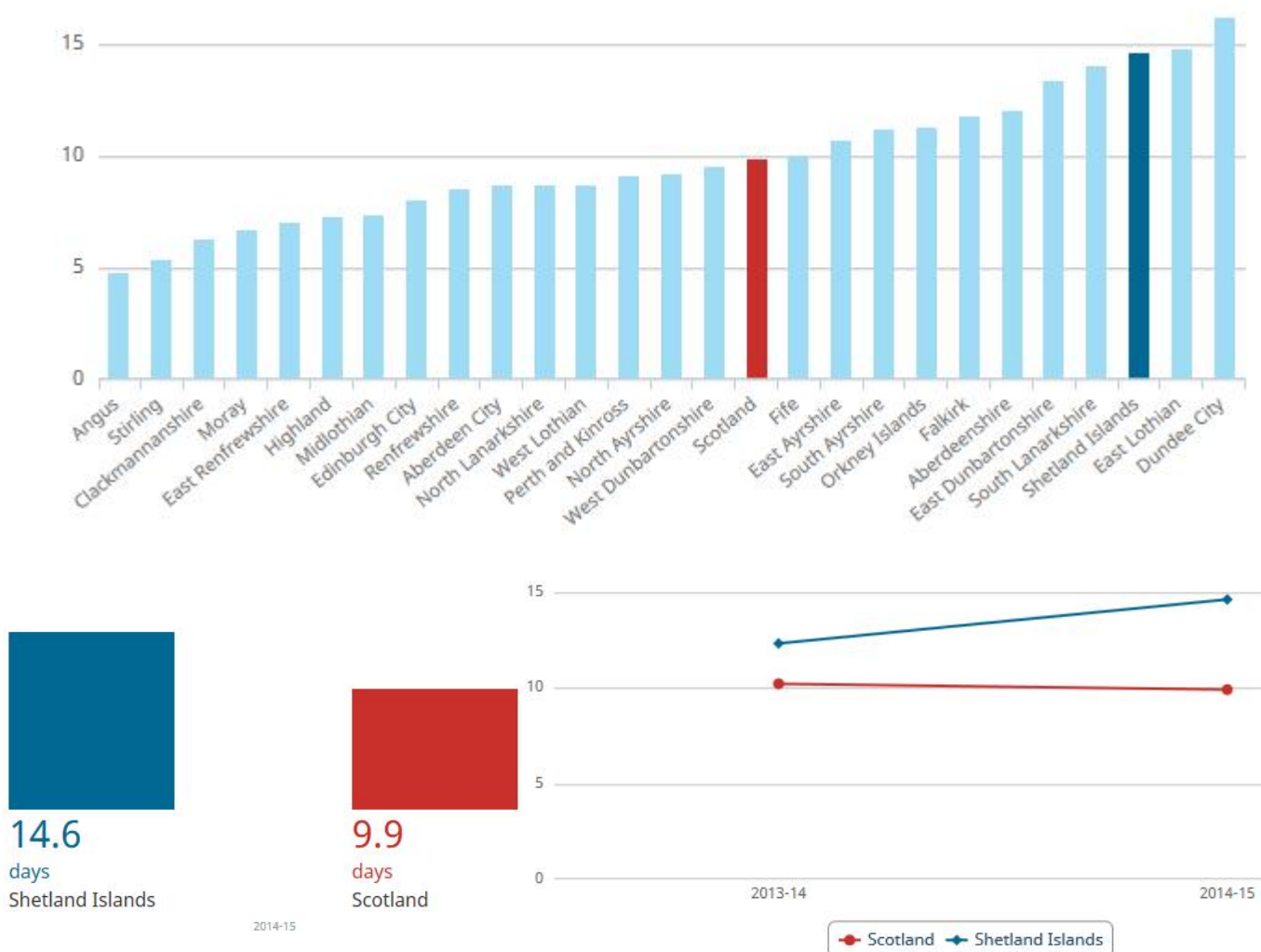


2015/16 Target: 100%	2016/17 Target:
----------------------	-----------------

Performance	Improvement
The quality and standard of council housing provided by the SIC is in line with the Scottish average. All properties, apart from some exemptions, were compliant by April 2015, as required.	The next legislative requirement we are working towards is EESSH which relates to energy efficiency. All SIC Housing stock is to be compliant by April 2020.

HSN 4b

How long does it take my council to complete non emergency repairs, on average?



2015/16 Target: n/a

2016/17 Target:

Performance

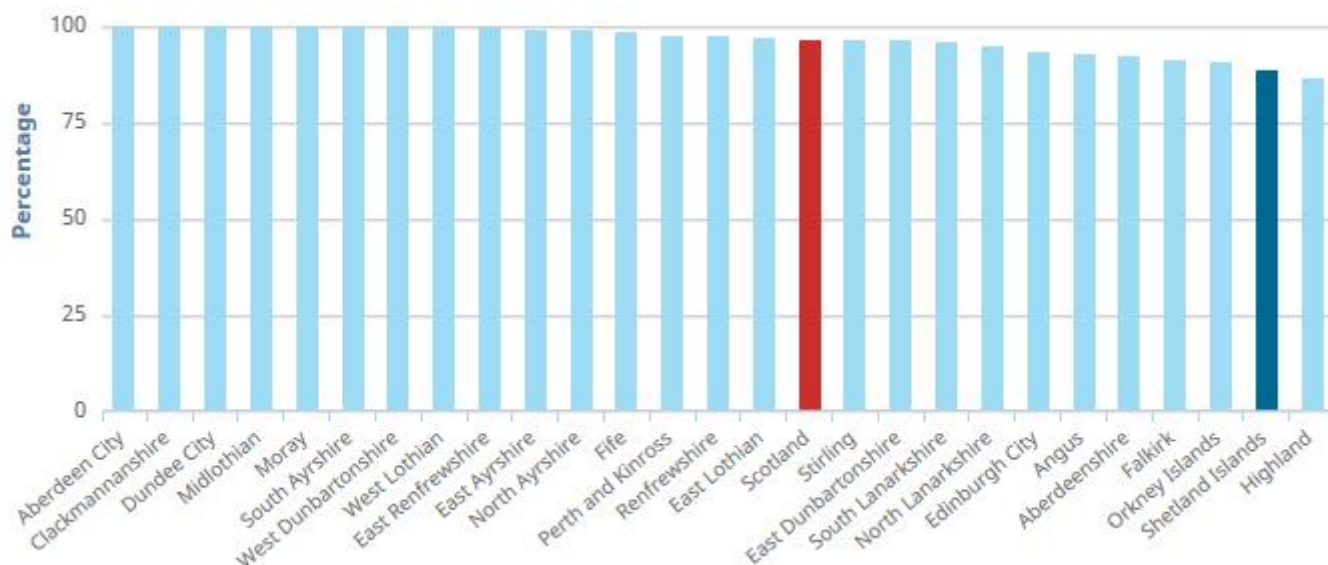
This indicator includes all work ordered which is not an emergency. This includes those ordered as Urgent, Routine and 3-Month jobs. Priority timescales are set locally so direct comparison with others is difficult.

Improvement

Continued monitoring by staff and management team.

HSN 5

How energy efficient is the housing provided by my council
as measured by the Scottish Housing Quality Standard?



