

Overview of the local authority audits 2004

Controller of Audit's report and Accounts Commission's findings

March 2005



The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit, including the audit of Best Value and Community Planning
- following-up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 35 joint boards (including police and fire services). Local authorities spend over £13 billion of public funds a year.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Accounts Commission's findings



We welcome the maintenance of sound financial stewardship in councils, but the report reveals some areas in a number of councils which are of growing concern.

1. We welcome the maintenance of sound financial stewardship in councils. The accounts of all local authorities were submitted on time and they were also certified on time.

2. We are pleased that council tax collection rates increased for the fifth consecutive year.

3. The report reveals some areas in a number of councils which are of growing concern to the Commission:

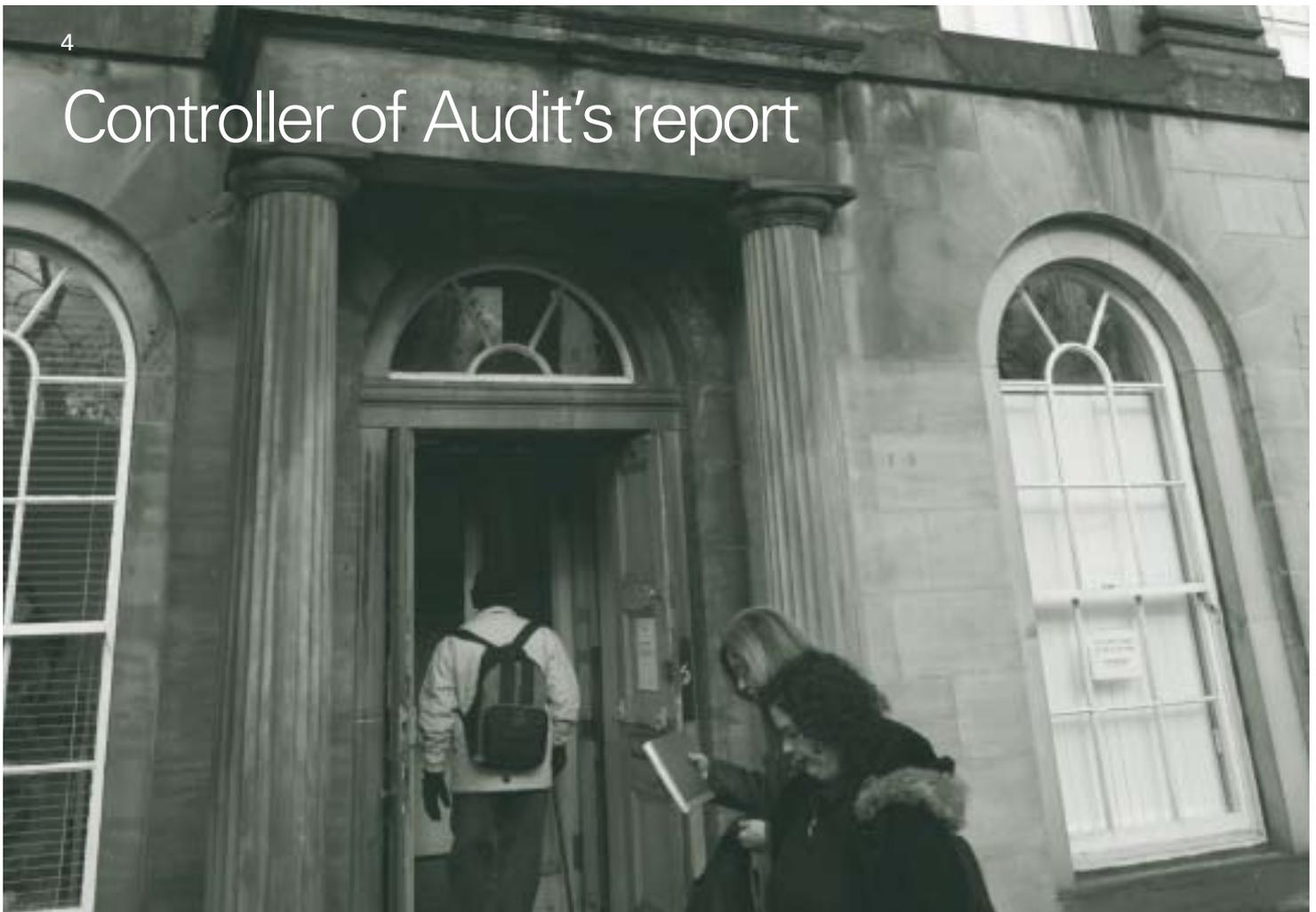
- Weaknesses in financial planning.
- Limited use of risk management to drive performance.
- Insufficient evidence of control and accountability of some councils' funding of external organisations.
- Failure to address fully the Commission's previous concerns about effective audit committees, budgetary control and monitoring, and the need for councils to have a clear policy on reserves and balances.
- Insufficient development of good performance management arrangements to enable elected members and officers to focus early enough on intervention and improvement.

