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Wellington Square  
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15 March 2023

**To: Councillors Henderson (Chair), Bell, Cullen, Kilpatrick, McGinley, Ramsay, Scott and Weir.**

**All other Elected Members for information only**

Dear Councillors

## **AUDIT AND GOVERNANCE PANEL**

You are requested to participate in the above Panel to be held **on Wednesday, 22 March 2023 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held on a hybrid basis for Elected Members, will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

**Yours sincerely**

**CATRIONA CAVES**  
Head of Legal and Regulatory Services

## **B U S I N E S S**

1. Declarations of Interest.
2. Call-ins from Cabinet.
3. Minutes of previous meeting of 22 February 2023 (copy herewith).
4. Action Log and Work Programme (copy herewith).

### **Internal Audit Report.**

5. Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter) – Submit report by the Chief Internal Auditor (copy herewith).
- 6./

**External Audit Reports.**

6. Annual Audit Plan 2022/23 – Submit report by the Head of Finance, ICT and Procurement (copy herewith).
7. Best Value Action Plan 2021-22 - Update – Submit report by the Director of Strategic Change and Communities (copy herewith).

**Other Governance Report.**

8. Strategic Risk Management - Submit report by the Head of Legal and Regulatory Services (copy herewith).

For more information on any of the items on this agenda, please telephone Andrew Gibson, Committee Services on 01292 612436, Wellington Square, Ayr or  
e-mail: [committeeservices@south-ayrshire.gov.uk](mailto:committeeservices@south-ayrshire.gov.uk)  
[www.south-ayrshire.gov.uk](http://www.south-ayrshire.gov.uk)

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**AUDIT AND GOVERNANCE PANEL.**

Minutes of a hybrid webcast meeting on 22 February 2023 at 10.00 a.m.

Present in  
County Hall: Councillors Peter Henderson (Chair), Brian McGinley, Cameron Ramsay,  
Gavin Scott and George Weir.

Present  
Remotely: Councillors Kenneth Bell and Chris Cullen.

Apology: Councillor Mary Kilpatrick.

Attending in  
County Hall: E. Howat, Chief Executive; T. Baulk, Head of Finance, ICT and  
Procurement; K. Dalrymple, Assistant Director – Housing and Operations;  
W. Carlaw, Service Lead – Democratic Governance; K. Anderson, Service  
Lead – Policy, Performance and Community Planning; L. Kerr, Service Lead  
– Destination South Ayrshire; C. McGhee, Chief Internal Auditor; K. Murray,  
Museums and Galleries Officer; C. Buchanan, Committee Services Officer;  
and C. McCallum, Committee Services Assistant.

Attending  
Remotely: F. Mitchell-Knight, Audit Scotland; and A. Gibson, Committee Services  
Officer.

**Opening Remarks.**

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

**1. Sederunt and Declarations of Interest.**

The Chair called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

**2. Call-ins from Cabinet.**

The Panel noted that there were no call-ins from Cabinet of 15 February 2023.

**3. Minutes of Previous Meeting.**

The Minutes of the meeting of 25 January 2023 ([issued](#)) were submitted and approved.

**4. Action Log and Work Programme.**

There was submitted an update of the Action Log and Work Programme for this Panel ([issued](#)).

The Head of Finance, ICT and Procurement provided the Panel with an update of the status of the Action Log and Work Programme outlining that there were no outstanding actions at present.

Having heard a Member of the Panel, it was agreed that entries in the Work Programme should indicate the month that they were next due to be considered at Panel rather than indicate how many times a year they would be presented.

The Panel

**Decided:** to note the current status of the Action Log and Work Programme.

**Internal Audit Reports.**

**5. Internal Audit – Progress Report (i) Progress of Annual Internal Audit Plan 2022/23 (ii) Implementation of Internal Audit Action Plans (iii) Quality Assurance and Improvement Programme Update.**

There was submitted a report ([issued](#)) of 8 February 2023 by the Chief Internal Auditor

- (1) advising of progress of the 2022/23 internal audit plan, directorate's progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme; and
- (2) seeking approval for a revision to the 2022/23 Internal Audit Plan.

The Chief Internal Auditor drew to the attention of the Panel various typographical errors within the report.

Having heard a Member of the Panel, the Chief Executive advised that, although she sought assurance that the information provided relating to the progress of internal audit actions was the most up-to-date when presented to Panel, she would remind senior staff of the importance of this.

Following a question from a Member of the Panel, it was noted that time allocations for contingencies were received through senior officers. It was also noted that the Ayrshire Rural and Island Ambition Fund (ARIA) was a replacement for LEADER.

Following a question from a Member of the Panel in relation to the figures for direct audit time for 2022/23, the Chief Internal Auditor advised that the target time was based on the time available and the actual time was taken from timesheets completed by auditors.

With regard to the Progress Against Overdue Audit Actions and Audit Actions due within the next six months, as detailed in Appendix 2 of the report, with specific reference to “IA2022/18.02 Review of allocation of fuel keys and cards,” a Member of the Panel indicated that he was disappointed that the Service had had a poor response to date.

It was noted with concern that only 20% of the Audit Action “IA2022/18.07 Review of Procedures” under “IA2022/18 Fuel Management” was complete. The Head of Finance, ICT and Procurement advised that staff had indicated to him that this action was now almost complete. The Assistant Director – Housing and Operations also indicated that it was envisaged that this action would be completed by the end March/beginning of April 2023.

The Chief Executive gave an assurance that she would follow up on the matter of Service Leads responding on fuel keys cards and licences.

Clarification was sought and given that Quality Assurance and Improvement Programme Action Plans would be reported to this Panel once the external assessment had been completed.

Following a question from a Member and having heard the Head of Finance, ICT and Procurement, it was noted that it was expected that the Oracle Fusion project would go live on 6 April of this year.

Having considered the content of this report, the Panel

**Decided:** to approve the proposed revisions to the 2022/23 Internal Audit Plan, as outlined in paragraphs 4.3.2 and 4.3.3 of the report.

## **6. Museums Store Control Internal Audit Report.**

There was submitted a report ([issued](#)) of 8 February 2023 by the Director of Strategic Change and Communities

- (1) advising of internal audit’s findings of the audit of the museums store control; and
- (2) outlining the proposed course of action.

The Panel noted that there were four high risk recommendations arising from the audit and not five, as stated in paragraph 3.6 of the report.

A Member of the Panel indicated that, in his opinion, there should be one central point for the storage of the Council assets. The Service Lead – Destination South Ayrshire advised that the Council did not have suitable premises for the storage of everything in one central area in South Ayrshire.

A Member of the Panel indicated that, in his view, there required to be work undertaken to see where museums fitted into the Council's priorities. The Service Lead – Destination South Ayrshire advised that a service review had been carried out and it had been recognised that heritage outreach was an important factor and that a new post had been created for a Heritage Outreach Officer.

After a Member of the Panel enquired if there were any plans to place the information on the collections held by this Council online, the Museums and Galleries Officer advised that this information was already available on a system called VITAL and that work was also ongoing to make the information available on the Heritage Hub.

**Decided:** to note the contents of the report.

### **Other Governance Report.**

#### **7. Scrutiny of Improvements Proposed by the Equality and Diversity Forum.**

There was submitted a report ([issued](#)) of 8 February 2023 by the Director of Strategic Change and Communities advising of the proposed improvement actions identified by the Equality and Diversity Forum.

A Member of the Panel advised that the Equalities Impact Assessment should be at the front of all Council reports instead of at the end, where it was at present; and the Chief Executive advised that the Service Lead - Policy, Performance and Community Planning would take this on board, when presenting a report on this matter to a future Cabinet meeting.

A Member of the Panel advised of the importance of having equalities embedded into the heart of the organisation.

Following discussion, the Service Lead - Policy ,Performance and Community Planning agreed to speak to the Chair of the Equality and Diversity Forum to consider other responsibilities such as inviting a third sector representative onto the Forum.

A Member of the Panel advised that the Equalities Impact Assessment form should be simplified or have an executive summary page at the front of it to help Members understand it. The Service Lead – Policy, Performance and Community Planning advised that he would look into this request. It was noted, after hearing a comment regarding the need for quality assurance checks, that the equalities mailbox was always happy to act as a critical friend.

Having heard a Member of the Panel, the Service Lead – Policy, Performance and Communications advised that Equality and Diversity Training would continue to be made available to Members.

The Chief Executive advised that she would reinforce with officers that an Equalities Impact Assessment was mandatory.

**Decided:** to note the proposed improvement actions, as detailed in Appendix 2 of the report.

The meeting ended at 11.03 a.m.

# Audit and Governance Panel

## Agenda Item No. 4

### Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
			<b>NO OUTSTANDING ACTIONS</b>			

## Audit and Governance Panel

### Work Programme 2023

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
1.	<b>Annual Audit Plan 2022/23</b>	Report to Panel	Head of Finance, ICT and Procurement	22 March 2023 (Yearly)	Report to this Panel
2.	<b>Best Value Action Plan 2021-22 - Update</b>	Report to this Panel	Director of Strategic Change and Communities	22 March 2023 (Quarterly)	Report to this Panel
3.	<b>Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter)</b>	Report to this Panel	Chief Internal Auditor	22 March 2023	Report to this Panel
4.	<b>Strategic Risk Management</b>	Report to this Panel	Head of Legal and Regulatory Services	22 March 2023 (Biannually)	Report to this Panel
5.	<b>Accounts Commission - Resourcing the benefit service: A thematic review</b>	Report to this Panel	Head of Finance, ICT and Procurement	3 May 2023	
6.	<b>Corporate Fraud Team Activity Report</b>	Report to this Panel	Chief Internal Auditor	31 May 2023 (Biannually)	
7.	<b>Annual Accounts 2022/23</b>	Report to this Panel	Head of Finance, ICT and Procurement	28 June 2023 (Yearly)	
8.	<b>Best Value Action Plan 2023/24 - Update</b>	Report to this Panel	Director of Strategic Change and Communities	28 June 2023 (Quarterly)	



## Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
9.	<b>External Audit – Audit Dimensions and Best Value Report 2022/23</b>	Report to this Panel	Head of Finance, ICT and Procurement	28 June 2023	
10.	<b>External Audit Progress Reports – Progress to 31 March 2023</b>	Report to Panel	Head of Finance, ICT and Procurement	28 June 2023 (Regular reports throughout the year)	
11.	<b>Corporate Lets</b>	Report to Panel	Director of Strategic Change and Communities	28 June 2023	
12.	<b>Delivering Good Governance – 2022/23 Assessment</b>	Report to Panel	Head of Legal and Regulatory Services	28 June 2023 (Yearly)	
13.	<b>Internal Audit Annual Report 2022/23</b>	Report to Panel	Chief Internal Auditor	28 June 2023 (progress reported quarterly)	
14.	<b>Treasury Management Annual Report 2022/23</b>	Report to Panel	Head of Finance, ICT and Procurement	28 June 2023 (Annually)	

**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 22 March 2023**

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**Subject: Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter)**

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**1. Purpose**

- 1.1 The purpose of this report is to submit, for approval, the proposed Internal Audit Plan and reserve list for 2023/24. Approval is also being sought for the revised Internal Audit Charter.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

- 2.1.1 approves the annual audit plan for 2022/23 ([Appendix 1](#));
- 2.1.2 approves the reserve list for 2022/23 ([Appendix 2](#)); and
- 2.1.3 approves the updates of the Internal Audit reporting line and links to the Public Sector Internal Audit Standards in the Internal Audit Charter ([Appendix 3](#)).

**3. Background**

- 3.1 PSIAS describes internal auditing as *'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'*.
- 3.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within South Ayrshire Council. The annual audit plan is designed to assist the Chief Internal Auditor in formulating that opinion.
- 3.3 In developing the annual audit plan, Internal Audit held discussions with senior officers in all Services. These discussions focussed on areas of risk within the Service and included consideration of changes to organisational structure or operational practices resulting from service redesigns, changes in legislation or external reporting requirements, ICT system developments and additional funding, where relevant. Strategic and Directorate risk registers were considered when developing this plan. The links to the strategic risk register are detailed in [Appendix 4](#).
- 3.4 Other areas of consideration include external audit reports, Audit Scotland national

reports, and cumulative knowledge and experience of risks and prior year findings. Taking these factors into account, the highest risk areas are brought forward in the annual audit plan.

3.5 The suggested Internal Audit Plan provides time to deliver a range of assignments that aligns to Council's priorities as well as seeking to provide assurance around the general control environment of the Council.

3.6 All Internal Audit work is undertaken in accordance with the [Public Sector Internal Audit Standards \(PSIAS\)](#).

## 4. Proposals

### 4.1 *Internal Audit Plan 2023/24*

4.1.1 **Categories of Internal Audit Work:** the audit plan is split into eight key areas of audit work:

- (i) **Key Corporate Systems:** systems audits are conducted to ensure expected controls are embedded within the system and are operating effectively.
- (ii) **Governance/Best Value:** best value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes.
- (iii) **ICT Auditing:** ICT audit work focuses on controls which are embedded within systems and technology across the organisation. As well as this specific category, ICT audit testing will also be used in other areas of the plan (e.g. using computer assisted audit techniques to perform continuous auditing and performing logical access testing when reviewing other systems).
- (iv) **Directorates/Other Systems:** the internal audit plan takes account of the council's risk assessment process and includes a review of the strategic and directorate risk registers as well as the audit universe (a list of all auditable entities within the organisation). From this, specific areas are identified for inclusion in this section of the plan, audit assignments focus on internal control arrangements operating in services within the Council.
- (v) **Regularity:** these audits are used to determine the extent to which Council and departmental policies and procedures are being followed. Continuous auditing is used to analyse large amounts of data on an ongoing basis to ensure controls are operating as expected.
- (vi) **Follow Up Assignments:** Internal Audit recommendations due in the period April 2023 to March 2024 will be risk assessed and followed-up to ensure implementation of all actions within all red reports and high risk actions including testing to confirm all actions full implemented. Medium risk actions will be included in audit testing where time permits.
- (vii) **Other Entities:** the Chief Internal Auditor of the Council is also the Chief Internal Auditor of Ayrshire Valuation Joint Board and the South Ayrshire Integration Joint Board and the plan includes resources allocated to these entities. An allocation of time to

conduct this audit work is included in the proposed annual Internal Audit plan but it is the responsibility of those bodies to approve the planned audit work for their respective areas. The Chief Internal Auditor takes assurance from work conducted by the audit team at East Ayrshire Council on Ayrshire Roads Alliance (ARA).

- (viii) **Other Commitments:** days are allocated in this area to carry out work which cannot be specified at the start of the year, including investigations and provision of ad-hoc advice and guidance. A contingency budget is also included for unplanned commitments arising throughout the year. Activity, and duties which are internal to the service such as reporting, planning, and audit development are included under other commitments. Time has also been allocated in the area to provide advice and guidance where there are new or changes to procedures resulting from Service reviews or implementation of new ICT Systems

## 4.2 Resources

- 4.2.1 The budgeted establishment for Internal Audit is 3.4 full time equivalents (FTE). All posts within the Internal Audit team are professionally qualified positions. The 2023/24 audit plan has been produced taking into consideration the number of available working days per Internal Audit staff member. It should be noted that this can be subject to amendment during the year, for example for any periods of unplanned long term absence.

