

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to Audit and Governance Panel
of 24 January 2024**

Subject: External Audit Reports – Progress to 31 December 2023

1. Purpose

1.1 The purpose of this report is to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions.

2. Recommendation

2.1 It is recommended that the Panel scrutinises the progress against the Council’s external audit improvement actions as presented in this report.

3. Background

3.1 The Final Report on the 2022/23 Audit was presented to the Audit and Governance Panel (AGP) of 27 September 2023 (Special). This report covers progress against the three recommended improvement actions from that report.

3.2 This report also covers the one remaining outstanding action from the External Audit report on the financial statement of the Council for 2021/22.

4. Proposals

4.1 Progress to 31 December 2023 is summarised below:

Status of External Audit Actions as at 31 December 2023	Completed since 30 June 2023	On Target	Not on Target	Total
Annual Report on 2021/22 Audit – Nov 22	1	-	-	1
Annual Report on 2022/23 Audit – Sept 23	-	3	-	3
Overall	1	3	-	4

4.2 During the reporting period, the remaining action from the 2021/22 External Audit report was closed. Three actions from the 2022/23 External Audit Annual Report are in progress and on target. The latest update against these actions is provided in [Appendix 1](#).

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 None.

7. Human Resources Implications

7.1 None.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations may impact on the reputation of the Council.

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.




13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.


Background Papers **Report to Audit and Governance Panel of 9 November 2022 – [Best Value Action Plan 2021/22 - Update](#)**

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External Audit Reports - Showing completed still to be completed actions

Report Title	Action	Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Completed Date
EA2021/22 Final report on the 2021/22 Audit	<p>Recommendation: The Council should revisit its UEL policy to consider whether alternative UEL's should be set for different types of assets.</p> <p>Management Response: Useful Economic Lives for Infrastructure Assets will be considered alongside national guidance and initiatives on this matter.</p>	31-Dec-2023	Tim Baulk; Tom Simpson	05-Dec-2023 Discussions have taken place with External Audit on this matter. It is a national issue which will not be resolved for a number of years. Once further guidance emerges, Audit Scotland will work with the council to address this matter. The matter has been put on hold no further action being proposed at this time.		100%		05-Dec-2023
EA2022/23 Final Report on the 2022/23 Audit	<p>Recommendation: The council should undertake a thorough assessment of the fixed asset register to ensure its accuracy. Going forward, there should be clearer communication between Estates and Finance to ensure that necessary updates are reflected in the fixed asset register.</p> <p>Management Response: A review of the asset register is already underway and new protocols and procedures will be introduced to ensure its accuracy. Regular meetings are being planned between the Estates and Finance teams to maintain a clear route for communication of required changes.</p>	30-Jun-2024	Tim Baulk; Tom Burns	05-Dec-2023 Work has been progressing over the last few months between Estates and Finance colleagues to maintain a clear route for communication and implement new protocols and procedures to ensure the accuracy of the Asset Register information.		50%		
EA2022/23 Final Report on the 2022/23 Audit	<p>Recommendation: The council should consider a matrix approach to valuations whereby a percentage of each class of asset is revalued each year. The council should ensure that all assets are included in this future programme.</p> <p>Management Response: Discussions have already taken place between Estates and Finance teams with the aim of moving the revaluation methodology to a matrix approach for 2023/24 and beyond. Further work on this will continue in advance of the 2023/24 year end.</p>	30-Jun-2024	Tim Baulk	05-Dec-2023 Discussions have already taken place between Estates and Finance teams with the aim of moving the revaluation methodology to a matrix approach for 2023/24 and beyond. It is anticipated that this new methodology will be in place prior to work commencing on the 2023/24 year end.		50%		

Report Title	Action	Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Completed Date
EA2022/23 Final Report on the 2022/23 Audit	<p>Recommendation: The council should ensure formal procedures are in place to validate staff on the payroll. Responsible officer:</p> <p>Management Response: An annual rolling programme will be implemented and undertaken by the HR team. Oracle Fusion introduced an automated task for managers to confirm when an employee does not commence employment to ensure they are not set up on the payroll system. Officers will consider if staff validation can be automated via Oracle Fusion.</p>	31-Mar-2024	Wendy Wesson	11-Dec-2023 Payroll validation commenced in December starting with CEX. Housing, Operations and Development scheduled for January 2024.		20%		