4. These concerns can most effectively be met by following the principles of sound governance which include:

- a sound financial strategy
- tightening internal controls, including internal audit, where needed
- full implementation of Audit Committee principles.

5. We are encouraged by the progress in these areas made by some councils and we look forward to working with councils on the risk-based audit and the Best Value programme to deliver greater improvement.

Controller of Audit's report



Summary

Introduction

1. Local government in Scotland comprises of 32 councils and 35 related local authority organisations which provide a wide range of public services. These include education, social work, housing, and police and fire services. Overall expenditure has increased significantly in recent years to about £13.8 billion in 2003/04. The largest increase is in social work services, reflecting pressures from an ageing population and growing concern about child protection and youth justice.

2. Audit provides powerful support for effective democratic scrutiny of how public money is spent and, working with inspectorates, of the performance of public services. This report provides an overview of the main issues arising from local authority audits in 2004. It highlights themes drawn from the year's audit work arranged under three broad headings; governance, financial stewardship and service performance.

Key findings

3. On governance:

- Elected members are becoming increasingly involved in Best Value and Community Planning but they need more training and support in their scrutiny role.
- Councils have been slow to develop systematic performance management arrangements which provide a comprehensive picture of performance across all services. Public performance reporting requires significant improvement.
- Policies and strategies for developing Community Planning, equal opportunities and sustainable development are in place but implementation at operational level is at an early stage.
- All councils have audit committees but there is still work to be done to ensure that best practice principles are applied in all cases, particularly in relation to risk management and the oversight of internal audit.

4. On financial stewardship:

- Financial stewardship in councils is generally sound; accounts and audits are mostly completed on time and only one of the 32 councils' accounts was qualified.
- More needs to be done to improve the timing and quality of financial information provided to elected members to enable them to monitor service performance and the overall financial position.
- Reserves and balances continued to rise; the overall total at 31 March 2004 was over £1 billion. Councils have plans to apply general fund balances but need to set out clear strategies for managing their reserves which reflect the local financial context.
- Councils have taken varying approaches to their new responsibilities for trading accounts, and results for the first year suggest that some trading activities may have difficulty in achieving the rolling break-even target in future years.

5. Key findings about services from the statutory performance indicators and performance studies include:

- Councils and the NHS need to improve planning, organisation and delivery of equipment and adaptation services to support people living in their homes, especially older people; and national guidance on the respective responsibilities of councils and health services should be revised.
- Councils need better information to help them plan for predicted increases in demand for services for older people.
- Councils need to take action to prevent roads from deteriorating to the point where they are unsafe or need expensive reconstruction.
- Councils recycled and composted 12.3% of waste in 2003/04, 2.7% more than in the previous year.

Future audit work

6. Sound governance arrangements must underpin local authority financial and service performance, and will continue to be a principal focus for auditors. The programme of audits of Best Value and Community Planning will look at how councils are organised to deliver services, with specific attention to performance management and scrutiny. Audit Scotland will combine the findings from these audits with the findings from other work to provide an overall picture of progress in the 2005 overview report.

Part 1. Setting the scene

Introduction

1. This report provides an overview of the main issues arising from the audit of local authorities in 2004. It is organised into three main parts:

- Part 1 provides context by outlining how local government in Scotland is structured and funded.
- Part 2 reports on governance, financial stewardship and service performance.
- Part 3 looks ahead, highlighting emerging issues and the focus for future work.