Category	2022/23	2023/24
Key Corporate Systems	30	60
Governance/Best Value	70	95
ICT Auditing	30	15
Directorates/Other Systems	90	100
Regularity	31	72
Follow Up Reviews	26	38
Other Entities	50	50
Other Commitments	170	180
<b>Total of planned days</b>	<b>497</b>	<b>610*</b>

*\*Increased resources are available in 2023/24 as all vacancies have been filled*

- 4.2.2 An allocation of time is included within “Other Commitments” for contingency and investigations. Planned audit assurance work should be completed within the resources available provided there is no significant increase in the budget required to undertake additional work, such as large special investigations arising from Whistleblowing.
- 4.2.3 The Public Sector Internal Audit Standards require that the audit plan should be kept under review to identify any amendments required to reflect changing priorities and emerging risks. Any future changes will be based on a full risk assessment during the year and will be presented to the Panel for approval.

### 4.3 **Performance Indicators**

4.3.1 Internal audit's performance is measured against three key indicators:

- Productivity/utilisation;
- Percentage of reviews completed in audit plan; and
- Number of ad-hoc requests and investigations .

Performance against these indicators will be reported to Panel throughout the year.

4.3.2 In addition, the time spent on audits and the time taken to achieve audits is monitored on a continual basis by the Chief Internal Auditor. A single indicator does not exist for this measure, as the various audit assignments are significantly different in the type of audit work undertaken and the budget required to achieve the audit objectives. The performance information maintained for this indicator includes the measurement of time against budget as well as the elapsed time taken from the agreement of the Terms of Reference through to the issuing of the final report. This information is used to track completion of the audit plan on an ongoing basis and to assign work within the team.

### 4.4 **Developments and Training**

4.4.1 The training needs of the service continue to be reviewed on an ongoing basis, and where gaps are identified, action is taken to address these. Networking opportunities are continually explored:

- the Chief Internal Auditor attends the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG);
- the Senior Auditor attends Computer Audit Sub-Group (CASG) as well as the IDEA software user group for data analytics. Further development and training opportunities will be explored as they arise.

4.4.3 The service undertakes an annual self-assessment exercise, using the toolkit provided with the PSIAS. Any actions arising from this will be included in a revised Internal Audit action plan presented to Panel for approval around November 2023. South Ayrshire Council's five year independent external review of compliance with PSIAS was completed in 2022-23. The results of this assessment will be included in update reports to Panel once the final report has been completed.

### 4.5 **Internal Audit Charter**

4.5.1 The Internal Audit Charter is a formal document which defines the internal audit activity's purpose, authority and responsibility. The Chief Internal Auditor reviews the charter on an annual basis and presents any changes to the Panel for approval.

4.5.2 The annual review has been completed and changes are highlighted within the revised Internal Audit Charter attached at [Appendix 4](#). There have been no material changes, the Internal Audit reporting line has been

updated and references to individual Public Sector Internal Audit Standards (PSIAS) have been included to clearly demonstrate the link to the individual standards.

## **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 Not applicable.

## **7. Human Resources Implications**

7.1 Not applicable.

## **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 Failure to comply with the Public Sector Internal Audit Standards (PSIAS) and meet our obligation to provide an annual internal audit opinion.

## **9. Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached at [Appendix 5](#).

## **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 Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

## **13. Results of Consultation**

13.1 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided

**Background Papers**    [Public Sector Internal Audit Standards \(PSIAS\)](#)

[Internal Audit Charter – March 2022](#)

**Person to Contact**    Cecilia McGhee, Chief Internal Auditor  
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**Date:**    13 March 2023

## PROPOSED INTERNAL AUDIT PLAN 2023/24

No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
<b>Key Corporate Systems</b>						
1	Main Accounts	Review of updated procedures following implementation of Oracle Fusion	Best Value	11	20	
2	HR & Payroll	Review of updated procedures following implementation of Oracle Fusion	Live, Work Learn/Best Value	11	20	
3	Organisational Development	Workforce Planning	Live, Work Learn/Best Value	13	20	<b>60</b>
<b>Governance/Best Value</b>						
4	NFI	Co-ordination and Monitoring of 2022/23 Exercise and review of matches where required.	Best Value	4	15	
5	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2022/23 Assignment and review (scope to be agreed following completion of 2022/23 audit work)	Best Value	1	25	
6	Procurement	Review of "Off Contract" Spend	Best Value	4	20	
7	Participatory Budgets	Review arrangements in place to meet the National targets for participatory budgeting	Civic and Community Pride/ Best Value	1/11	15	
8	Records Management	Review compliance with the Scottish Council on Archives Records Retention Schedule (SCARRS)/Councils records management procedures.	Equalities and the Fairer Scotland Duty	4	20	<b>95</b>
<b>ICT Auditing</b>						
9	Social Media Accounts	Review controls in place around; access to and use of Council Social Media Channels	Equalities and the Fairer Scotland Duty	14	15	<b>15</b>



No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
<b>Directorates</b>						
10	Housing, Operations and Development	Review of Waste Management procedures	Spaces and Places	15	25	
11	Housing, Operations and Development	Anti-Fraud Review - Housing Let	Live, Work, Learn	4	15	
12	Education	Attainment Scotland Find (ASF)	The Promise,/Live Work Learn	9	20	
13	HSCP	External Providers	The Promise, Our Ageing Population	6	10	
14	HSCP	Premises	The Promise, Our Ageing Population	6	10	
15	Change and Communities	Follow up of Actions from 2022/23 Audit Assignment and review of annual Climate Change Duty Compliance return for 2022/23	Sustainability, climate change and biodiversity	8	10	
16	Change and Communities	Review of Cash Collection arrangements in Leisure Facilities	Spaces and Places	4	10	<b>100</b>
<b>Regularity</b>						
17	Continuous Auditing	Accounts Payable and developments in other areas including Payroll and Debtors (including Housing Rent Debtors)	Best Value	4	40	
18	Grants	Ayrshire Rural and Island Ambition Fund (ARIA)	Live, Work, Learn	4	10	
19	Grants	Network Support Grant claim	Spaces and Places/Live, Work Learn	9	5	

No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
20	Schools	Internal Control Self Assessment Toolkit - Initial Rollout and Management of the Annual Process	Live Work Learn/The Promise	4	10	
21	Social Work Locations	Internal Control Self Assessment Toolkit - Management of the Annual Process	The Promise/Our Ageing Population	4	7	<b>72</b>
<b>Follow Up Reviews</b>						
22	Regularity	Follow Up of actions from 2021/22 Audit Assignment - Museum Stores	-	5	4	
23	Main accounting	Follow up of Actions from 2020/21 Audit Assignment - Main Accounting Review	-	5/11	3	
24	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - Systems Access Controls	-	5/14	10	
25	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Void repairs	-	5/15	3	
26	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Fostering and Adoption	-	5/6	3	
27	Main Accounting	Follow up of Actions from 2022/23 Audit Assignment - NDR Relief Review	-	5/4	3	
28	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Implementation of Care Inspectorate/Scottish Government Improvement Plans	-	5/6	3	
29	Governance and Best Value	Follow up of Actions from 2022/23 Audit Assignment - arrangements in place around the use of HubSW	-	5/11	4	
30	Contingency	Follow up of Actions from 2022/23 Audit Assignment - Golf Club House Income Controls	-	5/4	5	<b>38</b>
<b>Other Entities</b>						
	AVJB	To be approved by AVJB	-	-	25	
	IJB	To be approved by IJB	-	-	25	<b>50</b>
<b>Other</b>						

No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
	Investigations	Allowance for investigations of irregularities.	-	4	20	
	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups	-	-	5	
	Advice and Guidance (Service Reviews/ Redesign)	Allocation of time to allow Internal Audit to respond to requests from services to provide advice & guidance or to review updated/changes to procedures following Service redesigns, or implementation of new processes or ICT Systems	-	3	30	
	Contingency	Contingency budget for unplanned commitments arising during the year	-	-	15	
	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2022/23	-	-	50	
	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments	-	-	50	
	QAIP	Annual self-assessment of compliance with PSIAS	-	-	10	<b>180</b>
<b>TOTAL</b>						<b>610</b>

## PROPOSED RESERVE LIST 2023/24

Rank*	Audit Area	Description	Estimated Days
1	Procurement	Review of updated procedures following implementation of Oracle Fusion	20
2	United Nations Convention on the Rights of the Child (UNCRC)	Review of arrangement in place to ensure compliance with legislation (dependent on implementation of legislation)	20
3	Fleet Management	Review of implementation of new Fleet Management System (dependent on timing of implementation)	20
4	Family Wellbeing Fund	Review of arrangements to ensure they compliance with National Guidance/ Legislation (timing dependent of when funding received)	20
5	Service Level Agreement	ARA - Obtain assurance of compliance with SLA, specifically in relation to performance reporting.	20
6	One 2 One devices in schools	Review of controls around issuing devices, restricting access (scheme not yet rolled out by Scottish Government)	20
7	Financial Intervention Orders/Corporate Appointeeships	Review of the financial intervention orders/corporate appointeeship procedures to confirm they are conducted timeously.	10
8	NDR - Relief	Review to ensure compliance with the NDR Empty Property relief and Discretionary Relief Polices approved by Council December 2022.	15
9	Asset Management/Community asset transfer	Review of asset management/ community asset transfer processes/procedures to ensure they include adequate controls to protect the Council from financial loss (timing requires to allow for new assistant director to take up post)	20

\*Ranked in order of risk assessment

## South Ayrshire Council Internal Audit Charter

### 1. Introduction

Under the Local Authority Accounts (Scotland) Regulations 2014 paragraph 7(1), a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. The standards and practices applied in the UK for all public sector internal audit providers, in-house, shared or outsourced, are the Public Sector Internal Audit Standards (PSIAS), which came into effect in April 2013 (updated in April 2017).

South Ayrshire Council has fully adopted the Public Sector Internal Audit Standards (PSIAS), which defines internal auditing as:

*Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

PSIAS (Standard 1000), requires that the purpose, authority and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter which is consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

The full Standards and Code of Ethics are available via this link: [PSIAS](#).

### 2. Core Principles

The Core Principles (PSIAS Section 5), taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focussed
- Promotes organisational improvement.

The *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *Standards*, and the *Definition of Internal Auditing* are mandatory.

### 3. Roles and Definitions

The PSIAS (Standard 1000) requires the Council to define its interpretation of the following generic terms for the purposes of internal audit activity:

- 'The Board' – the Audit and Governance Panel
- 'The Chief Audit Executive' – the Chief Internal Auditor

- ‘Senior Management’ – the Executive Leadership Team

Other roles laid out in the PSIAS are defined in South Ayrshire Council as:

- ‘The Head of Paid Service’ – Chief Executive
- ‘The Monitoring Officer’ – Head of Legal and Regulatory Services
- ‘The Chief Financial Officer’ – Head of Finance, ICT and Procurement

#### **4. Role of the Audit Committee**

The Audit and Governance Panel acts as the Council’s audit committee. In that capacity it has the following responsibilities:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on Internal Audit performance relative to its plan and other matters; and
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations placed on the service.

#### **5. Role of Senior Management**

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance.

Accountability for the response to the advice and recommendations of Internal Audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so.

#### **6. Mission of Internal Audit**

To enhance and protect organisational value, by providing risk-based and objective assurance, advice and insight.

#### **7. Authority of Internal Audit**

The authority of Internal Audit is contained in the Financial Regulations of the Council (updated December 2018) and Internal Audit reports administratively to the Depute Chief Executive and Director – People, and in line with PSIAS reports functionally to the Audit and Governance Panel.

Officers of Internal Audit have authority per the Financial Regulations, on production of identification, to:

- enter at all reasonable times any Council premises or land;
- have unrestricted access to all records, personnel, assets, documents and correspondence relating to any financial or other transaction of the Council;
- have access to all IT hardware/software running systems on behalf of South Ayrshire Council, including hardware/software owned by third party service providers;
- require and receive such explanations as are necessary concerning any matter under examination; and
- require any employee of the Council to produce cash, stores or any other Council property under his/her control.

## **8. Position of Internal Audit**

Internal Audit is an independent review activity. It is not an extension of, or a substitute for, the functions of line management. Internal Audit must be independent and therefore remain free from undue influence or other pressures affecting its actions and reporting and to that end:

- Internal Audit has a direct reporting line to the Chief Executive and functionally to the Council's Audit and Governance Panel in its role as the Council's audit committee;
- the Chief Internal Auditor has unfettered access to the Executive Leadership Team;
- the Chief Internal Auditor meets regularly with the Chair of the audit committee;
- the Chief Internal Auditor attends all audit committee meetings; and
- all audit reports are issued directly by, and in the name of, the Chief Internal Auditor.

## **9. Responsibilities and Objectives of Internal Audit**

A professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The main objectives of Internal Audit are:

- Examine, evaluate and report on the adequacy of internal controls as a contribution to the efficient, effective and economic use of resources;
- Follow up, on a sample basis, the implementation of audit action points;
- Maintain independence and integrity to permit the proper performance of the audit function;
- Prepare an annual evidence based opinion on the adequacy of the Council's internal control systems;
- Assist officers and members of the authority in the effective discharge of their responsibilities including the Section 95 Officer responsible for ensuring the proper administration of the authority's financial affairs; and
- To support the Chief Executive in discharging their overall responsibilities as Head of Paid Service.

The Chief Internal Auditor's annual report is presented to the Audit and Governance Panel and is used to support the Council's Annual Governance Statement.

## **10. Independence and Objectivity**

Internal Audit is completely independent of all financial systems operating within the Council. Internal Audit will determine its priorities with those charged with governance.

Senior management is responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services. Line management is responsible for maintaining internal control, including the maintenance of proper accounting records and other management information suitable for running the affairs of the Council.

Internal Audit will not be responsible for the development or implementation of any activity which it would normally review. Staff of Internal Audit will not assume responsibility for the design, installation, operation or control of any procedures within directorates. Internal Audit can however advise on the internal control implications of any proposed systems changes, including new systems being introduced. Internal Audit should be informed by management of all proposals for new systems and major alterations to current systems. Internal Audit will work with relevant managers to ensure that appropriate mechanisms are incorporated to minimise control risks.

The internal audit team will ensure that independence and objectivity are maintained in line with the PSIAS (Standards 1100-1130) including where non-audit work is undertaken. Internal auditors will

have no operational responsibilities. Internal Auditors are required to complete an annual Declaration of Independence and an objectivity register is in place to ensure an accurate and up to date register of all potential conflicts is maintained.

Internal auditors will treat as confidential the information they receive in performing their duties. There must not be any unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of an audit will not be used to effect personal gain.

## **11. Planning**

Internal Audit's primary task will be to review the systems of internal control operating throughout the Council. The responsibility for the production and execution of the risk based audit plan and subsequent audit activities rests with the Chief Internal Auditor.

The Chief Internal Auditor will:

- prepare an annual audit plan which will be regarded as flexible and will be continually amended and updated in the light of experience gained from audit work conducted, emerging risks to the Council and the changing environment in which audit work is conducted.
- agree the annual plan with the Chief Executive;
- seek elected members approval of the plan via the Audit and Governance Panel in its role as the Council's Audit Committee; and
- present a report each year to members outlining the actual audit work undertaken in the previous financial year and also giving an overall opinion on the adequacy of the systems and controls operated by the Council. This will include a statement confirming internal audit's compliance with PSIAS.