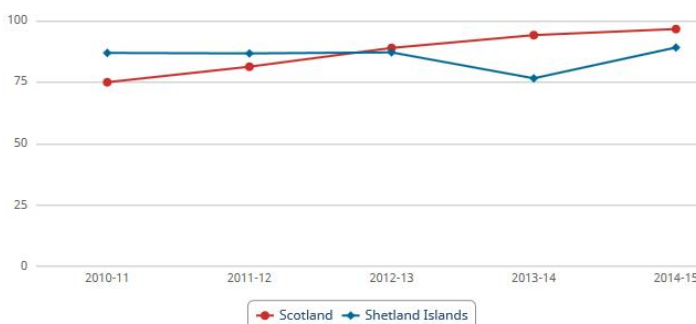
89.0%

Shetland Islands



96.5%

Scotland



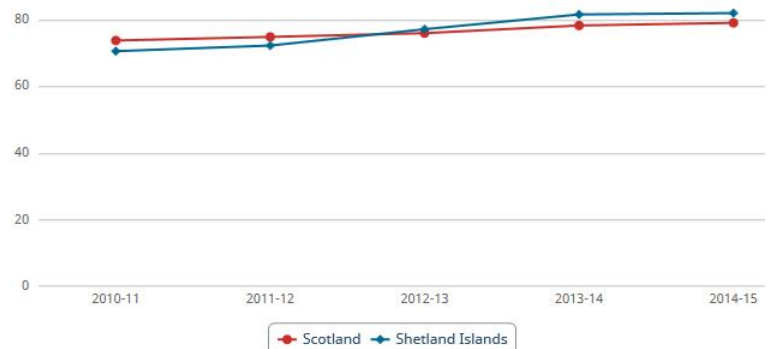
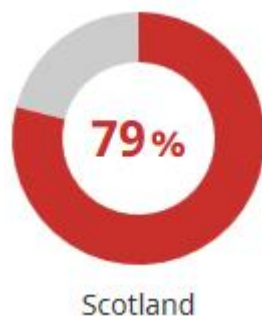
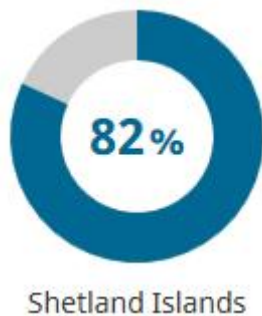
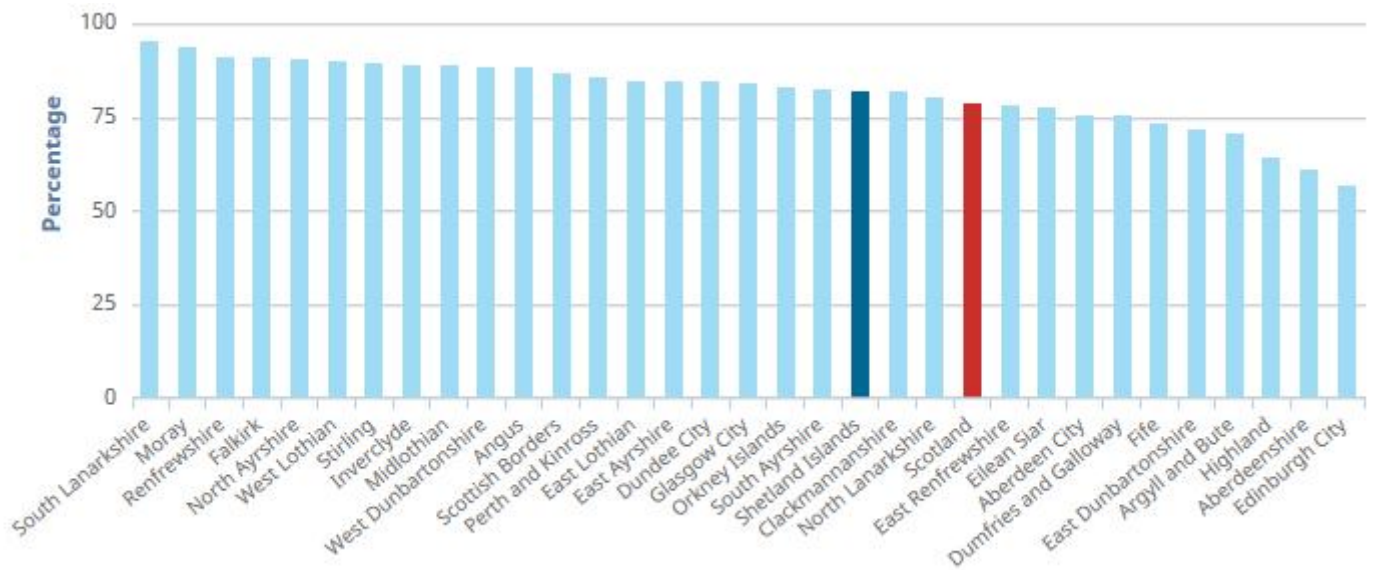
2015/16 Target: 100% (allowing for exemptions)

2015/16 Target:

Performance	Improvement
The reported figure is based on Charter reporting which does not include exemptions. All properties, apart from some exemptions, were compliant by April 2015, as required.	The next legislative requirement we are working towards is EESSH which relates to energy efficiency. All SIC Housing stock is to be compliant by April 2020.

CORP ASSET 1

How many council buildings are suitable for their current use?



2015/16 Target: 82%

2016/17 Target:

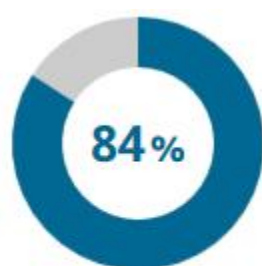
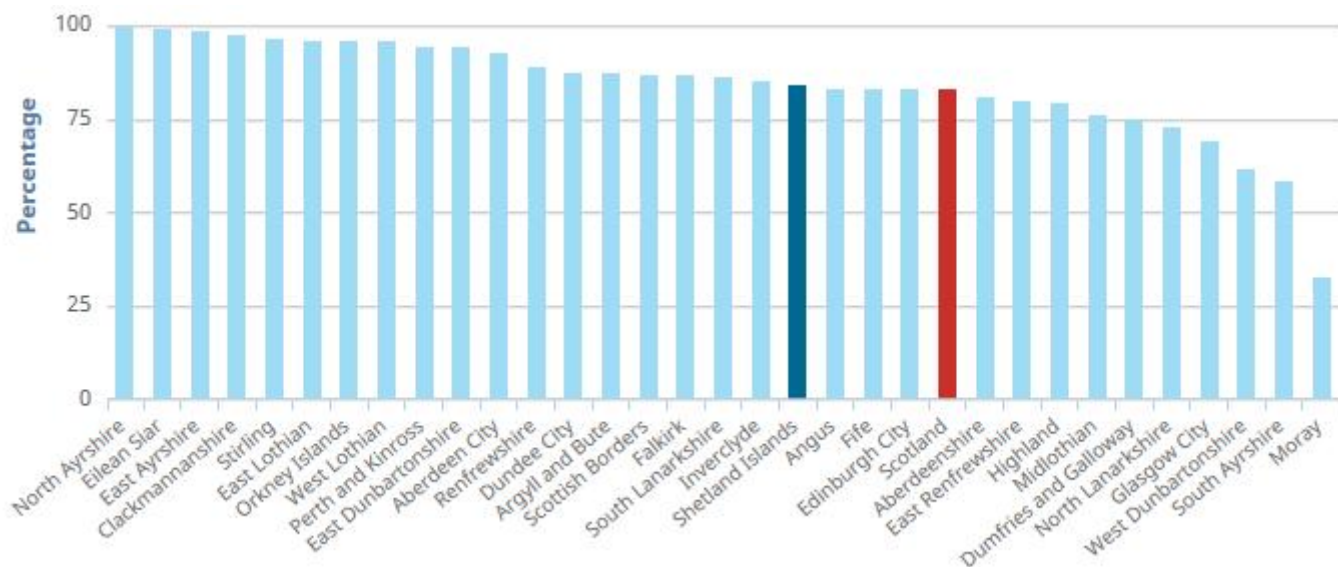
Performance

Over the last year there has been only been a slight reduction in the GIA of operational properties. The proportion of operational property considered to be in a satisfactory condition has decreased substantially however this is a result of the Anderson High School now being considered to be below satisfactory condition.

Improvement

We will continue to look for improvements through the implementation of the Councils Asset Strategy.

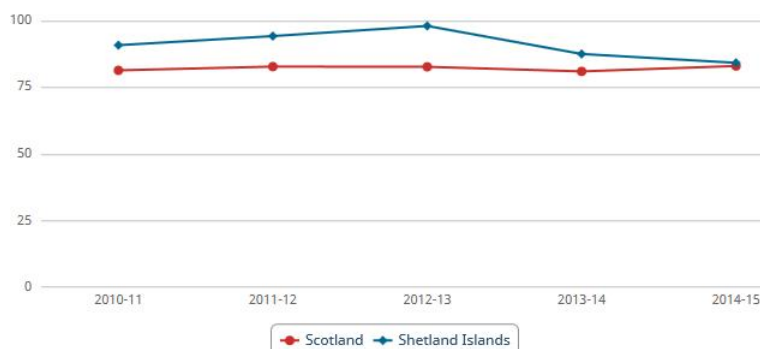
How many council buildings are in a satisfactory condition?