Local government in Scotland

2. Local government in Scotland comprises 32 councils and 35 related organisations, such as police, fire and road bridge joint boards. Councils vary widely in terms of geography, culture and political composition. They range in size from Orkney Islands, with a population of around 19,000 and an annual spend of £83 million, to Glasgow City which

provides services for 577,000 people and spends over £2,000 million. Large, sparsely populated areas such as that covered by Highland Council contrast with small, densely populated areas such as Aberdeen City.

3. Councils are responsible for providing a wide range of public services including education, social work, housing, roads, refuse collection and leisure services. Councils also undertake other functions including Community Planning and regulatory activities, such as building control, planning and environmental health.

4. Police and fire services are governed by joint boards, except in Dumfries & Galloway and Fife where the council is also the police and fire authority.

Expenditure and funding

5. In 2003/04, total expenditure on services was £13.8 billion. This was offset by service specific government grants, and fees and charges from service users. The net cost of services of £8.6 billion was financed by

central government grants, in the form of revenue support grant (RSG) of £5 billion and redistributed non-domestic rate income (NDRI) of £1.8 billion, and by council tax of £1.8 billion.

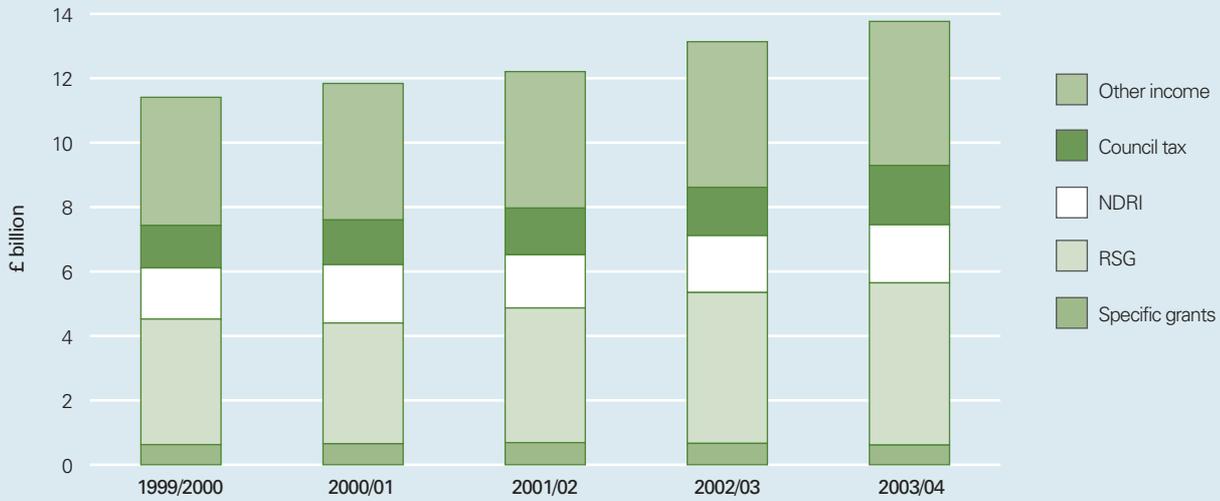
6. Local authority expenditure and government funding has increased steadily over the last five years ([Exhibit 1](#)).

7. Overall, expenditure has increased by 20% over the past five years. The largest increase is in social work (43%), reflecting pressures from an ageing population and growing concern about child protection and youth justice. Expenditure on housing fell because of housing stock transfers ([Exhibit 2](#)).

8. Total general fund capital expenditure in 2003/04 was £881 million. This was funded mainly from borrowing, which allows costs to be spread over future years. Housing capital expenditure amounted to £322 million, most of which was funded from the sale of council houses.