## **12. Arrangements for Appropriate Resourcing**

As stated in the CIPFA Application Note, *"No formula exists that can be applied to determine internal audit coverage needs. However, as a guide, the minimum level of coverage is that required to give an annual evidenced-based opinion. Local factors within each organisation will determine this minimum level of coverage."*

The annual audit plan is based on the number of audit resources available for the year with the objective of giving an evidence based opinion. High risks identified during the audit planning process are accommodated. Different areas of key financial systems are audited on an annual basis scheduled over a multi-annual cycle to ensure coverage of the whole systems.

If during the risk assessment at the planning stage a shortfall in resources available is identified, the Chief Internal Auditor will advise the Chief Executive followed by the Executive Leadership Team and Audit and Governance Panel as required to assess the associated risks or to recommend additional resources are identified.

Internal audit work is prioritised according to risk, through the judgement of the Chief Internal Auditor, informed by the Council's risk registers and in consultation with the Corporate Leadership Team.

Should circumstances arise, during the year, that resources fall or appear to be falling below the minimum level required to provide an annual evidence based opinion the Chief Internal Auditor will advise the Chief Executive, the Executive Leadership Team and the Audit and Governance Panel.



### 13. Assurance Services

Internal Audit work covers all Council activities, systems and processes and includes (but is not limited to):

- examining and evaluating the adequacy of the Council's system of internal control, including those pertaining to the deterrence, detection and investigation of fraudulent or illegal acts;
- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- reviewing the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- appraising the economy and efficiency with which resources are employed;
- reviewing the identification and assessment of risk by management;
- reviewing aspects of the control environment affected by significant changes to the organisation's risk environment;
- reviewing the Council's procedures and activities in relation to best value;
- co-ordinating Internal Audit activities with the work of the external auditors and assisting the external auditors as required;
- recommending, in consultation with management, appropriate solutions to identified systems weaknesses;
- ensuring management has confirmed action has been taken to implement audit recommendations; and
- in line with the principles of Following the Public Pound Internal Audit shall review, appraise and report on all services and other activities for which the Council is responsible or accountable, whether delivered directly or by third parties through contracts, partnerships or other arrangements.

### 14. Consultancy Services

The PSIAS defines consulting services as follows:

*"Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training."*

Consultancy and advice services, including work on fraud related matters may be undertaken from time to time at the request of senior management. A provision is included in the annual audit plan for this type of work.

When undertaking such work auditors will not take on management responsibility for the project. Ultimate responsibility for the decisions taken within the area under review remains with senior management. Acceptance of any assignment will be dependent on available resources, the nature of the assignment and any potential impact on future assurances. The objectivity of individual audit staff will be managed in assigning any subsequent assurance work. Auditors involved in consultancy work will not audit that area for a minimum of one year after the completion of the consultancy work.

Significant consultancy assignments will be reported separately to the audit committee. Any significant consulting exercise, not included in the annual audit plan, should have the approval of the audit committee. Significant is defined as any single assignment equivalent to 5% of annual planned days.

## **15. Non Audit Work – Counter Fraud**

Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption.

The Corporate Fraud Team who sit within the remit of the Chief Internal Auditor will assist management in the effective discharge of this responsibility and will also undertake proactive work to identify potentially fraudulent activity.

Any evidence or reasonable suspicion of irregularities should be dealt with in accordance to the Council's Special Investigations Procedure and Anti-Fraud and Anti-Bribery Strategy. It is the responsibility of each member of the Corporate Leadership Team to promote awareness of and adherence to these procedures.

In accordance with the Council's Special Investigations Procedure and Anti-Fraud and Anti-Bribery Strategy the Chief Internal Auditor will be notified of all suspected or detected fraud, corruption or impropriety, to inform the annual audit opinion and the risk-based plan.

The Corporate Fraud Team activity will be reported to the Audit and Governance Panel twice yearly separately from the Internal Audit progress against plan.

## **16. Other Parties Out with the Council**

The Chief Internal Auditor is responsible for presenting an annual statement on the adequacy and effectiveness of the internal control system of the Ayrshire Valuation Joint Board (AVJB). The Chief Internal Auditor has also been appointed as the Chief Internal Auditor of the South Ayrshire Integration Joint Board (IJB).

The spirit of this Internal Audit Charter will also apply to the IJB and AVJB.

## **17. Quality Assurance and Improvement Programme (QAIP)**

The Chief Internal Auditor will develop and maintain a Quality Assurance and Improvement Programme that covers all aspects of the internal audit activity. This includes both internal and external assessments.

All audit work is subject to in-house quality control procedures whereby each audit review is subject to peer review. The audit service will undertake an annual self-assessment using the PSIAS checklist.

An external assessment will be conducted at least once every five years by a suitably qualified, independent assessor and may be a full assessment or validation of a self-assessment in line with the PSIAS (Standard 1300). The results of these assessments will be communicated to the Audit and Governance Panel with exception reporting of outstanding action points thereafter.

The feedback of the Chief Executive and the Chair of the Audit and Governance Panel will be sought during the performance appraisal of the Chief Internal Auditor.

## **18. Approval**

This Charter was submitted to, and approved by, the Audit and Governance Panel, in its role as the Council's audit committee, on 22 March 2023. It will be subject to annual review and update as required. All amendments will be subject to approval by the Audit and Governance Panel.

**LINKS BETWEEN STRATEGIC RISK REGISTER (AS AT 16 FEBRUARY 2023 ) AND 2023/24 INTERNAL AUDIT PLAN**

<b>Risk No</b>	<b>Risk Title</b>	<b>2023/24 Assignment</b>
1	Decision making and governance	Participatory Budget, Ayrshire Growth Deal
2	External factors including contingency planning	Follow up of 2022/23 Audit Assignment and review of 2022/23 Climate Change Duty compliance return
3	Strategic planning – recovery and renew	Workforce Planning, time to allow Internal Audit to respond to requests from services
4	Integrity	NFI, Procurement, records management, Housing Let - Anti-Fraud review, review of cash collection in Leisure Facilities, Self-Assessment, grant audit and Continuous Auditing, Follow up of NDR Ant-fraud review and Golf Clubhouse income controls
5	Internal Audit Actions	Follow Up Assignments
6	Child and Adult Protection	External Providers, Premises follow up of fostering and adoption and Implementation of Care Inspectorate/Scottish Government Improvement Plans
7	Public and Employee Protection	-
8	Sustainable Development and Climate Change	Follow up of 2022/23 Audit Assignment and review of 2022/23 Climate Change Duty compliance return
9	Financial Inclusion	Attainment Scotland Fund
10	Ground Maintenance - Ash Tree Die Back	-
11	Financial Constraints	Review of procedures following implementation of Oracle Fusion (Main Accounting and HR), Participatory Budget, Follow Up of Main Accounting and Hub SW arrangements,
12	Employee Absence	Workforce Planning
13	Workforce Planning	Workforce Planning
14	ICT – Digital Resilience, Protection and Capability	Social Media account management, Follow up of systems access controls
15	Management of Assets	Waste management review, Follow up of void repairs

**South Ayrshire Council  
Equality Impact Assessment  
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

### 1. Policy details

Policy Title	<b>Proposed Internal Audit Plan 2023/24</b>
Lead Officer (Name/Position/Email)	Cecilia McGhee, Chief Internal Auditor - <a href="mailto:Cecilia.McGhee2@south-ayrshire.gov.uk">Cecilia.McGhee2@south-ayrshire.gov.uk</a>

**2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts**

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	No	No
Disability	No	No
Gender Reassignment (Trans/Transgender Identity)	No	No
Marriage or Civil Partnership	No	No
Pregnancy and Maternity	No	No
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	No	No
Religion or Belief (including lack of belief)	No	No
Sex – (issues specific to women & men or girls & boys)	No	No
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No	No
Thematic Groups: Health, Human Rights & Children's Rights	No	No

**3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.**

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	Low	Low
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	Low	Low
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	Low	Low
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	Low	Low
Socio-economic Background – social class i.e. parent's education, employment and income	Low	Low

**4. Do you have evidence or reason to believe that the policy will support the Council to:**

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
<b>Eliminate unlawful discrimination, harassment and victimisation</b>	No
<b>Advance equality of opportunity</b> between people who share a protected characteristic and those who do not	No
<b>Foster good relations</b> between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	No
Increase participation of particular communities or groups in public life	No
Improve the health and wellbeing of particular communities or groups	No
Promote the human rights of particular communities or groups	No
Tackle deprivation faced by particular communities or groups	No

**5. Summary Assessment**

<p><b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b>)</p>	<p><b>YES</b> <input type="checkbox"/></p> <p><b>NO</b> <input checked="" type="checkbox"/></p>
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**Rationale for decision:**

This report seeks approval of Members for the internal audit plan for 2021/22. Their decision on this has no specific equality implications.

**Signed :** Cecilia McGhee, Chief Internal Auditor

**Date:** 20 February 2023

**South Ayrshire Council**

**Report by Head of Finance, ICT and Procurement  
to Audit and Governance Panel  
of 22 March 2023**

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**Subject: Annual Audit Plan 2022/23**

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**1. Purpose**

1.1 The purpose of this report is to provide background to the presentation by Audit Scotland of their Annual Audit Plan 2022/23 (the Audit Plan).

**2. Recommendation**

**2.1 It is recommended that the Panel agrees the attached 2022/23 Annual Audit Plan (Appendix 1).**

**3. Background**

3.1 This is the first year of Audit Scotland's appointment as the Council's external auditor, which will cover the period until 2027/28 (inclusive).

**4. Proposals**

4.1 The Introduction sets out the summary of planned audit work along with the respective responsibilities of the auditor and the Council.

4.2 Audit Scotland have identified the following two significant risks to the Annual Accounts, which have the greatest impact on their planned audit procedures:

4.2.1 Risk of material misstatement due to fraud caused by management override of controls; and

4.2.2 Significant estimation and judgment: other land and buildings, council dwellings and schools PPP valuations.

4.3 Audit Scotland have identified one other area where they consider there is also a risk of material misstatement to the financial statements, being the pension liability, but due to the likelihood and magnitude of the risk, it is not considered as representing a significant risk.

4.4 The audit goes beyond simply providing assurance on the financial statements and the Council's internal control environment. The Code of Audit Practice (the Code) sets out the four areas that frame the wider scope of public sector audits in Scotland: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

4.5 Audit Scotland's reporting arrangements and planned audit outputs are summarised in Exhibits 5 and 6 of the Audit Plan (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 There are no specific financial implications in respect of this report.

## **7. Human Resources Implications**

7.1 Not applicable.

## **8. Risk**

### **8.1 *Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendation. This paper is based on Audit Scotland's analysis of the risks facing the Council.

### **8.2 *Risk Implications of Rejecting the Recommendations***

8.2.1 If the recommendation is rejected, then detailed discussion and negotiation will be required between the Council and Audit Scotland in order to agree a mutually acceptable audit plan for 2022/23.

## **9. Equalities**

9.1 The proposals in this report have been assessed through the Equalities Impact Assessment Scoping process, and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 2.

## **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 Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness. The new Council Plan, approved at Council on 1 March 2023, comes in to effect from 1 April



2023 where the matters referred to in this report will contribute to 'Enabling Services'.

### **13. Results of Consultation**

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Limited consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

**Background Papers**    **None**

**Person to Contact**    **Tim Baulk, Head of Finance, ICT and Procurement  
County Buildings, Wellington Square, Ayr, KA7 1DR  
Phone 01292 612620  
E-mail [tim.baulk@south-ayrshire.gov.uk](mailto:tim.baulk@south-ayrshire.gov.uk)**

**Date:**    **13 March 2023**

# South Ayrshire Council

Annual Audit Plan 2022/23



 AUDIT SCOTLAND

Prepared for South Ayrshire Council  
March 2023

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# Introduction

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## Summary of planned audit work

**1.** This document summarises the work plan for our 2022/23 external audit of South Ayrshire Council (the council). The main elements of our work include:

- evaluation of the key controls within the main accounting systems
- an audit of the annual accounts, and provision of an independent auditor's report
- an audit opinion on other statutory information published within the annual accounts including the management commentary, the governance statement, and the remuneration report
- consideration of arrangements in relation to wider scope areas: financial management; financial sustainability; vision, leadership, and governance; and use of resources to improve outcomes
- consideration of Best Value arrangements
- providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts (WGA) return
- review the council's arrangements for preparing and publishing statutory performance information.

## Audit Appointment

**2.** We are pleased to be appointed as the external auditor of the council for the period 2022/23 to 2027/28 inclusive. You can find a brief biography of your audit team at [appendix 1](#).

**3.** In the first year of the audit appointment, we invest significant time gaining an understanding of your business and identifying and assessing the risks of material misstatement to the financial statements. While we use our initial assessment of risk to inform our planned audit approach, we keep our assessment of risks under review as the audit progresses. We will inform you of any significant changes in assessed risks and any resulting changes in our planned audit work.

**4.** The audit team will actively engage with you over the course of the audit to ensure our audit work continues to be focused on risk.

## Adding value

5. We aim to add value to the council through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we will help the council promote improved standards of governance, better management and decision making and more effective use of resources. Additionally, we attend meetings of the Audit and Governance Panel and actively participate in discussions.

## Respective responsibilities of the auditor and the council

6. The [Code of Audit Practice 2021](#) sets out in detail the respective responsibilities of the auditor and the council. Key responsibilities are summarised below.

### Auditor responsibilities

7. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#) (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

8. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the arrangements within the council to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

### The council's responsibilities

9. The council is responsible for maintaining accounting records and preparing annual accounts that give a true and fair view.

10. The council has the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives.

### Communication of fraud or suspected fraud

11. In line with ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), in presenting this plan to the Audit and Governance Panel we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. During our audit, should members of the council have any such knowledge or concerns relating to the risk of fraud within it, we invite them to communicate this to us for our consideration.

# Annual Accounts audit planning

## Introduction

**12.** The annual accounts are an essential part of demonstrating South Ayrshire Council's (the council) stewardship of resources and its performance in the use of those resources.

**13.** We focus our work on the areas of highest risk. As part of our planning process, we prepare a risk assessment highlighting the audit risks relating to each of the main financial systems relevant to the production of the financial statements in the annual accounts.

## Materiality

**14.** Materiality is an expression of the relative significance of a matter in the context of the annual accounts. The concept of materiality is applied by auditors in planning and performing the audit, and in evaluating the effect of any uncorrected misstatements on the financial statements. We are required to plan our audit to determine with reasonable confidence whether the annual accounts are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

## Materiality levels for the 2022/23 audit of the council and its group

**15.** The materiality levels for the council and its group are set out in [exhibit 1](#).

## Exhibit 1

### 2022/23 materiality levels for the council and its group

Materiality	Council	Group
<p><b>Planning materiality:</b> This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of the council's operations. It has been set at 2% of gross expenditure based on the latest audited annual accounts for 2021/22.</p>	£11.660 million	£11.670 million

<p><b>Performance materiality:</b> This acts as a trigger point. If the aggregate of errors identified during the annual accounts audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 65% of planning materiality.</p>	£7.580 million	£7.585 million
<p><b>Reporting threshold:</b> We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.</p>	£0.250 million	£0.250 million

Source: Audit Scotland

## Significant risks of material misstatement to the annual accounts

**16.** Our risk assessment draws on our knowledge of the council, its major transaction streams, key systems of internal control and risk management processes. It is informed by our discussions with management and internal audit, attendance at committees and a review of supporting information.

**17.** Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management and where relevant, report them to those charged with governance.