Shetland Islands



Scotland



2015/16 Target: 88%

2016/17 Target:

Performance	Improvement
The total number of operational properties has seen a significant reduction over the last year, and the proportion of operational properties considered suitable for service delivery has increased. The trends reflect a reduction in the number of offices and public toilets as a result of the continued implementation of the Councils Asset Strategy and service reviews following budget cuts.	We will continue to look for improvements through the implementation of the Councils Asset Strategy. Any improvements are likely to be modest however the delivery of the New Anderson High School in 2017 will result in a significant improvement.

END

**Audit Committee****01 March 2016****Audit Scotland Annual Audit Plans 2015/16
Shetland Islands Council and Shetland Islands Council Pension Fund****F-017-F****Executive Manager - Finance****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to enable the Audit Committee to consider the external auditors Annual Audit Plans for the 2015/16 accounts for both Shetland Islands Council (the Council) and the Shetland Islands Council's Pension Fund (the Pension Fund).

2.0 Decision Required

- 2.1 The Audit 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 2015/16 be submitted to the Audit Committee for noting.

3.0 Detail

- 3.1 The Annual Audit Plans for the 2015/16 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 Council and the Pension Fund as at 31 March 2016 and their income and expenditure for the year then ended; and
 - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2015/16 Code of practice on Local Authority Accounting in the United

Kingdom (the Code) which applies from accounting periods on or after 1 April 2015.

- an audit of the financial statements and provision of an opinion for Zetland Educational Trust.
- an annual report on the audit addressed to the Council and the Pension Fund and the Controller of Audit.
- reporting the findings of the shared risk assessment process in a Local Scrutiny Plan.
- 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, governance statement, performance and improvement arrangements and risk management.
- provision of an opinion on a number of grant claims and returns, including whole of government accounts.
- reporting of the national fraud initiative arrangements and results.
- collection of relevant financial and performance information to inform Audit Scotland's national reports.

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 provides assurance around financial stewardship.
- 4.2 Community /Stakeholder Issues – None.
- 4.3 Policy And/Or Delegated Authority – The Audit 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 2015/16 audit of Shetland Islands Council and Shetland Islands Council Pension Fund, as stated in the audit plan, amounts to £206,320 for the Council and £32,500 for the Pension Fund.
The total value (£238,820) is within the fee range set by Audit Scotland, which has an upper value of £214,940 and lower value of £262,700.
- 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 2015 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 provide valuable information on the audit work which the external auditors will undertake to review and assess the 2015/16 Council and Pension Fund Annual Accounts.

For further information please contact:
Jonathan Belford, Executive Manager - Finance
01595 744607
Jonathan.Belford@shetland.gov.uk

Appendix A – Shetland Islands Council Annual Audit Plan for 2015/16
Appendix B – Shetland Islands Council Pension Fund Annual Audit Plan for 2015/16

END

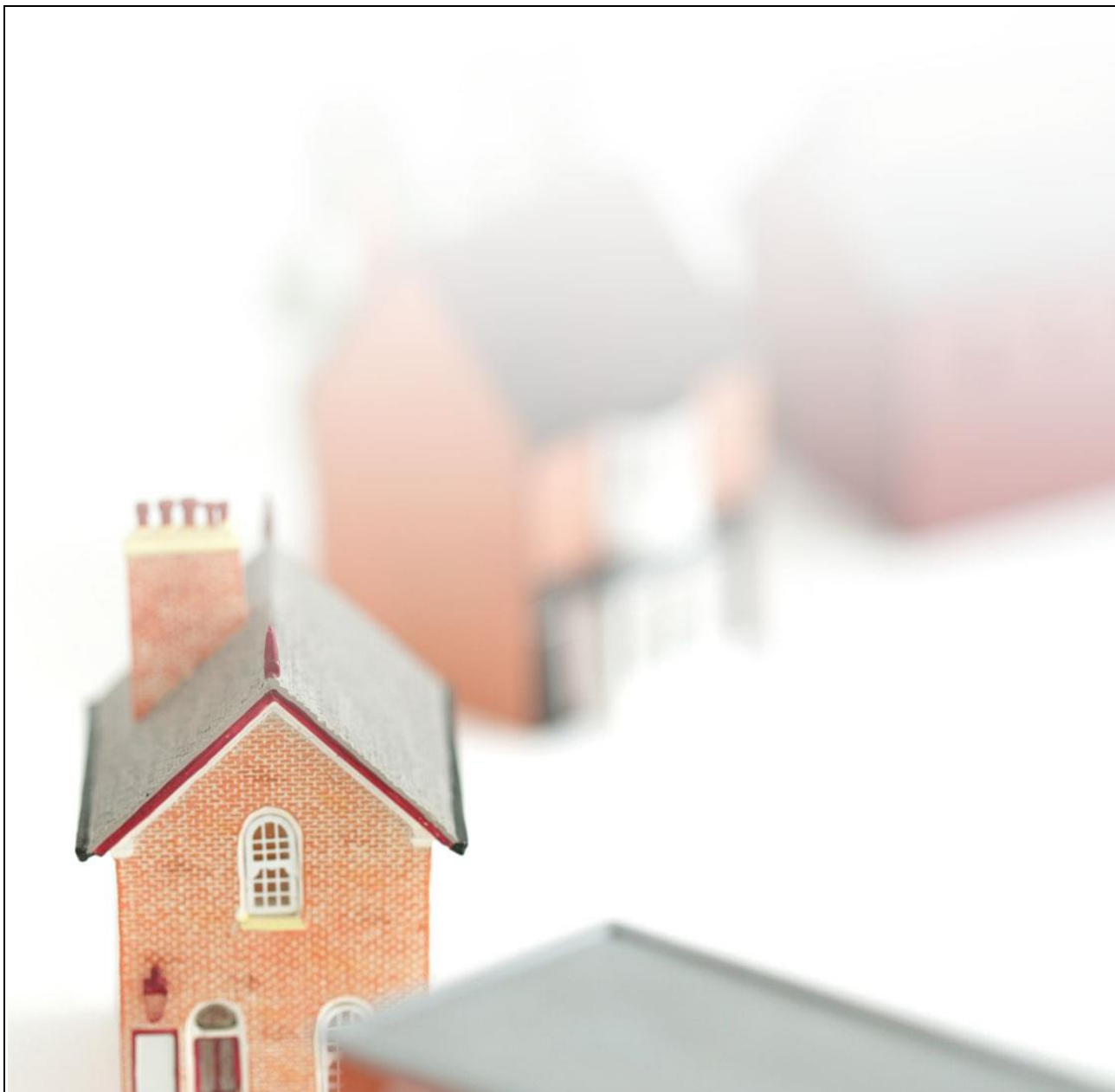


Shetland Islands Council

Annual Audit Plan
2015/16

Prepared for Members of Shetland Islands Council

February 2016



Key contacts

David McConnell, Assistant Director
dmcconnell@audit-scotland.gov.uk

Patricia Fraser, Audit Manager
pfraser@audit-scotland.gov.uk

Graeme Samson, Senior Auditor
gsamson@audit-scotland.gov.uk

Audit Scotland
4th Floor (South Suite)
8 Nelson Mandela Place
Glasgow
G2 1BT
Telephone: 0131 625 1500
Website: www.audit-scotland.gov.uk

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The Accounts Commission has appointed David McConnell as the external auditor of Shetland Islands Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of Shetland Islands Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the council. The information in this report may be used for the Accounts Commission’s annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

Contents

Summary	3
Responsibilities	5
Audit Approach	6
Audit issues and risks	11
Fees and resources	14
Appendix 1: Planned audit outputs.....	16
Appendix 2: Significant audit risks	17

Summary

Introduction

1. Our audit is focused on the identification and assessment of the risks of material misstatement in Shetland Islands Council's financial statements.
2. This report summarises the key challenges and risks facing Shetland Islands Council and sets out the audit work that we propose to undertake in 2015/16. Our plan reflects:
 - the risks and priorities facing Shetland Islands Council
 - current national risks that are 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.
3. 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 of all registered charities where the local authority is the sole trustee. Shetland Islands Council is the sole trustee for Zetland Educational Trust and therefore an audit is required under the 1973 Act.

4. Health and Social Care Integration – The Shetland Islands Integration Joint Board (IJB) was established in June 2015. The IJB is subject to a separate audit in 2015/16. David McConnell, Assistant Director, Audit Services is the appointed auditor and an annual audit plan will be issued in due course.