Exhibit 1

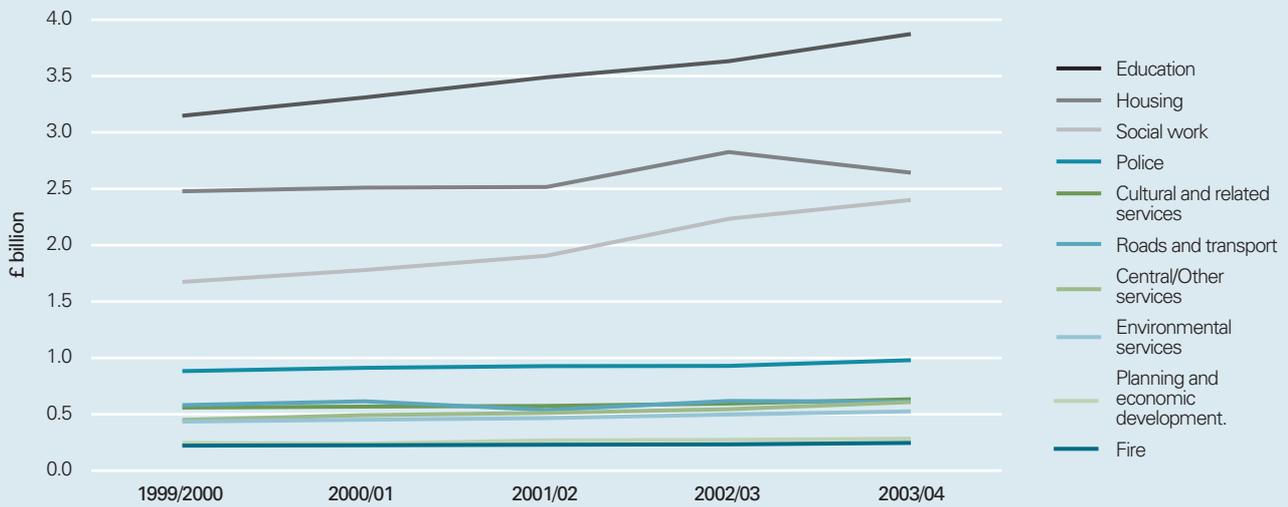
Expenditure by funding source 1999/2000 to 2003/04 (at 2003/04 prices)



Source: Audit Scotland

Exhibit 2

Trends in gross service expenditure 1999/2000 to 2003/04 (at 2003/04 prices)



Source: Audit Scotland

9. Looking ahead, the amount of mainstream central government support for local government is set to increase to about £8.5 billion in 2007/08. Taking account of inflation, this should amount to real growth in 2005/06 and 2006/07. The increase between 2006/07 and 2007/08 is less than the predicted inflation rate. By then, however, central government anticipates annual Efficient Government savings of at least £745 million across the public sector. This includes £325 million from local government through improvements in internal organisation and management; improved procurement practices; and sharing and rationalising services.

The audit approach

10. The Accounts Commission is responsible for the audit of Scottish local authorities and holds councils to account using audit to:

- give assurance on probity, stewardship and financial management
- support continuous improvement through the audit of Best Value and Community Planning
- secure the fair presentation of financial and performance information
- promote the economic, efficient and effective use of resources, through a programme of performance studies.

11. Each year the Commission calls for a report on the main issues arising from the audits. This report relates to 2004 and covers the 2003/04 audits. Information has been brought together from a range of sources, including the public reports prepared by auditors at the conclusion of their work. Extracts from auditors' reports have been used to inform exhibits and case studies.

12. The public expects the quality and availability of public services to improve as spending rises. Local authorities are accountable to their constituents and must demonstrate to them that additional funding is leading to improved performance. Public audit provides powerful support for effective democratic scrutiny of how public money is spent and, working with inspectorates, of the performance of public services.

13. Local authority audit in Scotland comprises the financial and governance audit, statutory performance indicators (SPIs), the programme of national performance audit studies and the audit of Best Value and Community Planning, which provides important new information about council performance. Taken together, these ensure a strategic and integrated approach to audit and reporting, to the Accounts Commission and the public (stakeholders) and to local authorities (clients), which is risk-based and proportionate.

14. Audit Scotland works with other scrutiny bodies to maximise the impact of audit and minimise costs. This means developing a shared understanding of how scrutiny contributes to improvement, being clear about the respective responsibilities of audit and inspection, and streamlining working practices to minimise the workload for local services. In practice this includes collaboration on performance audit studies and joint working on inspections. Best Value audit reports draw on inspectorates' findings to provide a rounded picture of council performance.

Part 2. Key messages



15. This part of the report comments on:

- governance, including Best Value and Community Planning
- financial stewardship
- service performance, based on the statutory performance indicators and performance audit reports published in 2004.

