

**Accounts Commission for Scotland**  
**Annual statement on efficiency, effectiveness and economy for 2014/15**

1. The Public Services Reform (Scotland) Act 2010, section 32(1)(b) requires listed public bodies to publish a statement in relation to efficiency, effectiveness and economy as soon as possible after the end of the financial year.
2. The following statement sets out the steps that the Accounts Commission has taken in 2013/14 to improve its efficiency, effectiveness and economy in the exercise of its functions.
3. The Accounts Commission, established in 1975, is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
  - assessing the performance of councils in relation to Best Value and community planning
  - carrying out national performance audits to help councils improve their services
  - requiring councils to publish information to help the public assess their performance.
4. This year we published, alongside the Auditor General for Scotland and Audit Scotland, *Public Audit in Scotland*, in which we set out the principles and themes of how the public audit model in Scotland works, and how it supports and responds to the public policy environment in Scotland in which we operate.
  5. In autumn 2010 the Commission approved an approach to reducing audit fees that contributes to Audit Scotland's four-year financial strategy to reduce significantly the cost of audit. Overall, working together, the Commission, the Auditor General and Audit Scotland are aiming to reduce the cost of audit to public bodies by at least 20 per cent over the four years to 2014/15. In April 2015, Audit Scotland reported that this target had been achieved. During 2015, the Commission will consider and approve a fee strategy as a basis for tendering for a new round of five-year audit appointments.
  6. The Commission works closely with the other inspectorates in Scotland to achieve sharper focus on potential risks that lie ahead so that issues facing councils can be addressed sooner and more effectively. Much has been achieved streamlining the system through a national scrutiny plan and strategic risk assessments for each council. In April 2014 we published the national scrutiny plan and 32 local scrutiny plans. This has led to much better co-ordination between the other scrutiny bodies, including Education Scotland, Care Inspectorate, Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary for Scotland, Fire and Rescue Service Chief Inspector and Health Care Improvement Scotland. It has also helped the Commission target its Best Value work and reduce the overall burden of scrutiny on councils.
  7. The Commission was invited by the Scottish Government in 2011 to lead a new strand of work to audit community planning partnerships (CPPs). Community planning was introduced in 2003 with the aim of bringing councils, health boards and other public, business and voluntary bodies together to tackle complex problems in local communities. Our CPP audits provide an

independent assessment of how well CPPs are planning and delivering outcomes for local communities. Each audit results in an improvement plan which we follow up to check that adequate progress is being made locally in securing improvement. In 2014/15, we published five audits, in Orkney, Glasgow, Moray, Falkirk and West Lothian. The audits found a mixed picture of the impact of partnerships since their introduction more than a decade ago of CPPs.

8. We also published this year, in conjunction with the Auditor General, *Community planning: Turning ambition into action*, including a series of recommendations for Scottish Government, COSLA and local government. We found that although aspects of community planning are improving, leadership, scrutiny and challenge are still inconsistent.
9. As well as scrutiny, the Commission has a pivotal role in helping local authorities improve and achieve Best Value in the services they provide to their communities. Our Best Value audit reports provide assurance around the performance of councils in fulfilling their duties in relation to Best Value and thus demonstrating continuous improvement. During 2014/15, we published findings on four Controller of Audit reports on auditing Best Value. In May 2014, we highlighted significant improvements in the running of Comhairle nan Eilean Siar. In July 2014, we found that Argyll and Bute Council had responded constructively to a previous critical report but much more work was required to secure the improvements needed. In December, we voiced our growing concern over the increased level of savings required by the City of Edinburgh Council to balance its books. Although the council had made some improvements and had financial plans in place, savings in some areas had been scaled back. Also in December, we found that South Ayrshire Council had taken prompt action to address previous weaknesses but it was too early to assess the effectiveness of improvements.
10. This year we have agreed the principles of a review of our approach to auditing Best Value. These principles include:
  - The essential elements of Best Value remain as relevant and critically important today as when it was first established;
  - There is a real need for the pace, depth and continuity of improvement to increase across local government and driving improvement will be at the core of the audit process for Best Value;
  - There can be no compromise on the importance of good governance in councils, including the need for effective scrutiny arrangements that contain the checks and balances which lie at the heart of our system of government;
  - A proportionate and risk-based audit approach will be taken, but the Commission requires more frequent assurance on Best Value across all 32 councils;
  - Audit work will have a strong focus on the quality of service experienced by the public and the outcomes achieved by councils for their communities.

This work will continue with a view to introducing a new approach to audit of Best Value from April 2016.

11. The Commission closely monitors its programme of national performance audits, in conjunction with the Auditor General for Scotland, to ensure that this is delivered efficiently and is reflective of issues affecting local government and the wider public sector. We also consult with stakeholders to seek their views on the areas of policy and service provision that should be considered for audit work.
12. Our performance audit reports set out good practice and present messages and recommendations for councils, both elected members and officers. This year, we published the following performance audits:

- Borrowing and treasury management in councils
- Update on developing financial reporting
- Commonwealth Games 2014: Third report
- An overview of local government in Scotland 2015
- School education
- Self-directed support
- Scotland's public finances: A follow-up audit
- Procurement in councils

13. Each of our reports is followed up with an impact report. We published three such impact reports during 2014/15:

- *Early departures in the public sector* (original audit report published May 2013)
- *Reducing reoffending in Scotland* (original audit report published May 2014)
- *Health inequalities in Scotland* (original audit report published June 2014)

These impact reports show how councils have acted upon our recommendations. Key themes that emerged from impact reporting were the importance of ensuring that findings and recommendations are effectively communicated to the people with the authority and ability to lead and implement change and improvement, and that interest in all of our work spreads well beyond the primary audience of council members and officers.

14. We test the effectiveness of our audit work through Commission members meeting representatives of audited bodies on whom we have published reports. This year, members met with representatives of seven such bodies. The meetings focused on key audit findings, the audited bodies' response to those issues and feedback from the audited bodies on the audit process itself. Feedback from the audited bodies has been positive and constructive.
15. The Commission requires councils to publish information on their performance for the public. The Commission has worked with councils to encourage them to publish their own performance information, rather than the Commission needing to prescribe the information that councils should publish. This has allowed councils flexibility in producing the right information in appropriate formats and thus find efficiencies in compiling and publishing such information. A set of benchmarking performance information across all councils was published by councils during the year and shows good progress on the quality of information being produced and published by councils.
16. We have made increasing use of electronic based formats for our publications, thus increasing the effectiveness and efficiency of our approach. We are also amidst a review of our website, in conjunction with Audit Scotland, with a view to improving the effectiveness of our communications with stakeholders.
17. In updating its strategy on an annual basis, the Commission will consider how to increase its efficiency and effectiveness. We want our impact to be seen in terms of how we have helped Scottish local government improve its performance and value for their citizens and communities.

**Accounts Commission  
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