Summary of planned audit activity

5. Our planned work in 2015/16 includes:
 - an audit of the financial statements and provision of an opinion on whether:
 - they give a true and fair view of the state of affairs of Shetland Islands Council and its group as at 31 March 2016 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 2015/16 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 Zetland Educational Trust
 - reporting the findings of the shared risk assessment process in a Local Scrutiny Plan. This will summarise identified scrutiny risks and/or any changes to the Local Area Network's (LAN's) assessment since last year

- a review and assessment of Shetland Islands Council's governance and performance arrangements in a number of key areas including:
- a review and assessment of the council's governance and performance arrangements in a number of key areas including: systems of internal control, adequacy of internal audit and targeted performance audit work following up action taken on the recommendations included in Audit Scotland's 2013 national report on Scotland's Public Sector Workforce
- provision of an opinion on a number of grant claims and returns, including Whole of Government Accounts
- reporting of National Fraud Initiative arrangements and results
- collection of relevant financial and performance information to inform Audit Scotland's national reports.

Responsibilities

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

Responsibility of the appointed auditor

7. 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.
8. 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

9. 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:
 - maintaining proper accounting records

- preparing financial statements which give a true and fair view of the state of affairs of Shetland Islands Council and its group as at 31 March 2016 and its expenditure and income for the year then ended.

Format of the accounts

10. The financial statements should be prepared in accordance with the Code, which constitutes proper accounting practice.
11. 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

12. Our audit approach is based on an understanding of the characteristics, responsibilities, principal activities, risks and governance arrangements of Shetland Islands Council and its group. 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 its group 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.
13. 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. Planned management action being relied on for 2015/16 includes:
- comprehensive closedown procedures for the council and group 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 2015/16.
14. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. Internal audit services are provided by the Internal Audit section of the council. 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 to determine whether it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

15. We plan to place formal reliance on aspects of the work of internal audit in the following areas, to support our audit opinion on the financial statements:
 - corporate review of expenses
 - corporate review of overtime.
16. In respect of our wider governance and performance audit work we also plan to review the findings and consider other areas of internal audit work including:
 - self-directed support
 - performance indicators
 - Health and Social Care Integration Joint Board
 - network security systems.
18. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements both individually and collectively.
19. Based on our knowledge and understanding of Shetland Islands Council we have set our planning materiality at £1.8 million (1% of gross expenditure).
20. We set a lower level, known as performance materiality, when defining our audit procedures. This is to ensure that uncorrected and undetected audit differences do not exceed our planning materiality. This level depends on professional judgement and is informed by a number of factors including:
 - extent of estimation and judgement within the financial statements
 - nature and extent of prior year misstatements
 - extent of audit testing coverage.

Materiality

17. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, the failure to achieve a statutory requirement or, an item contrary to law). In the event of such an item arising, its materiality has to be viewed in a narrower context; such matters would normally fall to be covered in an explanatory paragraph in the independent auditor's report.

21. For 2015/16 performance materiality has been set at £0.9 million. We will report, to those charged with governance, all misstatements identified which are greater than £0.02 million.

Reporting arrangements

22. The Local Authority Accounts (Scotland) Regulations 2014 require that the unaudited annual accounts are submitted to the appointed external auditor no later than 30 June each year. The authority (or a

committee whose remit includes audit or governance) is required to consider the unaudited annual accounts at a meeting by 31 August. The unaudited accounts for Shetland Islands Council are due to be considered at a meeting on 29 June.

23. Local authorities must publish the unaudited accounts on their websites and give public notice of the inspection period.
24. The 2014 regulations require the local authority (or a committee whose remit includes audit or governance) to meet by 30 September to consider whether to approve the audited annual accounts for signature. Immediately after approval, the annual accounts require to be signed and dated by specified members and officers and then provided to the auditor. The Controller of Audit requires audit completion and issue of an independent auditor's report (opinion) by 30 September each year.
25. The authority is required to publish on its website its signed audited annual accounts by 31 October. The local authority is also required to publish a copy of the accounts of its subsidiaries. The annual audit report is required to be published on the website by 31 December.
26. A proposed timetable for the audit of the 2015/16 financial statements is included at Exhibit 1 below.

Exhibit 1: Financial statements audit timetable

Key stage	Date
Meetings with officers to clarify expectations of working papers and financial system reports	By 31 March 2016
Testing and review of internal control systems and transactions	By 30 April 2016
Consideration of unaudited financial statements by those charged with governance	29 June 2016
Latest submission date of unaudited council financial statements with complete working papers package	27 June 2016
Latest submission date of unaudited Zetland Educational Trust financial statements and working papers package	30 June 2016
Progress meetings with lead officers on emerging issues	As required during the audit
Latest date for final clearance meeting with Executive Manager – Finance	7 September 2016
Latest date for group accounts information	14 September 2016

Key stage	Date
Agreement of audited unsigned financial statements, and issue of Annual Audit Report which includes the ISA 260 report to those charged with governance	21 September 2016
Independent auditor's report signed	30 September 2016
Latest date for signing of WGA return	30 September 2016

27. 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, relevant senior managers, Internal Audit, and Audit Scotland's Performance Audit and Best Value Group.
28. 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. The Annual Audit Report will be issued by 30 September.
29. All annual audit reports produced are published on Audit Scotland's website: www.audit-scotland.gov.uk.

30. Planned outputs for 2015/16 are summarised at [Appendix 1](#).

Quality control

31. 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. This is to provide reasonable assurance that those 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 reviews and internal quality reviews and has been subject to a programme of external reviews by the Institute of Chartered Accountants of Scotland (ICAS).
32. 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

33. Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice. When auditing the financial statements, auditors must also comply with standards issued by the Financial

Reporting Council 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.

34. 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

35. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Shetland Islands Council. We have categorised these risks into financial risks and wider dimension risks. The financial statements issues and risks, which require specific audit testing, are summarised below and detail contained in [Appendix 2](#).

Financial statement issues and risks

36. **Management override of controls** – ISA 240 highlights the unique position of management to influence the financial statements by overriding controls that otherwise operate effectively. The ability to override these controls exists in all entities and therefore represents a financial statements risk. We will undertake focused substantive testing of journal entries, accounting estimates and significant transactions outside the course of normal business.

37. **Income** – ISA 240 also requires auditors to presume a risk of fraud where income streams are significant. Shetland Islands Council receives a significant amount of funding from the Scottish Government, however over £50 million is received from other sources, including towage and harbour dues, sales, agency charges and fares.

38. The extent and complexity of the various sources of income means there is an inherent risk that income could be materially misstated. We will undertake focused substantive testing across income streams included in the financial statements.

39. **Valuations** – The financial statements of Shetland Islands Council include significant assets and liabilities where the valuations are determined by professional judgement and include significant assumptions and estimates including non-current assets and provisions. The degree of subjectivity in the measurement and valuation represents a risk of material misstatement. We will undertake focused substantive testing on these aspects of the financial statements.

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 previous years, the required information from SCT has only been made available to the council during the completion stage of our annual audit of the council's financial statements. If the information required from SCT's audited accounts is not available by 14 September, 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.

41. As part of our audit of the financial statements, we will work with finance staff on this matter to ensure sign-off deadlines are achieved.

- 42. **Integration Joint Board** – The Shetland Islands Integration Joint Board (IJB) was established in June 2015 and the council will need to make appropriate disclosures in the single entity accounts, including related party disclosures, and assess whether the IJB requires consolidating into the group accounts.
- 43. We will review the disclosures in the annual accounts as part of our financial statements audit.