Governance

16. Corporate governance is about how councils set priorities, conduct their business and relate to the communities they serve. Auditors review and report on councils' governance arrangements as part of their annual audits. Sound governance is central to Best Value and auditors' work contributes to the overall view of councils provided in Best Value audit reports.

17. This section looks at councils' approach to Best Value and how they engage with their communities.

It also considers how councils scrutinise performance and monitor corporate controls.

Approach to Best Value

18. Councils now have a statutory duty to deliver Best Value and Community Planning and they are beginning to consider the detailed changes needed to the systems and procedures that underpin service performance. There is evidence that councils are taking a more corporate approach to Best Value, with elected members increasingly committed to and involved in the process.

19. Senior managers in most councils are aware of the priority areas, such as performance management and Community Planning, and are developing plans to respond. It is important that this 'process' phase of Best Value is completed as soon as possible to allow the emphasis to shift to improving the performance of services experienced by users and the community in general.

20. COSLA has produced an advisory note¹ which stresses the key strategic role for elected members in ensuring that their councils achieve Best Value. Councils have provided training for their elected members but more needs to be done to build on this.

21. Councils are required to address equal opportunities and sustainable development as part of their approach to Best Value. There is still much to be done here – most councils have established policies and strategy statements, but implementation at an operational level is patchy. In particular, equal opportunities and sustainable development need to be embedded in service activities. Improved monitoring systems are also required.

Performance management

22. The central requirement of Best Value is that councils can demonstrate continuous improvement in the performance of their services. This means that they need to know how services are performing and how

¹ Local Government in Scotland Act 2003: Elected Member Leadership in Best Value Advisory Note, Convention of Scottish Local Authorities (COSLA), 2005.

they are improving over time. The statutory guidance on Best Value sets out the key features of an effective performance management system ([Exhibit 3](#)).

23. Early findings from Best Value audits indicate that councils have been slow to develop systematic performance management arrangements. They continue to rely heavily on statutory performance indicators when reporting their performance. However, these cover a limited amount of activity and the evidence so far suggests that providing a comprehensive picture of performance across all services will be a common difficulty for councils.

24. More comparative analysis and use of benchmarking would help councils to demonstrate how well services are performing and identify new approaches that might benefit service users. Overall, councils' systems have a long way to go to meet the characteristics set out in [Exhibit 3](#).

Engaging with communities

Community Planning

25. Local government legislation requires councils to develop Community Planning processes to deliver better, more responsive public services. This involves councils working with a wide range of organisations in areas such as community care and economic development. Early audit work indicates a strong commitment to Community Planning, with councils engaging with local partners and putting plans and structures in place.

26. There are varying approaches to developing community plans across Scotland and there is limited information available on how well Community Planning partnerships are delivering demonstrable benefits to local people and communities. To complement the examination of these issues through the audit of Best Value and Community Planning at individual councils, Audit Scotland is undertaking a national study to assess the effectiveness of arrangements for joint working with partner bodies.

Public performance reporting

27. Public performance reporting continues to be an aspect of councils' governance where significant improvement is required. There has been some progress at a corporate level but there is often a lack of balance in the information reported. Material is heavily weighted towards good news. There is much less about areas in need of improvement. There is also limited evidence of councils reporting clearly their targets for future performance.

28. Councils are complex organisations which provide a wide range of services, so performance reports which focus on individual services are required. Performance management systems need to provide information about service performance that can be made readily available for the public and service users.

Scrutiny and controls

29. Effective scrutiny is central to good governance. It involves elected members holding officers to account for service performance and the adequacy of corporate controls.

30. There has been progress in developing the scrutiny and performance monitoring role of elected members but this has tended to centre on setting up structures such as scrutiny panels or sub-committees. These arrangements would be more effective if they were supported by better training and support for the elected members involved.

Audit committees

31. The Accounts Commission has consistently underlined the key scrutiny role for audit committees in providing independent assurance, both to the council and its wider stakeholders, that resources are used properly and effectively.

32. To be effective, audit committees must promote good corporate governance – by gaining an overview of the council's overall control environment, reviewing the effectiveness of risk management, and monitoring the performance of audit and actions taken in response to audit recommendations. If this does not happen then a key component of effective governance is absent, and there are risks to financial and service performance.

