

# Strategy and annual action plan 2019–24



# Who we are

The Accounts Commission is the public spending watchdog for local government. We use our powers to hold local government to account and help it improve, and we assure the public about the performance of their council. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.


We expect councils to achieve the highest standards of governance, financial stewardship and value for money in how they use their resources and provide their services. We ensure that councils publish the right information to enable citizens to assess their council's performance.


The Accounts Commission is a body of at least six and no more than 12 members. We were established in 1975 'to secure the audit of all councils in Scotland and to undertake and promote comparative studies to improve the economy, efficiency and effectiveness in how councils provide services'. Since our establishment, our remit has been extended by the Scottish Government:

- In 2003, we were given the responsibility to audit councils' duty of Best Value and community planning.
- In 2008, we were asked to take on a coordinating role to support the delivery – in conjunction with our scrutiny partners – of better aligned and more proportionate and risk-based scrutiny of local government.
- In 2012, we were asked to develop an audit framework designed to strengthen the accountability of Community Planning Partnerships and support their improved performance.
- In 2013, we were given the responsibility to audit health and social care integration joint boards (including the duty of Best Value).

The Controller of Audit reports to the Commission on the audit of local government. The post is independent and is established by statute.

The Commission delivers public audit in Scotland along with the Auditor General who audits the remainder of the public sector in Scotland. Audit Scotland was created in 2000 to provide services to the Commission and to the Auditor General.

We have jointly published with the Auditor General and Audit Scotland [Public audit in Scotland](#) , which sets out the principles and themes of public audit and how it fits with and responds to the public policy environment in Scotland in which we operate.

You can find out more about our role, powers and meetings on the Accounts Commission [web pages](#) .

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# Context

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**As the public's independent watchdog, we provide assurance that public money is well spent. We also help councils to improve. We need to be alert to the environment in which councils operate, which sees:**

- reduced resources – public spending is likely to decline in real terms for the foreseeable future
- demographic change – Scotland's population is ageing, and more people are living in poverty, which puts more pressure on services and resources
- increasing expectations over public services, and how the public is involved in their design and delivery
- increasing empowerment of citizens and communities in their relationship with councils
- flexibility in how local public services are delivered, with councils choosing different options to deliver services and a greater emphasis on collaborative working
- a commitment by the Scottish Government to review local governance structures
- enhanced devolution and increased financial powers to the Scottish Parliament
- the referendum decision that the UK leave the European Union.

We recognise these factors place significant pressures on councils as they strive to deliver high-quality services and improve outcomes for local people.

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# Beyond next year

## Enhancing public trust in audit

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In our public role, it is important that we act with integrity and are seen to be independent and impartial.

Current reviews of the auditing profession place a strong focus on the need for independence of auditors from the bodies they audit. Alongside the Auditor General, we maintain the public audit model in Scotland. Public audit helps create a strong and effective system of financial accountability and transparency which supports the best use of public money in the public interest. We provide independent assurance that public money is spent properly and provides value for money. We ensure that we safeguard these principles and help build public trust in our work through:

- independently appointing auditors through the Commission and the Auditor General
- appointing auditors from both Audit Scotland and private sector firms to widen the auditor skills base, share learning and keep our costs competitive
- rotating auditors in the organisations we audit, currently every five years, to maintain independence and a fresh perspective
- independent fee-setting with limitations on non-audit services, provided to audited bodies by auditors, such as consultancy
- a comprehensive audit quality framework based on the highest international audit standards.

The Commission is working with the Auditor General to put in place a new Code of Audit Practice setting out the expectations of auditors from 2021. This will be accompanied by the appointment of a new round of auditors. The Commission will take this opportunity to ensure that its work is fit for purpose and best delivers its commitment to provide assurance and help improvement in Scottish local government. In doing so we will continue to consult widely with our stakeholders.

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# Our strategic audit priorities

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**We expect councils to show how they are making the best use of their resources and improving their performance. This is fundamental to their Best Value obligations to the communities they serve. By applying rigorous self-evaluation, councils can focus on where improvement is most needed to help them deliver on their priorities.**

Over the next two years we will complete our current cycle of Best Value Assurance Reports across Scottish councils. We will largely maintain our current approach and our expectations of councils.