Wider dimension issues and risks

- 44. **Governance documents** – A number of council policy documents including the Financial Regulations have not been reviewed during the 5 years of our audit appointment. These documents are considered to be out of date and there is a risk that they do not reflect current recommended practice and guidance issued by relevant professional bodies. We will monitor and report on progress with updating the documents.
- 45. **Business continuity** – Various service departments in the council have business continuity plans in place. The plans approved by the council include recovery time objectives setting out the time it would take to recover the ICT applications and infrastructure in the event of system failure and the time that the council could tolerate operating without the ICT applications and infrastructure. The agreed recovery times are considered to be challenging and there is a risk that the council would be unable to meet its targets in the event of system failure.
- 46. We will monitor testing of business continuity plans providing comment in our annual audit report.
- 47. **Financial Planning** – Financial management has been a considerable challenge for the Council over a number of years. In particular the Council's financial commitments had for some time entailed a continuing draw upon its reserves, which would not have been sustainable in the longer term. However, in recent years the Council has focussed on achieving a sustainable financial position. The Council's Medium Term Financial Plan (MTFP) sets out how the Council plans to maintain its level of usable reserves, with draws on reserves being funded by returns on investments. The Council still faces the difficulties of achieving its challenging savings targets, with a funding gap of £32 million over the four years to 2020/21 identified in the MTFP. We will continue to monitor and report on the council's position.
- 48. **Capital investment** – The council has a current 5 year Asset Investment Plan that includes planned spending of £74 million. This will require borrowing of £22 million to cover the funding shortfall. The current asset investment plan is focussed on maintaining the current asset base and in the longer term if the council wishes to retain this base it may have to transfer money away from services and make additional savings to fund the cost of capital. The council is currently working on a longer term Asset Investment Plan covering the period to 2050 which should help the council effectively manage its assets in the future. We will continue to monitor and report on the council's position in our annual report.

National performance audit studies

49. 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, we will carry out work to collect relevant financial and performance information to inform Audit Scotland's national reports.

Fees and resources

Audit fee

50. Over the past four years, Audit Scotland has reduced audit fees by 24% in real terms, exceeding our 20% target. Due to further refinement of our audit approach we have been able to maintain audit fees for 2015/16 at the same level as last year. This represents an additional real term fee reduction of 1.6%.
51. In determining the audit fee we have taken account of the risk exposure of Shetland Islands Council, the planned 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 2016.
52. The proposed audit fee for the 2015/16 audit of Shetland Islands Council is £206,320. Our fee covers:
- the costs of planning, delivering and reporting the annual audit including auditor's attendance at committees
 - your organisations allocation of the cost of national performance studies and statutory reports by the Auditor General for Scotland
 - a contribution towards functions that support the local audit process (e.g. technical support and coordination of the

National Fraud Initiative), support costs and auditors' travel and subsistence expenses.

53. Where our audit cannot proceed as planned through, for example, late receipt of 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

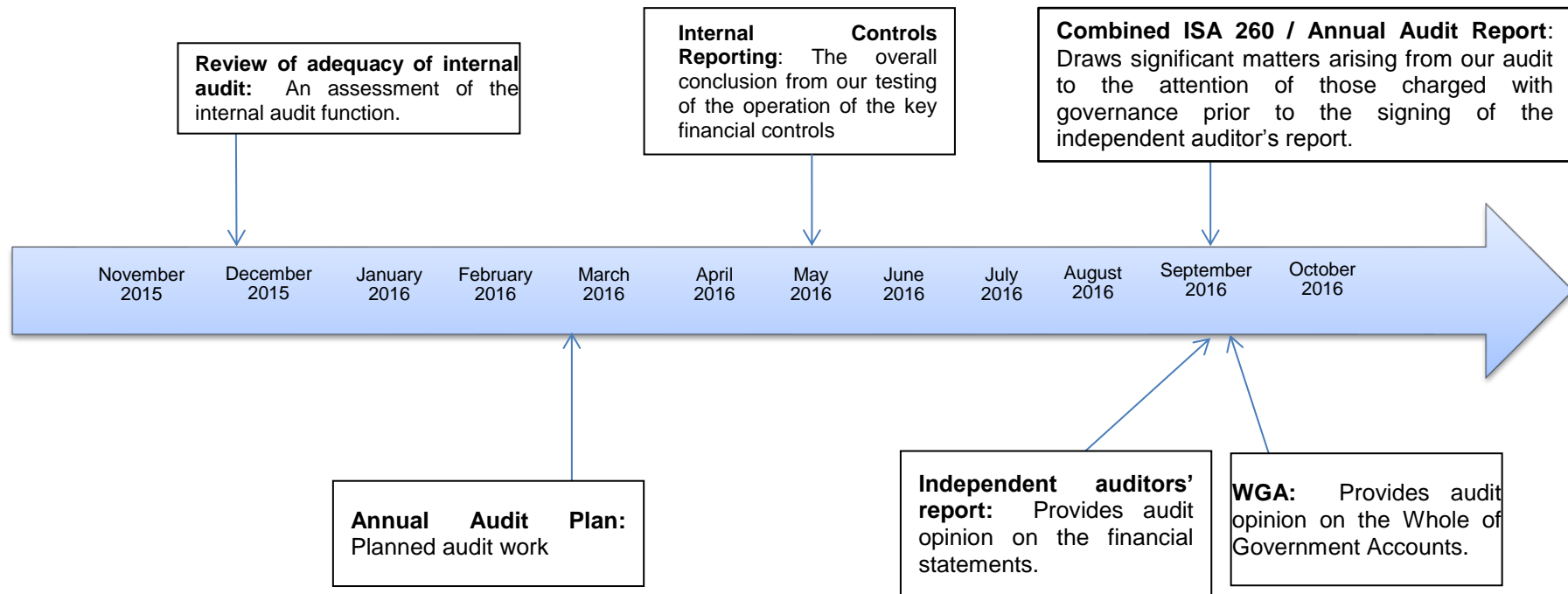
54. David McConnell, Assistant Director, Audit Services is your appointed auditor. The local audit team will be led by Patricia Fraser who will be responsible for day to day management of the audit and who will be your primary contact. Details of the experience and skills of our team are provided in Exhibit 2. The core team will call on other specialist and support staff as necessary.

Exhibit 2: Audit team

Name	Experience
David McConnell 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.
Patricia Fraser Audit Manager	Prior to working with Audit Scotland, Patricia worked as an accountant in local government. Patricia currently manages a number of Central Government Commissioner audits in addition to Shetland Islands council audit.
Graeme Samson Senior Auditor	Graeme joined Audit Scotland in 2008 and has worked on a number of NHS and local government audits, and in Audit Scotland's Performance Audit and Best Value Group.
Ray Buist Professional Trainee	Ray joined Audit Scotland in 2013 as a professional trainee and is studying for the Institute of Chartered Accountant of Scotland qualification.
Jim Cumming Senior Auditor (ICT)	Jim has fifteen years experience of public sector ICT audit with Audit Scotland, covering local government, Health and the central government sectors. Prior to joining Audit Scotland, Jim spent fifteen years in various IT development, quality, security and system administration and project management roles in engineering.

Appendix 1: Planned audit outputs

The diagram below shows the key outputs planned for Shetland Islands Council in 2015/16.



Appendix 2: Significant audit risks

The table below sets out the key audit risks, the related sources of assurance received and the audit work we propose to undertake to address the risks during our audit work.

#	Audit Risk	Source of assurance	Audit assurance procedure
Financial statement issues and risks			
1	Management override of controls ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.		<ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of any significant transactions that are outside the normal course of business.
2	Income The Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA 240.	<ul style="list-style-type: none"> • Effective budget monitoring and reporting by management. 	<ul style="list-style-type: none"> • Analytical procedures on income streams. • Detailed testing of revenue transactions focusing on the areas of greatest risk.

#	Audit Risk	Source of assurance	Audit assurance procedure
3	<p>Valuations</p> <p>The financial statements of Shetland Islands Council include valuations which rely on significant assumptions and estimates.</p> <p>The extent of subjectivity in the measurement and valuation of these balances represents a risk of material misstatement.</p>	<ul style="list-style-type: none"> • Effective budget monitoring and management. • Based on previous years' work, no specific issues or concerns have been noted regarding calculation of provisions. 	<ul style="list-style-type: none"> • Completion of the work of an expert for the professional valuer. • Focussed substantive testing of key areas.
4	<p>Group accounts</p> <p>There is a risk that the group accounts disclosures in the financial statements do not include accurate and reliable financial information for SCT.</p>	<ul style="list-style-type: none"> • Draft financial statements and adequate working papers and formal review of the group structure. 	<ul style="list-style-type: none"> • Early financial statements planning meeting and review. • Regular audit liaison meetings with finance staff.
5	<p>Integration Joint Board</p> <p>The Shetland Islands Integrated Joint Board (IJB) was established in June 2015 and will be required to prepare its own annual accounts for 2015/16. Shetland Islands Council will be required to include the IJB in its assessment of entities for inclusion in the group accounts and to consider relevant financial and governance disclosures regarding the IJB for 2015/16.</p>	<ul style="list-style-type: none"> • Discussion with external auditors on treatment of the IJB in advance of preparing the accounts. 	<ul style="list-style-type: none"> • Review of IJB disclosures in the council's 2015/16 financial statements • Ongoing liaison with finance staff to ensure arrangements are in place for identifying and disclosing the relevant information.