**18.** Based on our risk assessment process, we identified the following significant risks of material misstatement to the annual accounts. These risks have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risks, the sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurance over the risk.

**Exhibit 2**

## 2022/23 significant risks of material misstatement to the annual accounts

Significant risk of material misstatement	Sources of management assurance	Planned audit response
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240 (<i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i>), management is in a unique position to perpetrate fraud because of their ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>Owing to the nature of this risk, assurances from management are not applicable in this instance.</li> </ul>	<ul style="list-style-type: none"> <li>Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</li> <li>Assess the design and implementation of controls over journal entry processing.</li> <li>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</li> <li>Test journals at the year-end and post-closing entries and focus on significant risk areas.</li> <li>Evaluate significant transactions outside the normal course of business.</li> <li>We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</li> <li>Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</li> <li>Focussed testing of accounting accruals and prepayments.</li> </ul>
<p><b>2. Significant estimation and judgment: other land and buildings, council dwellings and schools PPP valuations</b></p> <p>The council held other land and buildings, including its council dwellings and school PPP estate, with a net book value of more than £640 million as at 31 March 2022.</p>	<ul style="list-style-type: none"> <li>Revaluations completed by Royal Institute of Chartered Surveyors (RICS) qualified surveyors.</li> <li>Revaluations carried out for all assets as part of rolling revaluation programme.</li> </ul>	<ul style="list-style-type: none"> <li>Review the information provided to the valuer to assess for completeness.</li> <li>Evaluate the competence, capabilities, and objectivity of the professional valuer.</li> <li>Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred.</li> <li>Critically evaluate the approach the council has adopted to assess the risk that assets not subject to valuation are</li> </ul>



Significant risk of material misstatement	Sources of management assurance	Planned audit response
<p>There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p> <p>The assets are revalued on a five-year rolling basis. Values may also change year on year, and it is important that the council ensures the financial statements accurately reflect the value of the assets.</p> <p><b>Risk:</b> Valuations of these assets are materially misstated.</p>	<ul style="list-style-type: none"> <li>• Detailed working papers retained to support asset reviews and impairments.</li> <li>• An annual impairment review is undertaken by the registered valuer and reviewed by management.</li> </ul>	<p>materially misstated and consider the robustness of that approach.</p> <ul style="list-style-type: none"> <li>• Test the reconciliation between the financial ledger and the asset register.</li> <li>• Evaluate management's assessment of why it considers that the land and buildings not revalued in 2022/23 are not materially misstated. We will critically assess the appropriateness of any assumptions.</li> <li>• Critically assess the adequacy of the council's disclosures regarding the assumptions in relation to the valuation of other land and buildings and council dwellings.</li> </ul>

Source: Audit Scotland

## Other area of audit focus

**19.** As part of our assessment of audit risks, we have identified one other area where we consider there is also a risk of material misstatement to the financial statements, being the pension liability. Based on our assessment of the likelihood and magnitude of the risk, we do not consider this to represent a significant risk. We will keep this area under review as our audit progresses.

**20.** The other area of specific audit focus is:

- **Pension liability:** This an area of audit focus due to the material value and significant assumptions used in the calculation of the liability. We will review the work of the actuary, including reviewing the appropriateness of actuarial assumptions and management's assessment of these.

## Consideration of the risks of fraud in the recognition of revenue and expenditure

**21.** As set out in ISA (UK) 240 (*The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*), there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue income may be misstated

resulting in a material misstatement in the financial statements. We have rebutted this presumed risk in 2022/23 as, while the possibility of fraud exists, we do not judge it to be a significant risk due to the nature of the majority of the council's income streams, namely government funding and grants.

**22.** In line with Practice Note 10 (*Audit of financial statements and regularity of public sector bodies in the United Kingdom*), as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have considered each of the council's expenditure streams, and based on our knowledge of the council, prior year considerations and our risk assessment to date, we do not consider these to be susceptible to material misstatement due to fraud. We also consider there to be limited incentive and opportunity for the manipulation of expenditure recognition in the financial statements. We have therefore rebutted the risk of material misstatement due to fraud in expenditure recognition for 2022/23.

**23.** We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures.

## **Audit of the management commentary, annual governance statement and remuneration report**

**24.** In addition to the appointed auditor's opinion of the financial statements, the Accounts Commission prescribes that the appointed auditor should provide opinions as to whether the management commentary, annual governance statement, and the audited part of the remuneration report, have been compiled in accordance with the appropriate regulations and frameworks and are consistent with the financial statements.

**25.** To inform these opinions we will consider whether the disclosures within each statement comply with the requirements of the applicable guidance, and confirm that relevant information reflects the contents of the financial statements and other supporting documentation, including:

- **Management commentary:** Consideration of performance information reported to council committee's and published during the year.
- **Annual governance statement:** Reviewing the Local Code of Corporate Governance, considering the annual assurance statements completed, and prepared by Senior Officers to provide assurances to the Chief Executive, and Internal Audit's annual assurance statement.
- **Remuneration report:** Obtaining and reviewing payroll data and HR reports.

**26.** Based on our knowledge of the audit, and the established procedures in place to produce these statements, we have not identified any specific risks to be communicated to those charged with governance in relation to the audit of the management commentary, annual governance statement, and audited part of the remuneration report.

## Group Consideration

**27.** As group auditors, we are required under ISA (UK) 600 (*Audits of group financial statements (including the work of component auditors)*) to obtain sufficient appropriate audit evidence on which to base our audit opinion on the group accounts.

**28.** The council has a group which comprises component entities including subsidiaries, associates, and joint ventures. The audits of the financial information of some of the components are performed by other auditors. Based on our discussion with management and assessment of the group, the only significant group component is the council, which accounts for 98% of the consolidated net cost of services and 89% of the group's net assets. At this stage, it has been assessed that there are no other significant components, other than the council. All non-significant components will be covered by an analytical review at the group level.

**29.** We will obtain sufficient appropriate audit evidence in relation to the consolidation process and the financial information of the components on which to base our group audit opinion.

## Audit of the trusts registered as Scottish charities

**30.** The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each registered charity where members of the council are sole trustees, irrespective of the size of the charity.

**31.** South Ayrshire Council administers three such registered charities, disclosed in a single set of annual accounts, with total assets of some £0.179 million. This is in accordance with the connected charities rules. The preparation and audit of annual accounts of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

**32.** Other than a risk of management override of controls which has also been identified as risks in respect of the council's annual accounts, no specific planning risks were identified in respect of the charity's annual accounts.

## Materiality levels for the 2022/23 audit of trusts registered as Scottish charities

33. Materiality levels for the various trusts are set out in [exhibit 3](#).

### Exhibit 3

2022/23 materiality levels for trusts registered as Scottish charities

Charitable trust	Planning Materiality	Performance Materiality	Reporting Threshold
<b>McKechnie Library Trust (SC012759)</b>	£125 (Based on 2% of audited 2021/22 net asset value)	£95 (Based on 75% of planning materiality)	£50
<b>South Ayrshire Council Charitable Trusts (SC025088)</b>	£760 (Based on 2% of audited 2021/22 net asset value)	£570 (Based on 75% of planning materiality)	£100
<b>South Ayrshire Charitable Trust (SC045677)</b>	£1,900 (Based on 2% of audited 2021/22 net asset value)	£1,450 (Based on 75% of planning materiality)	£100

Source: Audit Scotland

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# Wider Scope and Best Value

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## Introduction

**34.** The [Code of Audit Practice](#) sets out the four areas that frame the wider scope of public sector audit. The Code of Audit Practice requires auditors to consider the adequacy of the arrangements in place for the wider scope areas in audited bodies.

**35.** In summary, the four wider scope areas cover the following:

- **Financial management:** means having sound budgetary processes. We will consider the arrangements to secure sound financial management including the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error, and other irregularities.
- **Financial sustainability:** as auditors, we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium-term (two to five years) and longer-term (longer than five years).
- **Vision, leadership, and governance:** we conclude on the arrangements in place to deliver the vision, strategy and priorities adopted by the council. We also consider the effectiveness of the governance arrangements to support delivery.
- **Use of resources to improve outcomes:** we will consider how the council demonstrates economy, efficiency, and effectiveness through the use of financial and other resources.

## Significant wider scope risks

**36.** Our risk assessment has not identified any significant risks in respect of the above wider scope areas.

## Financial sustainability

**37.** Whilst not a significant audit risk, the challenging financial environment in which the council, along with other public sector bodies, is operating in, has been identified as an area of audit focus. There are challenges to the medium and longer-term financial sustainability due to the uncertainty over future Scottish Government funding allocations, the rising cost of inflation and the cost of implementing future pay settlements. Our annual audit report will include comment on the council's 2022/23 financial outturn, 2023/24 budget, and its medium-term financial plan.

**38.** Our planned work on our wider scope responsibilities is risk based and proportionate and in addition to local risks we consider challenges which are impacting the public sector. In 2022/23 we will consider the council's approach to tackling climate change.

## Climate Change

**39.** Tackling climate change is one of the greatest global challenges. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change. The Auditor General and Accounts Commission are developing a programme of work on climate change.

**40.** In 2022/23, as part of our Best Value work, we will gather information on the council's arrangements for responding to climate change covering areas such as the development of climate change strategies and the monitoring and reporting of progress against targets for reducing emissions.

## National Fraud Initiative (NFI)

**41.** The council participates in the NFI in Scotland. We will monitor the council's progress with investigating the matches identified by this exercise.

## Best Value

**42.** Under the 2021 [Code of Audit Practice](#), the audit of Best Value in councils is fully integrated within our annual audit work.

**43.** Best Value at the council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the council's approach to demonstrating improvement in the effective use of resources and public performance reporting. We will also follow up findings reported previously in the council's [2021 Best Value Assurance Report](#) to assess the pace and depth of improvement.

**44.** In addition to our annual work on Best Value we will conduct thematic reviews as directed by the Accounts Commission. In 2022/23 our focus will be on the effectiveness of council leadership in developing new local strategic priorities following the elections in May 2022. Our conclusions and judgements will be reported in a separate report to management and summarised in our annual audit report.

**45.** At least once every five years, the Controller of Audit will report to the Accounts Commission on the council's performance in meeting its Best Value duties. The programme of Controller reports will commence in October 2023 on the councils listed in [exhibit 4](#), with South Ayrshire to be the first council considered by the Accounts Commission in October 2023.

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**Exhibit 4**

2023 Controller of Audit reports

Falkirk

South Ayrshire

Moray

Dumfries and Galloway

Clackmannanshire

West Dunbartonshire

Orkney Islands

City of Dundee

Source: Audit Scotland

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# Reporting arrangements, timetable, and audit fee

## Reporting arrangements

**46.** Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs, as detailed in [exhibit 5](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**47.** 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 relevant officers to confirm factual accuracy.

**48.** We will provide an independent auditor's report to South Ayrshire Council (the council) and the Accounts Commission setting out our opinions on the annual accounts. We will provide the council and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

**49.** [Exhibit 5](#) outlines the target dates for our audit outputs, and we aim to issue the independent auditor's report by Audit Scotland's deadline of 30 September 2023.

## Exhibit 5

### 2022/23 Audit outputs

Audit Output	Latest date	Audit and Governance Panel Date
Annual Audit Plan	31 March 2023	22 March 2023
Best Value Management Report	30 June 2023	28 June 2023
Independent Auditor's Report	30 September 2023	27 September 2023
Annual Audit Report	30 September 2023	27 September 2023

Source: Audit Scotland





## Timetable

**50.** To support an efficient audit, it is critical that the timetable for producing the annual accounts for audit is achieved. We have included a proposed timetable for the audit at [exhibit 6](#) that has been discussed and agreed with management.

**51.** We intend to take a hybrid approach to the 2022/23 audit with a blend of onsite and remote working. We will continue to work closely with management to identify the most efficient approach as appropriate and will keep timeframes for the completion of the audit under review. Progress will be discussed with management over the course of the audit.

## Exhibit 6

### Proposed annual accounts timetable

 Key stage	 Provisional Date
Consideration of the unaudited annual accounts by those charged with governance	28 June 2023
Latest submission date for the receipt of the unaudited accounts with complete working papers package.	30 June 2023
Latest date for final clearance meeting with the Head of Finance, ICT and Procurement, agreement of the audited and unsigned annual accounts and the proposed annual audit report.	8 September 2023
Issue of proposed annual audit report, letter of management representation and proposed independent auditor's report to those charged with governance.	15 September 2023
Presentation of proposed annual audit report to those charged with governance. Approval of the South Ayrshire Council annual accounts by those charged with governance, independent auditor's report signed electronically following this approval and the final annual audit report issued.	27 September 2023
Certified Non-Domestic Rates Return, Housing Benefit subsidy claim and WGA assurance.	To be confirmed

Source: Audit Scotland

## Audit fee

**52.** In determining the audit fee, we have taken account of the risk exposure of the council and the planned management assurances in place. The agreed audit fee for 2022/23 is £326,550 (£295,160 in 2021/22).

**53.** We have also agreed an audit fee of £1,100 (£1,000 in 2021/22) for the audit of the registered charities administered by the council.

**54.** Our fees have increased in 2022/23 and this reflects the current audit market and the rising costs in delivering high quality audit work. There are increased regulatory expectations and risks placed on audit and its quality, as well as a widening in the scope of work audit must cover.

**55.** In setting the fee for 2022/23 we have assumed that the council has effective governance arrangements and will prepare comprehensive and accurate annual accounts for audit in line with the agreed timetable for the audit. The audit fee assumes there will be no major change in respect of the scope of the audit during the year and where our audit cannot proceed as planned, a supplementary fee may be levied.

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# Other matters

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## Internal audit

**56.** It is the responsibility of the council to establish adequate internal audit arrangements. The council's internal audit function is provided by its internal audit section led by the Chief Internal Auditor.

**57.** While we are not planning to place formal reliance on the work of internal audit in 2022/23, we will review internal audit reports and assess the impact of the findings on our annual accounts and wider scope audit responsibilities.

## Independence and objectivity

**58.** Auditors appointed by the Accounts Commission must comply with the [Code of Audit Practice](#) and relevant supporting guidance. When auditing the annual accounts, 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.

**59.** Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual '*fit and proper*' declaration for all members of staff. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

**60.** The appointed auditor for South Ayrshire Council is Fiona Mitchell-Knight, Audit Director. Andrew Kerr, Senior Audit Manager is the appointed auditor of the registered charities administered by the council. 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 the council or charitable trusts.

## Audit Quality

**61.** Quality is at the core of public audit in Scotland and is the foundation for building consistency and confidence across all audit work. High quality audits provide assurance, add value, and can support public bodies to achieve their objectives.

**62.** Audit Scotland are committed to delivering high quality audits. 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](#) (and supplementary guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of England

and Wales (ICAEW) have been commissioned to carry out external quality reviews.

**63.** 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 welcome feedback at any time, and this may be directed to the engagement lead.

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# Appendix 1. Your audit team

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**64.** The core members of the audit team involved in the audit of South Ayrshire Council are noted below. The audit team will be supplemented by additional staff during peak times.

Fiona Mitchell-Knight FCA  
Audit Director  
[FMitchell-Knight@audit-scotland.gov.uk](mailto:FMitchell-Knight@audit-scotland.gov.uk)

Fiona is the engagement lead for the audit of South Ayrshire Council and will sign off the independent auditor's report on the council's annual accounts. Fiona has 30 years' experience of public sector audit with Audit Scotland, covering local government, health, and the further education sector.