We evaluate how councils are demonstrating improvement. Based on our work each year, we review the priorities on which we ask auditors to report particularly in annual audit work and auditing Best Value. These are:

- Having clear priorities with a focus on outcomes, supported by effective leadership and long-term planning.
- The strategic appraisal of options to re-shape services in line with priorities. This should consider good practice, innovation and collaborative working with partners.
- Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.
- Empowering local communities and involving them in the design and delivery of local services and planning for their local area.
- Reporting councils' performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.

# Our work

We will maintain a five-year rolling programme of work reflecting the following:



Ensuring our **overview reports** address key local government issues and report these to the public and councils.



Continuing our approach to **auditing Best Value** reporting on how councils deliver key public services and make use of public money.



Ensuring that our **national performance audit work** addresses key areas of public policy and supports improvement in those areas.



Ensuring that our work **follows the public pound** by reporting on the range of approaches used by councils to deliver services and improve outcomes for communities.



In conjunction with our scrutiny partners, **coordinate the audit, inspection and regulation of local government** in Scotland.



**Better reflecting the interests of the citizen, service user and communities in our work**, through our Best Value audit work in councils, national performance audits, audit work in health and social care integration authorities, and through joint work with our scrutiny partners.



**Promoting good practice and innovation** in our work and making more effective use of data and analysis in our reports.

We will involve our stakeholders in taking this work forward, including the Scottish Parliament, councils, trade unions and various representative organisations such as for community groups, and people who use services. Our [Engagement strategy and plan 2019/20](#) sets out our aims for taking this forward.

We will also ensure that we continuously improve our own work by reviewing our working practices and the quality of our reports. We will test and report on our performance and impact and consult regularly on this with our stakeholders.

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# Annual action plan

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**This action plan sets out how our work over the next 12 months will take forward our strategy. We will report progress at the end of that period. We will:**



## **Publish our overview of local government, based on all our audit work:**

- Local Government Overview
- Local Government Financial Overview.



## **Take our Best Value audit work forward by:**

- Reporting eight Best Value Assurance Reports:
  - Clackmannanshire Council (progress report)
  - Highland Council
  - Midlothian Council
  - North Lanarkshire Council
  - Perth and Kinross Council
  - Scottish Borders Council
  - South Lanarkshire Council
  - Stirling Council.
- Providing Best Value updates and assessments in the annual audit reports for all councils.
- Contributing to the Scottish Government's review of the Best Value framework.



## **Undertake national performance audits on:**

- City region and growth deals
- Early learning and childcare (follow-up report)
- Non-profit distributing projects
- Educational outcomes
- Affordable housing.

We will consider briefings and reports on significant policy matters affecting local government to help keep our work relevant. We will share these with our stakeholders.



## **Report the impact of our previous performance audits on:**

- Self-directed support progress report (published August 2017)
  - Equal pay in Scottish councils (published September 2017).
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### Follow the public pound by:

Examining issues through annual audit and Best Value work in councils including:

- compliance to local following the public pound codes
- value for money, including where services are delivered through arms-length bodies and other means
- councils' performance and use of resources.

Examining collaborative spending through all of our performance audit work, including:

- early learning and childcare: follow up
- non-profit distributing projects
- City region and growth deals.



### Coordinating public scrutiny by:

- Working with our strategic scrutiny partners to coordinate and develop the audit and inspection of councils.
- Preparing the national scrutiny plan and coordinating local scrutiny activity across all Scottish councils.



### Reflect the interests of the citizen, service user and communities by:

- Ensuring our performance audits consider a service-user and equalities perspective.
- Promoting messages from our Best Value audit work in councils to local communities.
- Developing joint approaches to scrutinising community empowerment with our scrutiny partners.
- Monitoring councils' progress with our performance information direction to report publicly on their performance.
- Consulting with stakeholders on our work programme.



### Promote good practice and innovation by:

- Publishing our *How Councils Work* report on safeguarding public money.
- Ensuring that every performance audit:
  - contains practical advice for councillors and officers
  - makes background data available for use by councils and citizens.
- Including options to share good practice and innovation in our promotion strategies for performance audits.

# Strategy and annual action plan

2019–24

This report is available in PDF and RTF formats,  
along with a podcast summary at:

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

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