#	Audit Risk	Source of assurance	Audit assurance procedure
	There is a risk that the Council may not account for the IJB appropriately within its annual accounts.		
Wider dimension issues and risks			
6	Governance documents Many of the governance documents and policies in place at the council have not been reviewed for several years. There is a risk that the documents do not reflect current recommended practice or current arrangements at the council.	<ul style="list-style-type: none"> The financial regulations are currently being updated and are due to be reported to Council on 18 April 2016. The administrative regulations and delegations are due to be reviewed in 2016/17 as part of the overall Governance Arrangement Review. 	<ul style="list-style-type: none"> We will liaise with the Council and the audit committee to address this weakness before the end of our audit appointment. We will report progress in updating policies in our controls report and annual audit report
7	Business continuity It may be difficult to recover some ICT applications at the council within the Recovery Time Objectives. There is a risk that council services would be disrupted if applications cannot be recovered promptly.	<ul style="list-style-type: none"> Service areas in the Council have a Business Continuity Plan in place and exercises are carried out by the Council testing resilience. 	<ul style="list-style-type: none"> monitor testing of business continuity plans providing comment in our annual audit report

#	Audit Risk	Source of assurance	Audit assurance procedure
8	<p>Financial planning</p> <p>The council's Medium Term Financial Plan sets out how the council plans to achieve a sustainable financial position and maintain its level of usable reserves. The plan includes challenging savings targets, with a funding gap of £32 million over the period to 2020/21. There is a risk that the council will not be able to achieve the savings required</p>	<ul style="list-style-type: none"> • Effective budget monitoring and management. • Preparation and adoption of the Medium Term Financial Plan covering a 5 year period. • Appropriate working papers in support of the 2016/17 Budget. 	<ul style="list-style-type: none"> • We will monitor the council's financial position and comment in our annual audit report.
9	<p>Capital investment</p> <p>The council's Asset Investment Plan is focussed on maintaining the existing council assets and requires borrowing in future years to cover the funding shortfall. There is a risk that an appropriate level of capital spending may not be sustainable in the future.</p>	<ul style="list-style-type: none"> • Development of long term asset investment plan • Adoption of a balanced 2016/17 to 2020/21 Asset Investment Plan. 	<ul style="list-style-type: none"> • We will monitor the council's capital position and comment in our annual audit report.

Shetland Islands Council Pension Fund

Annual Audit Plan
2015/16

Prepared for Members of Shetland Islands Pension
Fund Committee

March 2016

Key contacts

David McConnell, Assistant Director
dmcconnell@audit-scotland.gov.uk

Patricia Fraser, Audit Manager
pfraser@audit-scotland.gov.uk

Graeme Samson, Senior Auditor
gsamson@audit-scotland.gov.uk

Audit Scotland
4th floor (South Suite)
8 Nelson Mandela Place
Glasgow
G2 1BT
Telephone: 0131 625 1500
Website: www.audit-scotland.gov.uk

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies (www.audit-scotland.gov.uk/about/ac/). Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General (www.audit-scotland.gov.uk/about/).

The Accounts Commission has appointed David McConnell as the external auditor of Shetland Island Council Pension Fund for the period 2011/12 to 2015/16.

This report has been prepared for the use of Shetland Islands Pension Fund Committee and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

Contents

Summary	3
Responsibilities	4
Audit Approach	5
Audit issues and risks	9
Fees and resources	11
Appendix 1: Planned audit outputs.....	13
Appendix 2: Significant audit risks	14

Summary

Introduction

1. Our audit is focused on the identification and assessment of the risks of material misstatement in Shetland Islands Council Pension Fund's financial statements.
 2. This report summarises the key challenges and risks facing Shetland Islands Council Pension Fund and sets out the audit work that we propose to undertake in 2015/16. Our plan reflects:
 - the risks and priorities facing Shetland Islands Council Pension Fund
 - current national risks that are 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.
- they give a true and fair view of the state of affairs of Shetland Islands Council Pension Fund as at 31 March 2016 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 2015/16 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 a review of adequacy of internal audit and arrangements to support the annual governance statement and management commentary in the annual report
 - collection of relevant financial and performance information to inform Audit Scotland's national reports
 - provision of an annual audit report addressed to the members of Shetland Pension Board and Shetland Islands Council Pension Fund Committee.

Summary of planned audit activity

3. Our planned work in 2015/16 includes:
 - an audit of the financial statements and provision of an opinion on whether:

Responsibilities

4. The audit of the financial statements does not relieve management or the Pension Fund 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:
 - maintaining proper accounting records

- preparing financial statements which give a true and fair view of the state of affairs of Shetland Islands Council Pension Fund as at 31 March 2016 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.

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 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.
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. Planned management action being relied on for 2015/16 includes:
 - comprehensive closedown procedures for the council and group 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.
11. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. Internal audit services are provided by the Internal Audit section of Shetland Islands Council. 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 to determine whether it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

Materiality

12. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, the failure to achieve a statutory requirement or, an item contrary to law). In the event of such an item arising, its materiality has to be viewed in a narrower context; such matters would normally fall to be covered in an explanatory paragraph in the independent auditor's report.
13. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements both individually and collectively.
14. Based on our knowledge and understanding of Shetland Islands Council Pension Fund we have set our planning materiality at £1.680million (10% of contributions).
15. We set a lower level, known as performance materiality, when defining our audit procedures. This is to ensure that uncorrected and undetected audit differences do not exceed our planning materiality. This level depends on professional judgement and is informed by a number of factors including:
 - extent of estimation and judgement within the financial statements
 - nature and extent of prior year misstatements
 - extent of audit testing coverage.
16. For 2015/16 performance materiality has been set at £1.176million. We will report, to those charged with governance, all misstatements identified which are greater than £0.017million.

Reporting arrangements

17. The Local Authority Accounts (Scotland) Regulations 2014 require that the unaudited annual accounts are submitted to the appointed external auditor no later than 30 June each year. The Pension Fund Committee is required to consider the unaudited annual accounts at a meeting by 31 August 2016.
18. The Pension Fund must publish the unaudited accounts on their website and give public notice of the inspection period.
19. The 2014 regulations require the Pension Fund Committee to meet by 30 September to consider whether to approve the audited annual accounts for signature. Immediately after approval, the annual accounts require to be signed and dated by specified members and officers and then provided to the auditor. The Controller of Audit requires audit completion and issue of an independent auditor's report (opinion) by 30 September each year.
20. The Pension Fund is required to publish on its website its signed audited annual accounts, and the audit certificate, by 31 October 2016. The annual audit report is required to be published on the website by 31 December 2016.

21. A proposed timetable for the audit of the 2015/16 financial statements is included at Exhibit 1 below. Discussions are still ongoing on the timing of committee dates to ensure compliance with the 2014 regulations.

Exhibit 1: Financial statements audit timetable

Key stage	Date
Testing and review of internal control systems and transactions	By 30 April 2016
Meetings with officers to clarify expectations of working papers and financial system reports	By 31 March 2016
Consideration of unaudited financial statements by those charged with governance	20 June 2016
Latest submission date of unaudited council financial statements with complete working papers package	27 June 2016
Progress meetings with lead officers on emerging issues	As required during the audit
Latest date for final clearance meeting with Executive Manager - Finance	7 September 2016
Agreement of audited unsigned financial statements, and issue of Annual Audit Report which includes the ISA 260 report to those charged with governance	21 September 2016

Key stage	Date
Independent auditor's report signed	30 September 2016

22. 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, relevant senior managers, internal audit, and Audit Scotland's Performance Audit and Best Value Group.
23. 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. The combined ISA 260 and Annual Audit Report will be issued by 30 September.
24. All annual audit reports produced are published on Audit Scotland's website: www.audit-scotland.gov.uk.
25. Planned outputs for 2015/16 are summarised at [Appendix 1](#).

Quality control

26. 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. This is to provide reasonable assurance that those 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 reviews and internal quality reviews and has been subject to a programme of external reviews by the Institute of Chartered Accountants of Scotland (ICAS).

27. 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

28. Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice. When auditing the financial statements, auditors must also comply with professional standards issued by the Financial Reporting Council 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.

29. 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 Pension Fund.