Andrew Kerr CA  
Senior Audit Manager  
[akerr@audit-scotland.gov.uk](mailto:akerr@audit-scotland.gov.uk)

Andrew has 10 years of auditing experience and has delivered external audit services to a range of organisations across all areas of the Scottish public sector. Andrew will have overall control of the delivery and quality of the audit including audit engagement and ensuring the audit is properly planned, resourced, and executed.

Gemma McNally CA  
Senior Auditor  
[gmcnally@audit-scotland.gov.uk](mailto:gmcnally@audit-scotland.gov.uk)

Gemma has considerable experience in planning and delivering audits. Gemma will lead and be responsible for day-to-day management of the audit and who will be your primary contact.

**65.** The local audit team is supported by a specialist technical accounting team, all of whom have considerable experience of public bodies and work with accounting regulatory bodies.

# South Ayrshire Council

## Annual Audit Plan 2022/23

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)

For the latest news follow us on social media or [subscribe to our email alerts.](#)



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[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

## South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. FSD Guidance for Public Bodies in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

### 1. Policy details

Policy Title	Annual Audit Plan 2022/23
Lead Officer (Name/Position/Email)	Tim Baulk, Head of Finance, ICT and Procurement – tim.baulk@south-ayrshire.gov.uk

**2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts**

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Sex – (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children’s Rights	-	-

**3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.**

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

**4. Do you have evidence or reason to believe that the policy will support the Council to:**

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
<b>Eliminate unlawful discrimination, harassment and victimisation</b>	Low
<b>Advance equality of opportunity</b> between people who share a protected characteristic and those who do not	Low



<b>General Duty and other Equality Themes</b> <b>Consider the 'Three Key Needs' of the Equality Duty</b>	<b>Level of Negative and/or Positive Impact</b> <b>(High, Medium or Low)</b>
<b>Foster good relations</b> between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

## 5. Summary Assessment

<b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b> )	<input checked="" type="checkbox"/> <b>YES</b>  <input type="checkbox"/> <b>NO</b>
<b>Rationale for decision:</b>  <b>The report submits Audit Scotland's report on the annual audit plan, and asks Members to approve the summary assurance plan. Their decision on this has no specific equality implications</b>	
<b>Signed :</b> Tim Baulk  <b>Date:</b> 8 March 2023	<b>Head of Service</b>

**South Ayrshire Council**

**Report by Director of Strategic Change and Communities  
to Audit and Governance Panel  
of 22 March 2023**

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**Subject: Best Value Action Plan 2021-22 – Update**

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**1. Purpose**

- 1.1 The purpose of this report is to advise members of the progress made in delivering the actions identified in the Best Value Assurance Report - [Action Plan 2021-22](#).

**2. Recommendation**

**2.1 It is recommended that the Panel**

- 2.1.1 scrutinises the content of the Best Value Action Plan 2021-22 update report;**
- 2.1.2 considers the progress through the narrative set out within [Appendix 1](#); and**
- 2.1.3 notes the fieldwork being undertaken by Audit Scotland in relation to a thematic audit of the Council's Leadership.**

**3. Background**

- 3.1 The Local Government in Scotland Act 2003 places statutory duties on Councils in relation to Best Value. The audit of Best Value is a continuous process that forms part of the annual audit of every Council. Findings are reported each year through the Annual Audit Report.
- 3.2 In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each Council. Audit Scotland published the Council's [Best Value Assurance Report](#) published in October 2021.
- 3.3 In response to the recommendations in the report, an [action plan](#) was developed by officers and agreed by Council in December 2021. Members agreed that progress on the action plan should be reported to the Audit and Governance Panel quarterly.
- 3.4 Audit Scotland has now changed the approach to Best Value Audits and have move to a thematic model. South Ayrshire is one of five local Authorities being audited this year under the theme of Leadership. The field work will take place between

January and May 2023 with an interim report being presented to Audit and Governance Panel on 28 June 2023.

#### **4. Proposals**

4.1 It is proposed that members of the Audit and Governance Panel scrutinise the attached report ([Appendix 1](#)), note that all actions are complete, and offer feedback to officers.

4.2 As part of the upcoming thematic audit on leadership, Audit Scotland have requested documentation relating to:

- The new Council Plan;
- The Local Outcomes Improvement Plan;
- Climate Change;
- Performance Reporting;
- Covid 19 Recovery and Renewal; and
- Self-evaluation.

4.3 A cross-Directorate officer working group has been established to progress these requests. Oversight of this will be provided by the Best Value Working Group.

#### **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 Not applicable.

#### **7. Human Resources Implications**

7.1 Not applicable.

#### **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 Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

## **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 Dowe, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.

**Background Papers** [Audit Scotland - Best Value Assurance Report - published on 27 October 2021](#)

[Best Value Assurance Report - Action Plan 2021-22](#)

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**Date: 13 March 2023**

## Best Value Assurance Report - Action Plan 2021-22

**Recommendation 1 The Council should confirm that it has the capacity and skills required to increase its pace of improvement in key aspects of Best Value, such as community empowerment, financial and workforce planning and transformation Where appropriate external support should be sought from other Councils, or the Improvement Service, to help with focussing its areas of improvement. (paragraph 119)**

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Secure additional funding to add temporary resources to key areas of Best Value	Chief Executive	100%	31-Dec-2022	31-Dec-2022	Resource requirements will now be considered by Best Value Working Group
Engage the Improvement Service on aspects of Best Value	Chief Executive	100%	31-Dec-2022	31-Dec-2022	Director of Strategic Change and Communities in regular contact with Improvement Service to ensure they can assist in delivery of Best Value

**Recommendation 2 The Council prepare both medium and long-term financial plans. The plans should consider changes to both income and expenditure, identify both budget gaps and set out the actions necessary to address those gaps. There should also be a clear linkage to Council priorities (paragraph 62)**

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Develop a Long-Term Financial Outlook (LTFO) that draws together all known factors which affect the Council's financial position and its financial sustainability over the longer term (i.e., a ten-year period). The LTFO will be refreshed bi-annually	Head of Finance, ICT and Procurement	100%	31-Dec-2022	31-Dec-2022	The Long-Term Financial Outlook (LTFO) and Medium-Term Financial Plan (MTFP) was considered and approved by Leadership Panel in 2021.
Develop a Medium-Term Financial Plan (MTFP) that provides a clear understanding of the anticipated resources available to the Council in the short and medium term (i.e. three years) in order to deliver its priorities and objectives. The MTFP will be updated annually	Head of Finance, ICT and Procurement	100%	31-Dec-2022	31-Dec-2022	Plan developed and approved

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
<p>Ensure clear and continued linkage between the LTFO and MTFP with other key strategic documents, including the Council Plan, Workforce Plan, Long Term Financial Linkage evidenced in future strategic developments. Executive Leadership Team (ELT) and Corporate Leadership Team (CLT) Ongoing and aligned to Council Plan and Workforce Plan Strategy and Treasury Management Strategy</p>	<p>Head of Finance, ICT and Procurement</p>	<p>100%</p>	<p>31-Dec-2022</p>	<p>31-Mar-2023</p>	<p>The Long-Term Financial Outlook (LTFO) and Medium Term Financial Plan (MTFP) published in October 2021 are an essential component of the overall financial framework, that sets the context for medium term and annual financial planning and ensures that resources are targeted towards achieving Council priorities. The updated MTFP in November 2022 reinforced this linkage by clearly stating that the purpose of a Medium-Term Financial Plan (MTFP) is to provide a clear direction on how the Council will manage its financial resources in the short to medium term to ensure they are deployed effectively to achieve Council Priorities and objectives. It plays a vital part of decision-making and forms the basis of the Council's stewardship over taxpayer's funds. It is an integral part of the Council's financial and planning framework.</p> <p>The setting of the new Council Plan and the new Priorities contained with Plan, together with the resulting Service Plans, require to be taken forward within the context of the financial resources available as outlined within the LTFO and updated MTFP. Future iteration of both the LTFO and MTFP will continue this process of determining the overall financial environment and setting the financial envelope for the achievement of the Council priorities.</p>
<p>Develop a public-facing communication plan to publicise and explain the significant financial challenges facing the Council for the foreseeable future</p>	<p>Director of Strategic Change and Communities</p>	<p>100%</p>	<p>31-Mar-2022</p>	<p>31-Mar-2023</p>	<p>The communication plan has been implemented including information videos to outline to the public what the financial challenges will be.</p>
<p>Develop a clear understanding of public needs, preferences, and priorities through a robust and recurring engagement process, aligned with the local government electoral cycle</p>	<p>Director of Strategic Change and Communities</p>	<p>100%</p>	<p>31-Dec-2022</p>	<p>31-Mar-2023</p>	<p>An online engagement survey has been implemented to support the development of the Council Plan with the opportunity for ongoing engagement over the next few months. Timescales for the development of the Council Plan and supporting Service Plans has been set out with a target to deliver these by June 2023.</p>
<p>Develop processes to support Elected Members in setting clear, prioritised objectives based on the Council Plan and the projected needs of the public,</p>	<p>Service Lead – Policy, Performance and Community Planning</p>	<p>100%</p>	<p>31-Dec-2022</p>	<p>31-Mar-2023</p>	<p>Further engagement between the Administration, the Council Leadership Team and the Budget Working Group have taken place to help set the high-level priorities. These priorities were made available to the</p>

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
including service redesign, reduction, and cessation where appropriate					public, staff and partners to comment on and the feedback was incorporated into the final plan.
Engage with external partners (e.g. Improvement Service) to ensure that the design and delivery of community engagement improvement actions are effective and reflects best practice	Director of Strategic Change and Communities	100%	31-Mar-2022	31-Mar-2022	Thriving Communities are liaising with the HSP, 3rd Sector and other CPP partners to improve community engagement across CPP. It is proposed that the existing CPP Communities Reference Group is refreshed and called Community Engagement Coordination Group. (Proposal Attached). Internally improvements have already taken place, this includes the established consultation officer's group, engagement with Community Councils and the roll out of Place Standards toolkit. Initial meetings have taken place with the Improvement Service and a presentation was delivered by them to Senior Management. Early engagement has commenced in relation to best practice engagement activity.

**Recommendation 3 The Council should improve and embed workforce planning, so that service workforce plans are developed consistently across the Council. The plans should include clear links to the Council's priorities and to its strategic change programme. (paragraph 77)**

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Convene a Corporate Working Group to develop a workforce plan for 2022-25 that links to the Council's strategic priorities and improvement areas in relation to Best Value	Chief Executive	100%	31-Dec-2021	31-Dec-2021	Complete, a workforce planning group has been convened.
Workforce Plan Implementation	Director of Strategic Change and Communities	100%	31-Mar-2022	31-Mar-2022	The draft workforce plan was considered at Service and Performance panel in October 2022 and is now being progressed to Cabinet in November 2022.

**Recommendation 4 The Council should make sure that its transformation work is fully aligned and integrated to its covid recovery planning work and improve its approach to its Strategic Change Programme by: • Adding greater detail about individual projects • Setting clear timelines for each project • Developing a benefits realisation tracker to assess whether the Council has achieved its aims. (paragraphs 123 and 124)**

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Update Leadership Panel on the development and delivery of the South Ayrshire Way Strategic Change Programme	Project Implementation Co-ordinator	100%	31-Dec-2022	31-Dec-2022	To date, the following updates have been provided: <ul style="list-style-type: none"> <li>• Leadership Panel - 15 February</li> <li>• Service and Improvement Panel - 29 March</li> <li>• Cabinet - 14 June</li> </ul> An update will also go to the Service Improvement Panel in October.
Development of a Communications Strategy including the roll out of key messages to staff, stakeholders, partners and the public on the launch of the Change Programme; key themes and outputs and the benefits that will be achieved	Project Implementation Co-ordinator	100%	31-Mar-2022	31-Mar-2022	Communication Strategy approved and implemented, and updates provided to the Strategic Change Executive
Implementation of internal effective mechanisms for reporting programme progress and in particular tracking benefits	Project Implementation Co-ordinator	100%	31-Mar-2022	31-Mar-2022	Benefits Realisation Plan has been approved by Strategic Change Executive (26 August 2021). It was also shared at Service and Performance Panel on 29 March 2022 which noted the approach that the Council is taking to benefit realisation and implementing trackers.
Continue to progress the delivery of projects, focussing on moving projects from the scoping/exploratory phase and into delivery	Project Implementation Co-ordinator	100%	31-Mar-2022	31-Mar-2022	There will be a continued focus on moving projects into implementation.
Review governance arrangements across the Council to integrate its approach to transformation and change; avoid duplication, promote recovery from covid and inform best practice	Assistant Director, Strategic Change	100%	31-May-2022	31-May-2023	A proposed governance model has been developed by Officers subject to completing a review of existing governance arrangements. This model will now be taken forward with relevant Officers to refine reporting requirements and avoid duplication.



**Recommendation 5 The Council needs to build on the Service Recovery and Improvement Plans and the Community Engagement Strategy to ensure that future community engagement and consultation is consistent, and fully involves communities to develop how Council services will operate in the future in response to the Covid-19 pandemic, in order that real change and outcomes can be delivered. (paragraphs 25 and 112)**

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Establish a new Thriving Communities service has been established to lead community engagement across South Ayrshire	Director of Strategic Change and Communities	100%	31-Mar-2022	31-Mar-2022	A new Thriving Communities service has been established and implementation of new structure and formation of community-based locality teams is ongoing
An annual log of all consultations and engagement will be published	Director of Strategic Change and Communities	100%	31-Dec-2022	31-Mar-2023	Officers group established who will now log consultations. Information will be published in April 2023 and annually thereafter in line with reporting cycle.
Thriving Communities will be responsible for engaging with local communities to help develop local place plans – November – March 2022 already underway and planned	Director of Strategic Change and Communities	100%	31-Dec-2022	31-Dec-2022	Place plans now complete. Recruitment is underway to appoint an Officer to take forward the delivery of these, working with communities to establish priorities and an action plan.
A new online platform will be launched in January 2022 and will provide an opportunity for residents to let public services and community groups know what is important to the people of South Ayrshire	Director of Strategic Change and Communities	100%	31-Jan-2022	31-Jan-2022	South Ayrshire Community Conversations' (Consul) Training has been rolled out to internal officers and 3rd sector partners. The platform will be piloted in July 2022 as part of the consultation to amend the Community Council Boundaries in North Carrick.
A new officer's group will be established to support and improve consultation across the organisation. We will continue to work alongside the Consultation Institute to improve our consultation processes	Director of Strategic Change and Communities	100%	31-Jan-2022	31-Jan-2022	09-Jun-2022 Officers group established and officers commenting on the Teams channel already provide support and guidance for colleagues. Training for Consul has been rolled out.

**Recommendation 6 The Council should improve performance reporting, by: • Setting targets for its KPIs • Including a summary of performance against KPIs in its performance reports to Members • Increasing the frequency of reports to Elected Members • Making performance reports more accessible to the public (paragraphs 32, 47 and 51)**

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Explore options for the future iterations of the Council Plan with Members and community planning partners and consider how reporting could be improved	Deputy Chief Executive and Director of Housing	100%	31-Dec-2022	31-Dec-2022	Draft Council Plan priorities due to be agreed at Council in March. If approved, officers will work with members to develop a new Performance Management Framework that will be agreed by Cabinet.
As part of the development of the new Council Plan a greater emphasis will be on measuring outcomes	Deputy Chief Executive and Director of Housing	100%	31-Dec-2022	31-Dec-2022	Draft Council Plan priorities due to be agreed at Council in March. Each priority is supported by outcomes and these will be used to monitor and measure progress.
Review the performance monitoring framework to improve public performance reporting	Deputy Chief Executive and Director of Housing	100%	28-Feb-2022	28-Feb-2022	The review of the Performance Monitoring Framework was approved at the Service and Performance Panel that took place on Tuesday 8th February 2022.