Audit issues and risks

Audit issues and risks

30. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for Shetland Islands Council Pension Fund. We have categorised these risks into financial risks and wider dimension risks. The financial statements issues and risks, which require specific audit testing, are summarised below and detail contained in [Appendix 2](#).

Financial statement issues and risks

31. **Management override of controls:** Auditing standards (ISA 240 *The auditor's responsibility to consider fraud in an audit of financial statements*) highlights the unique position of management to influence the financial statements by overriding controls that otherwise operate effectively. The ability to override these controls exists in all entities and therefore represents a significant financial statements risk due to fraud. We will undertake focused substantive testing of journal entries, accounting estimates and significant transactions outside the course of normal business.

Wider dimension issues and risks

32. **Pension Scheme Benefits Calculations:** The Public Service Pension Act 2013 and associated regulations replaced a final salary

scheme with a career average revalued earnings (CARE) scheme from 1 April 2015. The calculation of benefits payable and contributions receivable under the CARE scheme are more complex and will increase the workload of fund administration. We will review the administrative function to assess the fund's arrangements to address the increased workload and undertake substantive testing of pension calculations during the financial statements audit.

33. **Pension Fund Governance Arrangements** – Financial Regulations have not been subject to review since 2012 and the Scheme of Administration & Delegation contains outdated references to the former committee structure. These policies should be subject to review and revised where appropriate to ensure they remain relevant to the Pension Fund. We will review progress in delivering updated policies and include an update in our Annual Audit Report.
34. **Pension Board:** the Local Government Pension Scheme (Governance) Scotland Regulations 2015 required the fund to establish a Pension Board to assist it in complying with the scheme regulations and requirements of the pensions regulator. It will take time for these new arrangements to bed in and become effective. Training and support for board members will be necessary to enable them to adequately fulfil their role. There is a risk that the Pension Board does not succeed in improving the governance arrangements of the fund due to lack of knowledge and skills in pension matters. We will review the operation of the Pension Board and report on its effectiveness in our annual report on the audit.

National performance audit studies

35. 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, we will carry out work to collect relevant financial and performance information to inform Audit Scotland's national reports.

Fees and resources

Audit fee

36. Over the past four years, Audit Scotland has reduced audit fees by 24% in real terms, exceeding our 20% target. Due to further refinement of our audit approach we have been able to maintain audit fees for 2015/16 at the same level as last year. This represents an additional real term fee reduction of 1.6%.
37. In determining the audit fee we have taken account of the risk exposure of Shetland Islands Council Pension Fund, the planned 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 2016.
38. The proposed audit fee for the 2015/16 audit of Shetland Islands Council Pension Fund is £32,500. Our fee covers:
 - the costs of planning, delivering and reporting the annual audit including auditor's attendance at committees
 - a contribution towards functions that support the local audit process (e.g. technical support and coordination of the National Fraud Initiative), support costs and auditors' travel and subsistence expenses.
39. Where our audit cannot proceed as planned through, for example, late receipt of 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

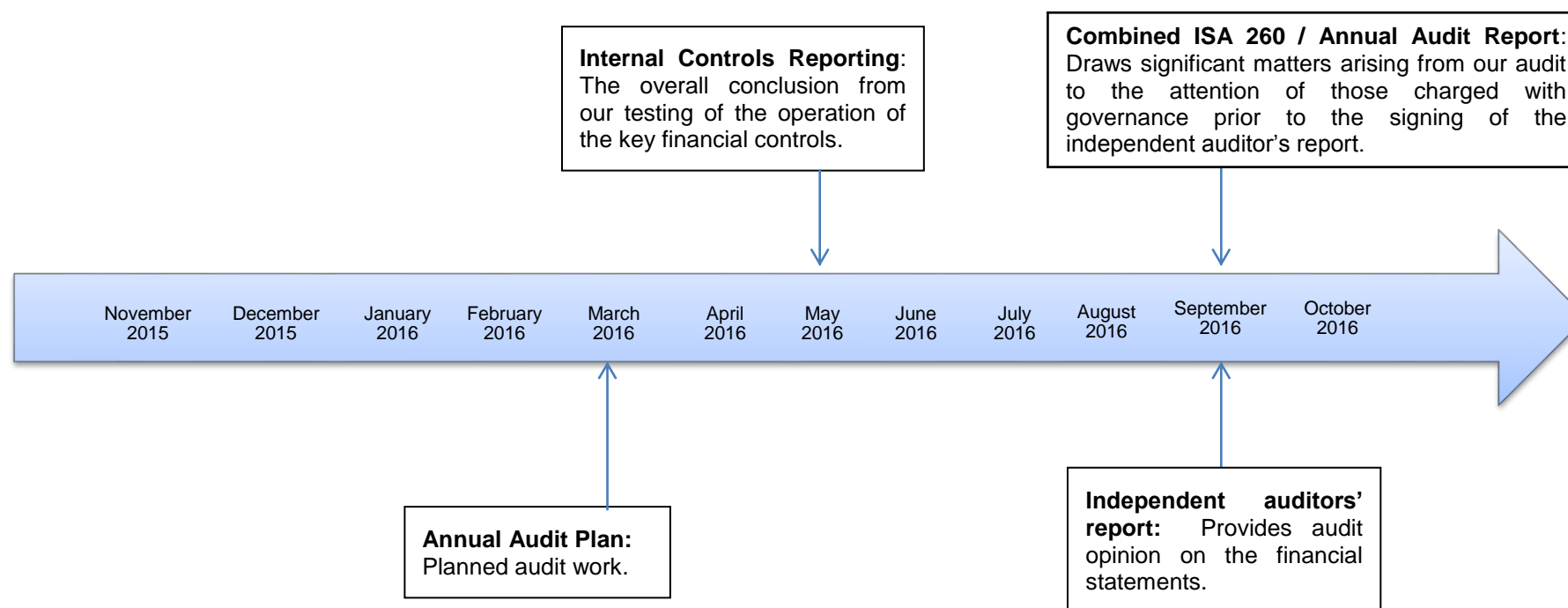
40. David McConnell, Assistant Director, Audit Services is your appointed auditor. The local audit team will be managed by Patricia Fraser and supported by Graeme Samson who will be responsible for day to day management of the audit and who will be your primary contact. Details of the experience and skills of our team are provided in Exhibit 2. The core team will call on other specialist and support staff as necessary.

Exhibit 2: Audit team

Name	Experience
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.
Patricia Fraser BSc CPFA Audit Manager	Prior to working with Audit Scotland, Patricia worked as an accountant in local government. Patricia currently manages a number of Central Government Commissioner audits in addition to Shetland Islands council audit
Graeme Samson BSc CPFA Senior Auditor	Graeme joined Audit Scotland in 2008 and has worked on a number of NHS and local government audits, and in Audit Scotland's Performance Audit and Best Value Group.
Ray Buist BSc Professional Trainee	Ray joined the team in 2013 as a professional trainee, having studied at the University of Glasgow. Ray is currently studying for the Institute of Chartered Accountants of Scotland qualification.

Appendix 1: Planned audit outputs

The diagram below shows the key outputs planned for Shetland Islands Council Pension Fund in 2015/16.



Appendix 2: Significant audit risks

The table below sets out the key audit risks, the related sources of assurance received and the audit work we propose to undertake to address the risks during our audit work.

#	Audit Risk	Source of assurance	Audit assurance procedure
Financial statement issues and risks			
1	Management override of controls ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.		<ul style="list-style-type: none"> • Detailed testing of journal entries • Review of Accounting estimates for bias • Focused testing of accruals and prepayments • Evaluating significant transactions that are outside the normal course of business
Wider dimension issues and risks			
2	Pension Scheme Benefits Calculations The Public Service Pension Act 2013 and associated regulations replaced a final salary scheme with a career average revalued earnings (CARE) scheme from 1 April 2015. The calculation of benefits payable and contributions receivable under the CARE scheme are more complex increasing the	<ul style="list-style-type: none"> • The pension administration system has been upgraded to be compliant with the new pension regulations. Staff training on new regulations has also been undertaken. 	<ul style="list-style-type: none"> • We will evaluate the administrative function to assess the fund's arrangements to address the increased workload • substantive testing of pension calculations during the financial statements audit.

#	Audit Risk	Source of assurance	Audit assurance procedure
	workload of fund administration.		
3	Pension Fund Governance Arrangements Financial Regulations have not been subject to review since 2012 and the Scheme of Administration & Delegation contains outdated references to the former committee structure. These policies should be subject to review and revised where appropriate to ensure they remain relevant to the Pension Fund.	<ul style="list-style-type: none"> The financial regulations are currently being updated and are due to be reported to Council on 18 April 2016. The administrative regulations and delegations are due to be reviewed in 2016/17 as part of the overall Governance Arrangement Review. 	<ul style="list-style-type: none"> We will review progress in delivering updated policies and include an update in our Annual Audit Report.
4	Pension Board The Local Government Pension Scheme (Governance) (Scotland) Regulations 2015 required the fund to establish a Pension Board to assist it in complying with the scheme regulations and requirements of the pensions regulator. It will take time for these new arrangements to bed in and become effective. Training and support for board members will be necessary to enable them to adequately fulfil their role. There is a risk that the Pension Board does not succeed in improving the governance arrangements of the fund due to lack of knowledge and skills in pension matters.	<ul style="list-style-type: none"> The Pension Board and Pension Committee are in place and initial training has been provided to members and further training is due to take place. 	<ul style="list-style-type: none"> We will review the operation of the Pension Board and report on its effectiveness in our annual report on the audit.

**Audit Committee****1 March 2016**

Audit Committee Business Programme – 2016/17	
GL-08-16-F	
Team Leader – Administration	Governance and Law Corporate Services

1.0 Summary

- 1.1 The purpose of this report is to inform the Committee of the planned business to be presented to Committee for the financial year 1 April 2016 to 31 March 2017, and discuss with Officers any changes or additions required to that programme.

2.0 Decision Required

- 2.1 That the Audit Committee considers its business planned for the financial year 1 April 2016 to 31 March 2017, and RESOLVES to approve any changes or additions to the Business programme.

3.0 Detail

- 3.1 The Council approved the schedule of meetings for 2016/17 at its meeting on 16 December 2015 (Min Ref: 79/15).
- 3.2 It was agreed that the Business Programmes for each Committee would be presented to the Planning and Performance Management Framework (PPMF) meetings scheduled to be held week beginning 29 February 2016.
- 3.3 The manner in which meetings have been scheduled is described below:
- Ordinary meetings have been scheduled, although some have no scheduled business at this stage. Where there is still no scheduled business within two weeks of the meeting, the meeting will be cancelled;
 - Special meetings may be called on specific dates for some items – other agenda items can be added, if time permits;
 - PPMF = Planning and Performance Management Framework meetings have been called for all Committees and Council once per

quarter. These meetings are time restricted, with a specific focus on PPMF only, and therefore no other business will be permitted on those agendas;

- Budget = Budget setting meetings – other agenda items can be added, if time permits, or if required as part of the budget setting process; and
- In consultation with the Chair and relevant Members and Officers, and if required according to the circumstances, the time, date, venue and location of any meeting may be changed, or special meetings added.

3.4 The Business Programme for 2016/17 will be presented by Committee Services to the Council and each Committee on a quarterly basis for discussion and approval, particularly in relation to the remaining projects and reports which are listed at the end of the business programme page for each Committee as still to be scheduled.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities – The recommendation in this report is consistent with the following corporate priorities:

Our Corporate Plan 2013-17

- To be able to provide high quality and cost effective services to people in Shetland, our organisation has to be run properly.
- Fully align the timetables, time spans and approaches for financial planning relating to the medium term yearly budgeting with Council, directorate and service planning.

4.2 Community /Stakeholder Issues – The Business Plan provides the community and other stakeholders with important information, along with the Council's Corporate and Directorate Plans, as to the planned business for the coming year.

4.3 Policy And/Or Delegated Authority – Maintaining a Business Programme ensures the effectiveness of the Council's planning and performance management framework. The Business Programme supports each Committees' role, as set out in paragraph 2.3 of the Council's Scheme of Administration and Delegations, in monitoring and reviewing achievements of key outcomes within its functional areas, whilst ensuring best value in the use of resources is met to achieve these outcomes within a performance culture of continuous improvement and customer focus.

4.4 Risk Management – The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the business programme slipping and causing reputational damage to the Council. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the Council's Business Programme with the objectives and actions contained in its corporate plans could mitigate against those risks.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial – The there are no direct financial implications in this report, but indirect costs may be avoided by optimising Member and officer time.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The presentation of the Business Programme 2016/17 on a quarterly basis provides a focussed approach to the business of the Committee, and allows senior Officers an opportunity to update the Committee on changes and/or additions required to the Business Programme in a planned and measured way.

For further information please contact:

Louise Adamson

Tel Ext: 4555, email: louise.adamson@shetland.gov.uk

22 February 2016

List of Appendices

Appendix 1 –Audit Committee Meeting Dates and Business Programme 2016/17

Background documents:

Report GL-60-F: SIC Diary of Meetings 2016/17

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=4785>



**Audit Committee - Meeting Dates and Business Programme 2016/17
as at Thursday, 25 February 2016**

Audit Committee			
			<i>D= Delegated R=Referred</i>
Quarter 1 1 April 2016 to 30 June 2016	Date of Meeting	Business	D/R
	Ordinary 13 April 2016 2 p.m.	Annual Audit Plan	D
	PPMF & Ordinary 25 May 2016 10 a.m.	Audit Scotland and External Advisers Reports	D
		Review of Internal Control 2015/16 and Action Plan Shetland Islands Council	D
		Review of Internal controls 2015/16 and Action Plan Pension Fund	D
		Committee Business Programme 2016/17	D
	Ordinary 15 June 2016 2 p.m.	Internal Audit – Annual Report 2015/16	D
Quarter 2 1 July 2016 to 30 September 2016	Date of Meeting	Business	
	PPMF & Ordinary 31 August 2016 10 a.m.	Audit Scotland and External Advisers Reports	D
		Audit Scotland SIC Local Scrutiny Plan 2016/17	D
		Committee Business Programme 2016/17	D
	Special 21 September 2016 10 a.m.	Statutory Performance Indicators 2015/16	D
		SIC Pension Fund – Annual Audit Report on the 2015/16 Audit	D
		SIC Pension Fund – Final Audited Accounts 2015/16	D
		SIC – Annual Audit Report on the 2015/16 Audit	R SIC 21 Sept
		SIC – Final Audited Accounts 2015/16	R SIC 21 Sept
		Zetland Educational Trust – ISA 260 Report on the 2015/16 Audit	R SIC 21 Sept
		Zetland Educational Trust – Final Audited accounts 2015/16	R SIC 21 Sept



**Audit Committee - Meeting Dates and Business Programme 2016/17
as at Thursday, 25 February 2016**

Audit Committee - Continued			
			<i>D= Delegated R=Referred</i>
Quarter 3 1 October 2016 to 31 December 2016	Date of Meeting	Business	
	<i>Ordinary</i> 5 October 2016 10 a.m.		
	<i>PPMF & Ordinary</i> 12 December 2016 10 a.m.	Audit Scotland and External Advisers Reports	D
		Internal Audit – Six Monthly Internal Audit Progress Report 2016/17	D
		Risk Review Action Plan - Update	D
		External Quality Assessment of the Internal Audit Service	D
		Audit Scotland and other External Audit Reports – Best Value reports	D
		Committee Business Programme 2016/17	D
Quarter 4 1 January 2017 to 31 March 2017	Date of Meeting	Business	
	<i>Ordinary</i> 8 February 2017 2 p.m.		
	<i>PPMF & Ordinary</i> 8 March 2017 10 a.m.	Local Government Benchmarking Framework 2015/16	D
		Audit Scotland and External Advisers Reports	D
		Audit Scotland Annual Audit Plan 2016/17 - SIC	D
		Audit Scotland Annual Audit Plan 2016/17 – Pension Fund	D
		Committee Business Programme 2017/18	D

Planned Committee business still to be scheduled as at Thursday, 25 February 2016

- Sumburgh Airport
- Code of Corporate Governance
- Implementation of Public Bodies Act and Delegations of Functions to IJB

Audit Committee - END

tbc = to be confirmed

PPMF = Planning and Performance Management Framework meetings – no other business to be added

Budget = Budget setting meetings – other items can be added if time permits

Ordinary = Ordinary meetings – other items can be added

Special = Special meetings arranged for particular item(s) – other items can be added if time permits

END OF BUSINESS PROGRAMME as at Thursday, 25 February 2016