**Recommendation 7 To help them carry out their roles, including their responsibilities under Best Value, Elected Members should take advantage of the learning and development opportunities provided by the Council. The Council should continue to work with Elected Members to understand and address reasons for variable uptake of training (paragraph 30)**

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Conversion of all training to on-line Coast training courses and production of online Member's pack	Head of Legal and Regulatory Services	100%	28-Feb-2022	31-Aug-2022	Arrangements in place for conversion of training to online COAST modules where appropriate, online Members' Induction pack delivered May 2022
Consideration of medium for delivery of training – i.e. by Hybrid training where Members can be both present in person and attending on-line	Head of Legal and Regulatory Services	100%	31-May-2022	31-Aug-2022	Members are able to access training both in Hybrid and in person. On occasion there are some sessions which are run as purely in person sessions.
Return to PDP and personalisation of training needs with new Members intake	Head of Legal and Regulatory Services	100%	30-Apr-2022	31-Dec-2022	Political Skills Self-Assessment Tool has been introduced and rolled out to Members.
Further develop new Member induction training	Head of Legal and Regulatory Services	100%	30-Apr-2022	30-Apr-2022	A timetable of Induction Training was completed and an electronic new member's induction pack provided to all members and uploaded on a freshly designed new members page on the Core (the Council's intranet)

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Report to Service and Performance Panel on training that is delivered with details of Member attendance	Head of Legal and Regulatory Services	100%	31-Dec-2022	31-Dec-2022	Report on Member training will call at Service and Performance Panel on the 7 February 2023 (will be 100% complete on 7 February 2023)

**South Ayrshire Council**

**Report by Head of Legal and Regulatory Services  
to Audit and Governance Panel  
of 22 March 2023**

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**Subject: Strategic Risk Management**

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**1. Purpose**

1.1 The purpose of this report is to update Members on the reviewed Strategic Risk Register (Appendix 1) in line with the agreed reporting framework.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

**2.1.1 considers the reviewed Strategic Risk Register (Appendix 1) updated by Chief Officers; and**

**2.1.2 notes the 15 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks.**

**3. Background**

3.1 The Strategic Risk Register is reported in accordance with the framework within the Corporate Risk Management Strategy.

3.2 The Strategic Risk Register was reported to the Audit and Governance Panel of 7 September 2022 for scrutiny and to Cabinet on 27 September 2022 for endorsement.

3.3 Risk Management is also undertaken at Directorate level and within the Health and Social Care Partnership.

**4. Proposals**

4.1 The Strategic Risk Register has been reviewed by Chief Officers / Risk Owners and updates provided on progress against implementation of proposed risk mitigations. Risks are referenced against the themes of Governance, Protection and Resources. 15 Strategic Risks are managed and these are listed as follows:

	<b><i>Risk</i></b>	<b><i>Theme</i></b>
1.	Decision Making and Governance	Governance
2.	External Factors including Contingency Planning	Governance

	<b>Risk</b>	<b>Theme</b>
3.	Strategic Planning	Governance
4.	Integrity	Governance
5.	Internal Audit Actions	Governance
6.	Child and Adult Protection	Protection
7.	Public/ Employee Protection	Protection
8.	Sustainable Development and Climate Change	Protection
9.	Financial Inclusion	Protection
10.	Ash Tree Die Back	Protection
11.	Financial Constraints	Resources
12.	Employee Absence	Resources
13.	Workforce Planning	Resources
14.	ICT – Digital Resilience, Protection and Capability	Resources
15.	Management of Assets	Resources

- 4.2 Full detail of strategic risk management arrangements is provided within the register (Appendix 1). Ownership is assigned to ensure there is clear accountability and responsibility in terms of risk management. The cause, potential effect, risk score and current mitigations are also recorded.
- 4.3 Proposed risk mitigations have a target completion date and their progress is outlined by use of a percentage completion bar in the report. A status icon is also included which indicates whether or not the specific initiative is on target.
- 4.4 Members are requested to note that the Health and Social Care Partnership (HSCP) provide information on the risk management of Child and Adult Protection within the Council's Strategic Risk Register. HSCP also develop and report on wider Partnership risk issues within their own bespoke Strategic Risk Register which is provided on a 6 monthly basis for scrutiny to the HSCP Performance and Audit Panel. A link to the HSCP's risk register is provided on pages 7 and 8 of Appendix 1.
- 4.5 Following a request from Members, risk information has been included to reflect Internal Audit processes via the 'Governance' theme. Risk 5 (page 6) outlines the risk mitigations which are in place or planned to ensure that there is additional accountability where identified internal audit actions are not progressed within a reasonable timeframe.
- 4.6 It has also been considered appropriate to specifically include risk management arrangements around the Cost-of-Living Crisis due to the impact this has on both South Ayrshire Communities and employees. Information is provided on Risk 9 – Financial Inclusion - under the theme of 'Protection' on page 11.
- 4.7 Further to a request via the Service and Performance Panel, information relating to the management of Employee Absence is now covered at Risk 12 under the theme of 'Resources' on page 14.

4.8 Members are also requested to note that Chief Officers regularly consider new or emerging risks and there is a process whereby significant operational risks, managed at directorate level, can be elevated to strategic level as required.

4.9 It is anticipated that Members will consider the strategic risk management arrangements outlined within this report and be assured that there is a robust system in place for identifying and managing those threats which could have a significant impact on the successful delivery of the Council's objectives.

## **5. Legal and Procurement Implications**

5.1 The recommendations in this report are consistent with legal requirements.

5.2 There are no procurement implications arising from this report.

## **6. Financial Implications**

6.1 There are no cost implications associated with the recommendations in this report.

## **7. Human Resources Implications**

7.1 There are no human resource implications associated with the recommendations in this report.

## **8. Risk**

### ***8.1 Risk Implications of Adopting the Recommendations***

8.1.1 Risks have been identified and assessed in line with the Council's Risk Management process. This report seeks to confirm that risk mitigation at Strategic level is ongoing and risks are being managed at a tolerable level.

### ***8.2 Risk Implications of Rejecting the Recommendations***

8.2.1 Rejecting the recommendations may give rise to external criticism, breach of statute or legal challenge.

## **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 the delivery of all Council strategic objectives.

## **13. Results of Consultation**

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




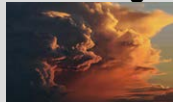











**Background Papers**    **None**

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**Date:**    **13 March 2023**

# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft February 2023) Appendix 1

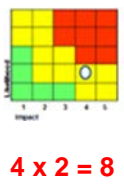




South Ayrshire Council has identified the following risks of strategic significance in line with the themes of Governance, Protection and Resources.

Risk Themes and Title		
Governance	Protection	Resources
<b>1. Decision Making and Governance</b> 	<b>6. Adult and Child Protection</b> 	<b>11. Financial Constraints</b> 
<b>2. External Factors including Contingency Planning</b> 	<b>7. Public and Employee Protection</b> 	<b>12. Employee Absence</b> 
<b>3. Strategic Planning</b> 	<b>8. Sustainable Development and Climate Change</b> 	<b>13. Workforce Planning</b> 
<b>4. Integrity</b> 	<b>9. Financial Inclusion</b> 	<b>14. ICT – Digital Resilience, Protection and Capability</b> 
<b>5. Internal Audit Actions</b> 	<b>10. Grounds Maintenance - Ash Tree Die Back</b> 	<b>15. Management of Assets</b> 
<p>Input is provided by Risk Owners identified at Strategic level to ensure clear responsibility in terms of their management. Detail is provided on risk mitigations – both current and proposed. Target dates are recorded in respect of the achievement of the proposed mitigations. The successful mitigation of these risks will support the delivery of the Council Plan.</p>		



# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft February 2023) Appendix 1



Risk 1	Risk Title – Decision Making and Governance				Risk Theme - Governance	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner – Head of Legal and Regulatory Services	1. There is a risk that key decisions are taken on behalf of the Council which may contradict agreed Council Plan objectives or increase risk exposure to the organisation.	Updates to Government legislation and advice.  Changes to political structure.  Levels of scrutiny.	Lack of compliance.  Failure to meet statutory requirements.  Poor best value audit.  Reputational damage.		1. Members are supported by a range of training programmes to ensure effective Panel participation and good decision making. 2. Service Leads ensure there is full consultation with PFH's on Panel reports. 3. Webcasting/live broadcasting solution that allows both hybrid meetings and public access now live and fully operational. External public website now has an area dedicated to this where meetings can be live streamed, the future meeting schedule is visible and recordings of the meeting archive can be viewed.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Members are supported to deliver good decision making through training and briefings. The Service Lead – Democratic Governance - reviewed arrangements for briefings for Member and Committee Services in discussion with the Leader. Induction training and bespoke Panel training sessions took place in May/June 2022. Specific recommendations were made for one-to-one meetings with new Members to assess training needs and produce an individualised plan. These take place by request from Members utilising the Improvement Service's Political Skills Self- Assessment tool and this allows Members to consider particular areas that they would benefit from training on. (June 2023).						 Increased from 90%
2. The new Council Plan and accompanying governance arrangements are currently under development. Further mitigations will be identified once approved by Council in March 2023. (Cross reference - Risk 3 - Strategic Planning).						 New

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# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft February 2023) Appendix 1



**Risk 2**

**Risk Title – External Factors including Contingency Planning**

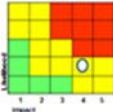
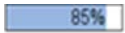

**Risk Theme - Governance**

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner – Head of Legal and Regulatory Services	There is a risk that a range of external factors out with the Council's control such as pandemic, Brexit, Ukraine, cost of living crisis, inflation, industrial action, disruptive weather or other, may adversely impact on ability to fulfil Council objectives and deliver critical services.	Adverse incidents or Civil Emergencies.  Factors imposed upon the Council such as legislative change, Government policy change, cost-of-living crisis, implications of Brexit, Ukraine, political change nationally or locally.  Unanticipated updates to Government legislation and advice.	Requirement to re-allocate resources, failure to deliver services to an acceptable level or drive desired improvements. Restrictions on budget, reputational damage.	<p><b>6 x 2 = 12</b></p>	<ol style="list-style-type: none"> <li>1. Continued Horizon scanning to anticipate and respond to risks – four main civil contingencies risks identified for Ayrshire.</li> <li>2. Watching brief and continual discussion on funding requirements for any unanticipated emergencies.</li> <li>3. Dissemination of information to officers and members around CoSLA and Chartered Institute of Public Finance and Accounting (CIPFA).</li> <li>4. The Ayrshire Civil Contingencies Team (ACCT) supports the Ayrshire Local Resilience Partnership (ALRP). The structure of the Practitioner and Strategic ALRP was refined to respond more efficiently to Ayrshire Risks. Chief Executive attends Strategic ALRP.</li> <li>5. The Level of Interaction between Health / Councils and partners has increased and allows for more efficient collaboration in emergency planning. The HSCP Risk and Resilience Forum is well established.</li> <li>6. 24/7 on call service in place via Civil Contingencies to respond to, and coordinate, Council emergency response to major incidents.</li> <li>7. Staffing and resourcing arrangements are in place to support those individuals and families arriving in South Ayrshire from Ukraine.</li> <li>8. <i>Cross reference to mitigations at Risk 9 – Financial Inclusion.</i></li> </ol>	
Proposed Mitigations (with dates)						
1. Practitioner Ayrshire Local Resilience Partnership (ALRP) and Strategic Ayrshire Local Resilience Partnership meet with required frequency to co-ordinate individual responses from all agencies to major incidents or adverse events. Ayrshire wide Tactical Groups are established where circumstances dictate, recently including a specific focus on contingency arrangements and additional actions deemed necessary to manage increasing numbers of refugees from Ukraine and the Cost-of-Living Crisis. Additionally, the Ayrshire ALRP identifies and manages 4 concurrent civil contingencies risks to support an Ayrshire response. These are 1. Pandemic or Emerging Infectious Diseases, 2. Marauding Terrorist Attack, 3. Disruptive Weather and 4. National Electricity Transmission System (NETS) Failure (Power Resilience/Black Start) (ongoing)						<p style="color: red; font-weight: bold;">Increased from 85%</p>
2. Risk and Safety Team and the Ayrshire Civil Contingencies Team continue to support SAC civil contingency and business continuity arrangements. SAC civil contingencies response plan has been updated and Council Incident Officer training is being rolled out to key Chief Officers, operational Service Leads and Coordinators. Council Managers undertake a rolling review of Service Business Continuity Plans on 6 monthly basis. Civil Contingencies exercises to test plans continue to be developed and rolled out (ongoing).						<p style="color: red; font-weight: bold;">Increased from 85%</p>

# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft February 2023) Appendix 1

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Risk 3		Risk Title – Strategic Planning			Risk Theme - Governance	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner – Service Lead – Policy and Performance	1. There is a risk that the Council fails to fulfil strategic objectives in light of the recent pandemic, cost of living crisis and related pressures, and that current service, financial and resource planning is therefore not aligned.	Recent pressures may have contributed to delays in Corporate and Directorate Planning processes.	Failure to deliver on Corporate and Directorate Plans or achieve priority outcomes  Failure to meet expectations of the public, partners, service users, local businesses  Reputational damage	  <b>4 x 2 = 8</b>	1.Recovery and Renew Framework from pandemic in place. 2.Plans developed from each Council Service Lead to take account of future operational delivery models 4.Existing Council Plan with clearly defined priorities is in place. 5.Delivering Good Governance framework and reporting in place. 6.Robust financial governance in place. 7.The Future Operating Model has been implemented and the Council is now operating its new ways of working.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Budget monitoring ongoing to measure full year financial impact (ongoing monthly)					▶	 <i>Increased from 75%</i>
2. The new Council Plan and accompanying governance arrangements are currently under development. Further mitigations will be identified once approved by Council in March 2023.					▶	 <i>New</i>

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# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft February 2023) Appendix 1



**Risk 4**

**Risk Title – Integrity**

**Risk Theme - Governance**

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner – Head of Legal and Regulatory Services	1. There is a risk that the integrity of the Council is breached through a range of failures such as Information / Asset Security, Cyber Crime, non- compliance with the General Data Protection Regulations (GDPR), Procurement Fraud, Contractual Failures, Vetting or Financial Irregularities.  2. There is a risk of failure to maintain sources of assurance and levels of scrutiny.	Existing Council Policy or systems may be ineffective or inconsistently implemented.  Lack of training or communication.  Difficulty to respond timeously to FOI and GDPR requests.  Additional levels of Cybercrime and Fraud because of external global events.	Reputational damage, financial loss, fines, prosecution, civil liability.	<p style="color: red; font-weight: bold;">4 x 2 = 8</p>	1. Current policies / encryption / firewalls, specifically mandatory online Data Protection training, robust processes for reporting and dealing with data breaches. 2. Adherence to the Records Management Plan that has been agreed with the Keeper and is being implemented. 3. Standing Orders relating to Contracts and to Meetings, Scheme of Delegation, Financial Regulations, Council Procurement Policy. 4. SAC Code of Conduct, range of HR, H&S, Fleet policies, employee vetting processes. 5. Fraud Officers, Fidelity Guarantee Insurance Policy and National Fraud Initiative. 6. Internal Audit activity. 7. Establishment of Integrity Group / management of Integrity Group Risks. 8. Additional Communications with Staff and Public with advice re Cyber Crime and Fraud.	
<b>Proposed Mitigations (with dates)</b>					<b>Status</b>	<b>Progress Bar</b>
1. The actions referred to above are progressed by an Integrity Group, which monitors existing risks and identifies any new and emerging risks for SAC. The Group monitors and develops appropriate mitigations. The Chief Executive chairs the group and officers responsible for each key heading report on the risks. Various Service Leads attend and report on their operational areas as they relate to integrity. (ongoing).						<p style="color: red; font-weight: bold;">Increased from 85%</p>
2. The reporting process of the risks from Integrity Group to Members is being reviewed. Reporting mechanisms to Members by other authorities is being considered and then a paper will be taken to next integrity group - any good practice that is identified will be implemented (June 2023)						<p style="color: red; font-weight: bold;">Increased from 30%</p>

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Risk 5		Risk Title – Internal Audit Actions			Risk Theme - Governance	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner – Chief Internal Auditor and Service Leads	<p>There is a risk that actions identified by Internal Audit are not progressed within agreed timeframes.</p> <p>The position at 17/01/23 was as follows;</p> <p>a/ No overdue actions.</p> <p>b/. 19 actions due for completion in next 6 months – (cross ref App 2 Q3 IA Progress Report).</p> <p>c/. Extension to due date requested for 1 action.</p>	<p>Staffing resources</p> <p>Delays in implementation of corporate systems e.g. oracle fusion</p>	<p>Service Governance arrangements are compromised.</p> <p>Depending on the significance of the outstanding action the Council may be exposed to risks relating to statutory compliance, public or employee safety, financial loss, reputational damage, legal challenge.</p>	<p>3 x 2 = 6</p>	<p>1 The Audit Plan is formulated on an annual basis. There is also a mid-year review and approval is sought from Audit and Governance Panel for any changes.</p> <p>2. Follow up Audits are undertaken for all 'red' reports as well as a sample of 'amber' reports, where resources permit.</p> <p>3. Internal Audit 'test' 100% completion feedback from Services to ensure it is evidence based.</p> <p>4. The Chief Internal Auditor is able to grant 2 extensions to due dates for actions.</p> <p>5. Progress against actions is included in Internal Audit update reports the Audit and Governance Panel.</p>	
<b>Proposed Mitigations (with dates)</b>					<b>Status</b>	<b>Progress Bar</b>
1. Service Leads are required to attend Audit and Governance Panel to explain any 'red' reports, any overdue or outstanding actions from these and further explanation of requests for more than 2 extensions to due dates. They may be required to bring a formal report to Panel if deemed appropriate. (Ongoing)						
2. Service Leads are required to record and monitor progress on Internal Audit reports within the relevant risk register. They are requested to ensure that they maintain and are able to retrieve information gathered to provide assurance that actions are fully complete. (Ongoing).						

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**Risk 6**

**Risk Title - Adult and Child Protection**

**Risk Theme – Protection**

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
<p>Accountable – ELT</p> <p>Responsible - CLT</p> <p>Risk Owner – Director of Health and Social Care and Chief Social Work Officer (CSWO).</p>	<p>1. There are increased levels of hidden harm in our community as a result of Covid and reduced community presence of services.</p> <p>2. There is a risk of failure to provide adequate protection and the necessary level of support to vulnerable adults and children.</p> <p>3. There are additional risks facing the HSCP and these are being managed, monitored and reviewed via the <a href="#">HSCP Strategic Risk Register</a> which is reported and scrutinised at the HSCP Performance and Audit Panel.</p>	<p>COVID-19</p> <p>More complex family and adult needs</p>	<p>Potential harm to clients and vulnerable service users.</p> <p>Potential for litigation, financial loss or reputational damage.</p>	<p style="color: red; font-weight: bold;">5 x 2 = 10</p>	<p>1. There are quarterly Chief Officer Group (COG) meetings to monitor the impact of Covid or other external factors on public protection matters.</p> <p>2. There are quarterly Public Protection subgroups (Child Protection; Adult Protection; Violence Against Women/Criminal Justice and Alcohol and Drugs Partnership) reporting into COG that are monitoring the operational context and responding in a coordinated way to issues.</p> <p>3. HSCP Directorate Management Team meets regularly to provide leadership and oversight.</p> <p>4. Established governance in place via Clinical and Care Governance, Social Work Governance and Adult Governance Groups.</p> <p>5. APC and CPC meet regularly and review business plans</p> <p>6. Multi Agency Public Protection Arrangements (MAPPA) including Management Oversight Group and Strategic Oversight Group) are in place and report quarterly to COG.</p> <p>7. The Community Services Oversight Group supports in house and commissioned services and provides assurance on a range of issues to key local and national stakeholders.</p> <p>8. Initial Referral Data (IRD) activity is now audited to provide scrutiny and assurance in relation to this key activity. There are now annual Child Protection 'Trend Analysis' produced for the CPC and COG to reflect on the changing culture in South Ayrshire towards Child Protection and to invite scrutiny of annual data.</p> <p>9. Adult Support Protection Lead Officer engages first line managers in developing our response to vulnerable adults</p> <p>10. CSWO engages with operational staff in relation to complex cases in both adult and children's services where there are complex risk factors</p> <p>11. Care First implemented across all children and adult social work teams.</p> <p>12. CPC/APC subgroup structure now established and the Policy and Performance Subgroup is leading this review work and reports progress at each meeting</p> <p>13. Governance on new policy and procedure is via CPC/APC through to COG.</p> <p>14. Development of Practice Standards in Social Work is in progress to support the policy framework.</p> <p>15. The quality assurance framework is operational providing triangulated information to the Community Services Oversight Group from a range of sources in order to ensure minimum standards are met across all commissioned services.</p> <p>16. HSCP strategic and operational risk registers are complete and approved by HSCP Performance and Audit Committee.</p>

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**Risk 6**

**Risk Title - Adult and Child Protection (Continued)**

**Risk Theme – Protection**

Proposed Mitigations (with dates)	Status	Progress Bar
1. Learning reviews have been commissioned in relation to the ADP, Public Protection and Adult Social Work services that will identify areas for improvement. (June 2023)		<div style="display: flex; align-items: center;"> <div style="width: 80%; height: 10px; background-color: #4a86e8; margin-right: 5px;"></div> <span style="margin-left: 5px;">80%</span> </div> <p style="color: red; font-size: small;">No change</p>
2. The ADP Is developing a framework in relation to risk around drug related deaths. (31.12.22)		<div style="display: flex; align-items: center;"> <div style="width: 90%; height: 10px; background-color: #4a86e8; margin-right: 5px;"></div> <span style="margin-left: 5px;">90%</span> </div> <p style="color: red; font-size: small;">No change</p>
3. The implementation of the transformational work within Children and Families which has been supported by the Council. Belmont family support has commenced and the implementation of Signs of Safety is progressing in partnership with the National Signs of Safety organisation. (June 2023)		<div style="display: flex; align-items: center;"> <div style="width: 85%; height: 10px; background-color: #4a86e8; margin-right: 5px;"></div> <span style="margin-left: 5px;">85%</span> </div> <p style="color: red; font-size: small;">No change</p>
4. The Adult Protection Self Evaluation Improvement Plan is reviewed regularly and a review of the impact of actions implemented in response to the Adult Support and Protection Inspection (Oct-Dec 2021) will be completed by March 2023.		<div style="display: flex; align-items: center;"> <div style="width: 50%; height: 10px; background-color: #4a86e8; margin-right: 5px;"></div> <span style="margin-left: 5px;">50%</span> </div> <p style="color: red; font-size: small;">New</p>
5. A new structure within Adult Services aims to improve professional leadership and oversight, including for ASP and will be implemented by June 2023.		<div style="display: flex; align-items: center;"> <div style="width: 30%; height: 10px; background-color: #4a86e8; margin-right: 5px;"></div> <span style="margin-left: 5px;">30%</span> </div> <p style="color: red; font-size: small;">New</p>
<p>Further explanation on progress to date in terms of implementation of the above mitigations can be found by cross-referencing to the <a href="#">HSCP Strategic Risk Register</a> .</p> <p>Additional information is also provided within this document on a range of other risks being managed by the Partnership including; Climate Change &amp; Sustainability, Communication and Reputation, External Factors including Contingency Planning, Financial Position, Good Governance, Strategic Planning and Business Resilience, ICT, Population, Premises, Provider Organisations, Service Quality, Workforce Protection and Workforce Capacity and Capability</p>		

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**Risk 7** **Risk Title - Public and Employee Protection** **Risk Theme – Protection**

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owners –  Service Lead – Risk and Safety and Service Lead – Asset Management	1. There is a risk of failure to provide the agreed standards of protection to the Public and Council Employees in line with Scottish and UK Government and Health and Safety Executive legislation and guidance.  2. There is a risk that health & safety risk assessments in some areas may not currently identify adequate mitigations to safeguard employees / service users from hazards such as Violence and Aggression.  3. There is a risk that proposals by Scottish Fire and Rescue Service to reduce response to fire alarms will impact people safety and property protection.	Staffing resourcing pressures.  Budget constraints across Services.  Ambiguity around responsibilities or inconsistent application of policy. Lack of training.	Accident, incident, injury or ill health to employees /service users.  Prosecution and Civil litigation. Damage to Council’s reputation.  Financial impact of claims, increased premiums or fines.	 <b>5 x 2 = 10</b>	1. Existing H&S Policies and procedures. Sample H&S Risk Assessments developed for Service use. H&S Guidance prepared and issued. Range of resources, information, links and training on H&S CORE page and Learn Pro platform. 2. Central H&S team undertake H&S Audits and Fire Risk Assessments (FRA) over a 3-year rolling programme. Risk Assessment self-evaluation process rolled out. 3. The PDR process identifies key H&S training requirements for all Council employees. 4. Risk Assessment Training & Support, plus Council Standard and a range of courses on Management of Actual or Potential Aggression, Dealing with Difficult Behaviour, De-escalation etc. 5. V&A measures across services including a Customer Security Officer, Campus Police Officers, ‘2 to attend’ protocols, panic buttons in offices, modifications to office design. 6. Review of causes of unwanted Fire Alarm signals complete – processes in place to tackle via FRA programme.	
<b>Proposed Mitigations (with dates)</b>					<b>Status</b>	<b>Progress Bar</b>
1. Review and refresh a range of health and safety policies, guidance, sample risk assessments and work procedures. Development of new online health and safety training modules for managers / employees. (June 2023)						 <span style="color: red;">Increased from 20%</span>
2. Asset Management team continue to review and action, based on risk priority, compliance and/or property related issues raised through Fire Risk Assessments, Health and Safety Audits and Vacant Property Inspections. (ongoing).						 <span style="color: red;">Increased from 75%</span>
3. All duty holders / building managers monitoring and updating outstanding H&S actions via Pentana (ongoing)						 <span style="color: red;">Increased from 80%</span>
4. Utilise self-evaluation method to ensure all Services have identified significant hazards and fully developed their H&S risk assessments – (Internal Audit Action). (ongoing).						 <span style="color: red;">Increased from 60%</span>
5. Working with SFRS to agree alternative solutions to non-attendance of Fire Appliances following automated alarm signals. Action Plan prepared and progressing – SFRS have now deferred implementation to July 2023 (June 2023)						 <span style="color: red;">Increased from 50%</span>

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Risk 8		Risk Title - Sustainable Development and Climate Change			Risk Theme - Protection	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner/s; Service Leads – Policy and Performance, Asset Management (buildings) and Neighbourhood Services (for Fleet)	There is a risk of failure to meet climate change duties, reduce emissions and support the community to adapt and mitigate risks in relation to climate change. Risk of failure to ensure a just transition and a green recovery.	Services do not necessarily recognise the role they need to play, lack of input and accountability by services leaving key areas inadequately addressed. Decisions and infrastructure while meeting short term goals are currently not fit for the future. Actions in place are currently not fully coordinated across services.	Reduction in emissions not achieved to 1.5 degrees scenario therefore accelerating the pace of climate change. United Nations Sustainable Development Goals not adequately addressed. South Ayrshire may not be climate resilient. Effect may be further detriment to those already disadvantaged, increasing inequalities and exacerbating deprivation. Communities may be unprepared for a low carbon future.	<p style="text-align: center;"><b>4 x 2 = 8</b></p>	1. Council approved Sustainable Development and Climate Change Strategy 2. Baseline data on Sustainable Development and Climate Change now assembled to allow future progress to be measured. 3. Proposals endorsed by the MOWG agreed at Cabinet and assigned for implementation. 4. Carbon budgeting system in place.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Fully implement Climate Change Strategy (target date 2024, at which point strategy will be reviewed). Mid-term review to be undertaken and adopted by May 2023 to ensure delivery of strategy outcomes in a changed landscape, increased national targets and new national duties.						 No change
2. Review as part of refresh, the development of the mechanism for cross cutting implementation of Strategy by embedding within Council policy making, as well as service planning. To be completed by May 2023.						 No change
3. Investigation of scope 3 accounting methodologies for Council procurement emissions to develop existing carbon budgeting process. (May 2023)						 No change
4. A Net Zero Estate Strategy review was completed in November 2021. Following this a Net Zero Board group was established in 2022 to drive forward this agenda. The Board has 6 workstreams and progress is being made in all areas. (TBC)						 Increased from 10%
5. Adopt fleet decarbonisation strategy in line with council policy, targets and duties alongside ULEV infrastructure strategy for both fleet and public charging. (December 2021)						 No change
6. Assess the Council against Scotland's Adaptation Capability Framework and set out priority actions. (May 2023)						 Increased from 10%
7. Adopt a green recovery communications plan and climate literacy training plan. (May 2023)						 No change

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Risk 9					Risk Title – Financial Inclusion	Risk Theme – Protection	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations		
Accountable – ELT  Responsible - CLT  Risk Owner -  Director of Strategic Change and Communities	There is a significant risk that the cost-of-living crisis, rising inflation and the current economic climate is having a detrimental impact on the local community, both public and employees.	Rising energy and food costs. Economic uncertainty. War in Ukraine.	Specific low-income groups are hardest hit.  Current crisis is bringing unaccustomed hardships to groups who have previously managed financially.  Impact on lowest paid Council staff.		<p><b>Measures in place at National level;</b></p> Energy Price Guarantee (EPG) until April 2023. Withdrawal of the National Insurance increase. <p><b>Measures in place at Scottish Government level;</b></p> Increasing the Scottish Child Payment to £25 per week from 14 November 2022 Winter Heating Payments. Rent Freeze Bill - 'Protecting Tenants during Cost-of-Living Crisis Bill' temporary powers to protect tenants and landlords. Bridging Payments. Best Start Grants. 'One stop shop' website to help those struggling financially. National media campaign. <p><b>Measures in place at local level;</b></p> The Community Planning Partnership has a Financial Inclusion Strategic Delivery Group (SDP) who provide direction, identify any gaps in support and direct resources to areas of most need and demand. They consider themes linked to food, energy, money and community wellbeing. <p>A Member Officer Working Group for the Cost-of-Living Crisis has been established. Discussions with the Chair and the Members have taken place around broadening the remit of this MOWG to reflect the SDP referred to above. An update on this work is being brought to Panel in February with the proposed change in title and remit.</p>		
Proposed Mitigations (with dates)						Status	Progress Bar
Implement a Cost-of-Living Communications Campaign, including distribution of information covering the themes above and providing online access to a range of resources and information. (March 2023)							
Agree outcomes to include approval for support and/or funding for a range of local initiatives such as; community larders, food delivery, lunch clubs, provision of warm community spaces, money advice, support to energy 'inefficient' households, business grants, additional capacity for wellbeing or consideration to augment the financial assistance offered at SG level. (March 2023)							

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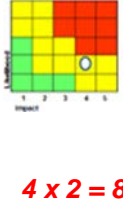





Risk 10		Risk Title - Ash Tree Dieback		Risk Theme - Protection	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT  Responsible- CLT  Risk Owner – Assistant Director - Housing and Operations	There is a risk of injury / damage to SAC residents and infrastructure as a result of Ash Dieback – a disease proliferating through SAC woodland. Disease has been identified and is spreading.	Principle cause is the spread of Ash Dieback throughout South Ayrshire /Scotland.  Neighbourhood Services is currently not resourced to manage the extent of Ash Die Back.	Potential for fatality / injury to residents / employees. Potential for damage to property, listed structures, headstones, power / phone lines Potential of falling Ash trees/limbs on roads/pavements/ footpaths within public open space and schools and associated obstruction to roads  Increased liability to Council in respect of above potential incidents  Financial pressure in terms of significant increased expenditure to mitigate risk including costs for replanting, cost of recruiting skilled operatives. Availability of skilled operatives likely to be restricted by market demand - this is a national problem.  Potential for increased flooding risks for changes in waterways e.g. banking failures due to tree failure.  Loss of Ecosystems- air quality, biodiversity loss, increases in noise levels adjacent to roads, loss of visual screens.  Increased liability and insurance premiums for residents due to property risks.  Risk to European protected species (roosts/ food source). Loss of biodiversity of species dependant on Ash.	<p><b>5 x 2 = 10</b></p>	1.Survey of trees within lands managed by Neighbourhood Services has commenced.  2.Communication with ARA has taken place and regular meetings have been set up.  3.An Ash Dieback Plan is currently being developed
<b>Proposed Mitigations (with dates)</b>				<b>Status</b>	<b>Progress Bar</b>
1.Ash Dieback plan is currently being developed which includes an inspection programme which will roll forward to highlight any ongoing deterioration. It will also contain proposed cost information for full implementation. Plan is complete but report to Cabinet has been deferred to 14 March 2023.					
2.On conclusion and approval of above mitigation, a communication plan will be developed for South Ayrshire area. (March2023)					

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Risk 11		Risk Title – Financial Constraints			Risk Theme – Resources	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner – Head of Finance and ICT	1. There is a risk that current, planned or expected levels of service cannot be delivered.	UK and Scottish Government reductions in funding over a number of years. This is now more significant given the recent Scottish Govt Spending Review.  Impact of inflation on Council cost base.	Failure to deliver key services or meet change in service demands.	 <p style="color: red; font-weight: bold; margin-top: 10px;">4 x 2 = 8</p>	1. Annual 2023/24 budget prepared and approved in March 2023. 2. Maintain pressure on Scottish Government to agree settlements which reflect Local Authority needs through participation in CoSLA groups. 3. A ten year Long Term Financial Outlook and three year Medium Term Financial Plan approved by Leadership Panel in October 2021. 4. Updated Medium Term Financial Plan approved by Cabinet in November 2022 5. Annual Treasury Management Strategy prepared and approved by Council March 2023. Details credit and counterparty risk. 6. Treasury Management Practices (TMP's) updated annually to reflect Treasury risk such as credit and counterparty risk management, liquidity risk management, interest rate risk management and exchange rate risk management. 7. £2.5m Inflation reserve established in February 2023 to mitigate inflationary impact during 2023-24	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Lobby Scottish Government through discussions via CoSLA, Directors of Finance and Solace to ensure required funding continues to be made available to Local Government (ongoing).						 <span style="color: red; font-weight: bold;">Increased from 75%</span>
2. Rolling annual update of three year Medium Term Financial Plan to be implemented (next update due October 2023)						 <span style="color: red; font-weight: bold;">Increased from 20%</span>
3. Bi-annual update of ten-year Long Term Financial Outlook to be implemented (next update due October 2023)						

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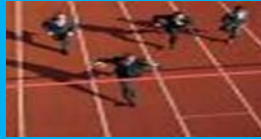
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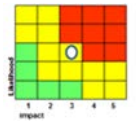



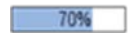


Risk 12		Risk Title – Employee Absence			Risk Theme - Resources	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner – Chief HR Adviser	1. There is a risk that employee absence levels fall below the standards which can be sustained by the organisation.  2. There is a risk that the cost of staff absence significantly increases the financial risk and budgetary constraints already impacting on the achievement of Council objectives. In 2020/21 – for LGE - the direct ‘cost of absence’ was £3,851,547 (50% more than 2020/21 when the cost of absence was £2,550,800). In 2020/21 – for Teachers - the direct ‘cost of absence’ was £1,224,774 (71% more than 2021/22 when absence cost was £714,310)  3. There is a risk that the impact of employee absence creates an unsustainable burden and significant extra pressure on colleagues at all levels who are required to assume additional workloads as a result.  4. There is a risk that employee absence has an adverse effect on workforce planning arrangements.	Key reasons reported for employee absence;  Psychological Musculoskeletal Cardiovascular Respiratory Gastrointestinal  Impact of employee ‘culture’  Further statistical information via report to S&P <a href="#">Employee Absence 2021/2022</a>	Additional risk to Service Users, gaps in Service delivery, slippage on achievement of targets.  Additional cost of temporary, agency, supply staff or other additional unbudgeted spend.  Adverse impact on health of ‘attending’ employees.	 <b>3 x 3 = 9</b>	1. Maximising Attendance Framework  2. Occupational Health Support  3. Counselling Services including Cognitive Behavioural Therapies  4. Physiotherapy Services  5. Employee Self-Referral Options to ‘Access to Work’ – fully funded initiative for non-medical intervention, support & sign posting.  6. Range of flexible working and family friendly HR policies.  7. Access for managers and employees to Mentally Healthy Workplace training online.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Review of maximising attendance framework and related policies in conjunction with Service leads and TU colleagues. Roll out mandatory training for managers in managing absence. (June 2023)					▶	 Increased from 0%
2. Cross reference to work activity progressing via other services; Trauma Informed Officer rolling out Mental Health First Aid training and linked initiatives (3-month pilot commenced), re-introduction of Employee Lifestyle Screening via Risk and Safety, Workforce Planning Strategy with managers’ toolkit should support employee experience. (ongoing)					▶	 Increased from 0%
3. HR, in conjunction with Trauma Informed Officer, developing a Staff Wellbeing Strategy. (June 2023)					▶	 New

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Risk 13		Risk Title – Workforce Planning			Risk Theme - Resources	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT Responsible - CLT Risk Owner - Service lead – Organisational Development and Customer Services	<p>1. There is a risk that workforce planning arrangements may not be consistent across Council Services and the recent Best Value Assurance report identified the requirement for the Council to make improvements in relation to workforce planning.</p> <p>2. There is no identified link between workforce planning and the Council's priorities.</p> <p>3. There is a risk that workforce recruitment and retention issues are creating pressure on Service delivery in key areas.</p>	<p>No recognised corporate WFP methodology</p> <p>Limited data maturity (lack of consistent workforce data provision and collation)</p> <p>Workforce planning is not specified/referenced within the service planning process</p>	<p>Services may not be delivered effectively or in line with statutory requirements or agreed standards.</p> <p>Additional unbudgeted spend may be incurred.</p> <p>Reliance on specialist or external organisations and contractors.</p> <p>Limited succession planning</p>	 <p><b>3 x 3 = 9</b></p>	<p>1. A corporate workforce plan is now in place which runs to 2025. It links to the Council's strategic priorities and improvement areas in relation to Best Value.</p> <p>2. The following activities were completed in 2022:</p> <p>WFP training for CLT and Service Leads from the Local Government Association. Sessions for Co-ordinators being delivered in January 2023.</p> <p>Drop-in sessions for Service Leads and Co-ordinators confirming workforce planning process.</p> <p>Updated workforce profiles and digital skills survey results issued to all Service Leads.</p> <p>Progress of the HSCP workforce plan.</p>	
<b>Proposed Mitigations (with dates)</b>					<b>Status</b>	<b>Progress Bar</b>
1. The Workforce Plan for 2022-25 was approved by Service and Performance Panel and Cabinet in October and November 2022. An update will be provided to Cabinet following review in Q4 2023. (December 2023)						 <p>60%</p> <p><i>Increased from 50%</i></p>
2. The Corporate Leadership team will ensure consistent use of an agreed workforce planning template across services. The template has been drafted for embedding within Service Plans (as per direction from Audit Scotland). Confirmation is awaited on the self-evaluation process proposed for Q1 this year. (June 2023)						 <p>70%</p> <p><i>Increased from 50%</i></p>

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Risk 14					Risk Title – ICT Digital Resilience, Protection and Capability	Risk Theme - Resources
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner/s – Service Leads - ICT	There is a risk that major or widespread ICT failure will adversely affect delivery of Council services. ICT failure risks include non-compliance, failure of business systems, cyber-attack, and failure of ICT equipment.	Lack of corporate ICT planning in a robust and consistent manner. Cyber intrusion. Outdated / obsolete equipment and systems. The Business Continuity Plans of some Services lack effective arrangements for ICT loss.	Inability to provide key services and recover quickly.  Reputational damage, financial loss, litigation.	<p>4 x 2 = 8</p>	1. Resilient infrastructure in place with dual data centres, duplicated network communication paths, internet links, and server hardware. 2. External contracts established with service providers for technical support and expertise across critical technologies. 3. Existing Disaster Recovery Plan (DRP) in place for critical systems. SAC Data Centre's services will be migrated to cloud data centres, with the first phase scheduled to occur by April 2023. Cross authority hosting was preferred, however there was no partner appetite for a project to be initiated. 4. A bespoke ICT Risk Register in place, which is subject to review as part of standard operating practice. 5. The Integrity Group meets regularly to consider cyber security issues and develop further mitigations as required. 6. Compliance standards established as part of technology and process governance framework.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Live services will be moved to McCall's Avenue Data, which has enterprise facilities management services, with County Buildings being used for resilience purposes (TBC)						 Increased from 85%
2. Engagement with partner authorities on shared data centre was not productive, therefore concluded. Works are underway to migrate services to a Cloud Data Centre with phase 1 scheduled to complete by April 2023.						 Increased from 60%
3. ICT continue to work with a Cyber Security partner to assess and improve the overall security of the Council's ICT infrastructure. Security Operations Centre (SOC) is fully operational and Egress Defend and Protect have also been introduced to alert/protect against phishing emails and help prevent data loss and emails going to wrong recipient. Submission for PSN accreditation was submitted December 2022 and is now being considered by Cabinet Office. (February 2023)						 Increased from 75%
4. All Service BC plans to include arrangements for resilience in respect of ICT failure – engagement with service areas continues and updates to all BC plans are requested on a 6 monthly basis. (Ongoing – 6 monthly)						 Increased from 85%
5. ICT Asset Management function being established to ensure currency of technology assets is maintained. Rolling replacement plans are in place for a number of technology towers. (Ongoing)						 No change

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# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft February 2023) Appendix 1






Risk 15	Risk Title – Management of Assets				Risk Theme – Resources	
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Accountable – ELT  Responsible - CLT  Risk Owner – Service Leads – Asset Management and Professional Design Services	1. There is a risk that the pandemic may have impeded progress of the Asset Management Plan and intended Asset Rationalisation.  2. There is a risk of delay to projects within the General Services capital programme due to hyperinflation of construction costs which could impact on deliverability of the programme.  3. There is a risk that Energy projects, for example LED lighting, that help to reduce the Council's carbon footprint are delayed leading to an inability to achieve some of the outcomes detailed in the Council's Sustainable Development and Climate Change Strategy.	COVID-19  Inflation  Cost of Living Crisis	Impact on efficient recovery of Council services.  Failure to deliver Asset Management Plan.  Project delay or additional costs.  Adverse incidents and compliance failure.  Damage to Council's reputation.	<p style="color: red; font-weight: bold; margin-top: 10px;">3 x 2 = 6</p>	1. SAC Recovery Plan developed which provides a prioritised list of returning Services / Premises and is subject to Chief Officer Recovery Group approvals. 2. Property Project Team has completed works on Future Operating Model and fully implemented New Ways of Working across the operational property estate. 3. Professional Design Services to continue to monitor construction costs and contractor's ability to progress and deliver works. 4. Design work on energy projects has continued to ensure that some projects were able to commence once Scottish Government restrictions were eased.	
Proposed Mitigations (with dates)					Status	Progress Bar
1. Review Asset Management Plan (AMP), consult with stakeholders and Chief Officers prior to submitting to Council for approval. (March 2022). The AMP was not reviewed in March 2022 as it requires to take into account the Transforming our Estate Report. A new proposed date for the review of the Asset Management Plan (Land and Buildings) is TBC.						 <span style="color: red; font-weight: bold;">No change</span>
2. There was a new capital plan prepared and presented to Council in March 2022 which reviewed and amended the Programme and resulted in a 12-year capital plan being approved. Ongoing review will take place through quarterly monitoring reports to Cabinet. (ongoing)						 <span style="color: red; font-weight: bold;">Increased from 50%</span>
3. A number of Energy projects have commenced, including LED lighting upgrades at several schools. Other recent works have included the installation of a new software system which improves remote access to building heating controls giving energy and carbon savings. Design work for future projects is also continuing. (TBC)						 <span style="color: red; font-weight: bold;">Increased from 25%</span>

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# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft February 2023) Appendix 1

## Guidance - Recording Risks

Risk No. x		Risk Title - xxxx		Risk Theme – Resources / Protection / Governance		
Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations	
Who is accountable and responsible for managing the risk?	What could go wrong?	What may have caused this risk?	Possible outcomes or adverse effects?	 3 x 3 = 9	What is already in place to manage the risk?	
				<b>P</b>	<b>L E</b>	
Proposed Mitigations (with dates)					Status	Progress Bar
1. What is planned to mitigate the risk further? (and when it is due to be completed) <enter date>						 Increased from...?

A status icon (Figure 3) is displayed along with a calculation from Risk Owners on percentage completion of the mitigating actions. This information is closely scrutinised by Chief Officers via CLT and Elected Members through the Audit and Governance Panel and Cabinet and this assists in determining decisions on reducing or increasing risk ratings utilising the matrix at Figure 1.

New risk identification is considered against a broad range of risk types and these are represented at Figure 2.

Risk types are cross-cutting and not considered in isolation.






Further explanation of SAC Council Risk Management Methodology is available within the Corporate Risk Management Strategy [RM Strategy](#)

Fig 1

Risk Themes			
Governance	Protection	Resources	
Risk Rating			
Impact		Likelihood	
1	Minor	1	Unlikely
2	Moderate	2	Possible
3	Major	3	Likely
4	Critical	4	Very Likely
5	Catastrophic	5	Almost Certain

Fig 2



Fig 3 Status	
	Completed
	On Target
	Not on target – some concerns
	Not on target – major concerns
	Not yet started