33. Councils where the audit committee function is carried out as a part of wider scrutiny responsibilities must ensure that time is available to deal with core audit committee business.

34. The Chartered Institute of Public Finance and Accountancy (CIPFA) has set out three fundamental principles for audit committees ([Exhibit 4](#)).

Exhibit 3

Features of an effective performance management system

- Performance should be systematically measured across all areas of activity within a robust corporate framework.
- Performance information must be accurate, up to date, and include relevant trends, comparisons, standards and targets, and be rigorously monitored on a regular basis.
- There should be an effective system for addressing areas of under-performance, identifying the scope for improvement, agreeing remedial action and monitoring implementation.
- Comparative analyses should be used systematically to identify performance potential and to learn from other councils, public organisations, and the commercial sector.
- Performance must be systematically reported to management, councillors, service users and the public. Reports should be honest and balanced and clearly show if strategic and operational objectives and targets are being met.

Source: Local Government in Scotland Act 2003: Best Value Guidance, Scottish Executive, 2003

Exhibit 4

Audit committee principles

Local authority audit committees should provide:

- independent assurance on the adequacy of the risk management framework and the associated control environment within the authority
- independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
- assurance that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts are dealt with properly.

Source: Audit Committee Principles in Local Authorities in Scotland, CIPFA in Scotland Directors of Finance Section, 2004

35. During 2004 the Accounts Commission published a report on internal audit in Scottish councils. As part of the exercise, auditors assessed each council's level of compliance against 12 aspects of good practice for audit committees ([Exhibit 5](#)). This confirmed the conclusion in last year's overview report that two-thirds of councils were not operating fully under audit committee principles. The emerging evidence from the audits of Best Value also indicates that substantial improvement is required in applying these principles.

36. Auditors are continuing to assess the adequacy of audit committee arrangements as part of their annual review of governance. The auditors of Dumfries & Galloway, East Ayrshire and Stirling councils recommended that steps are taken to ensure compliance with audit committee principles. At Shetland Islands the auditors carried out a review of the effectiveness of the audit committee. They reported that there was a need to develop roles and responsibilities to include risk management, and for the council to identify the training needs of elected members who serve on the audit committee.

Internal audit

37. Scrutiny through effective internal audit is also an essential element of good governance and audit committees have a key role in ensuring internal audit resources and plans meet their councils' needs.

38. The national study on internal audit measured councils' overall in addressing weaknesses and progress made by individual councils in improving the effectiveness of internal audit ([Exhibit 6](#)).

39. The study found that councils still need to improve in the following areas:

- basing their work on a comprehensive risk assessment
- more structured planning
- following-up recommendations to ensure appropriate action is taken
- developing an effective performance management framework
- clarifying the respective roles of management and internal audit in maintaining internal control.

40. External auditors assess the extent to which they can rely on internal audit to ensure the best use of the overall audit resource. They reported that the improvements in compliance against the CIPFA Code² did not always translate into significant improvements in the degree to which they could place reliance on internal audit. In two councils (East Dunbartonshire and Eilean Siar), the auditors were unable to place reliance on internal audit, mainly due to the timing of work or inconsistent quality. This shows that, in practice, compliance with the Code is only part of the picture. Decisions on internal audit resources and risk management have a direct effect on the quality of internal audit service delivered.

Internal controls

41. Local authorities include a statement in their annual accounts setting out how financial control is managed and reviewed, including the arrangements for internal audit. Through this, councils highlight areas they know need to improve. This is known as the Statement on the System of Internal Financial Control (SSIFC) – some

councils opt for a wider assurance statement on corporate governance as a whole. The most commonly occurring disclosures are set out in [Exhibit 7 page 14](#).

42. Following similar disclosures in 2002/03, Inverclyde Council again acknowledged the need to strengthen corporate governance and risk management arrangements, document financial procedures and develop business continuity planning. The auditors also reported weaknesses in implementing a housing management information system and in accounting reconciliations which affected internal controls in 2004/05.

Risk management

43. Local authorities need to develop risk management processes, identify operational and financial risks and put in place appropriate responses to mitigate the risk to the organisation. This needs to be explicit, including the completion and maintenance of risk registers.

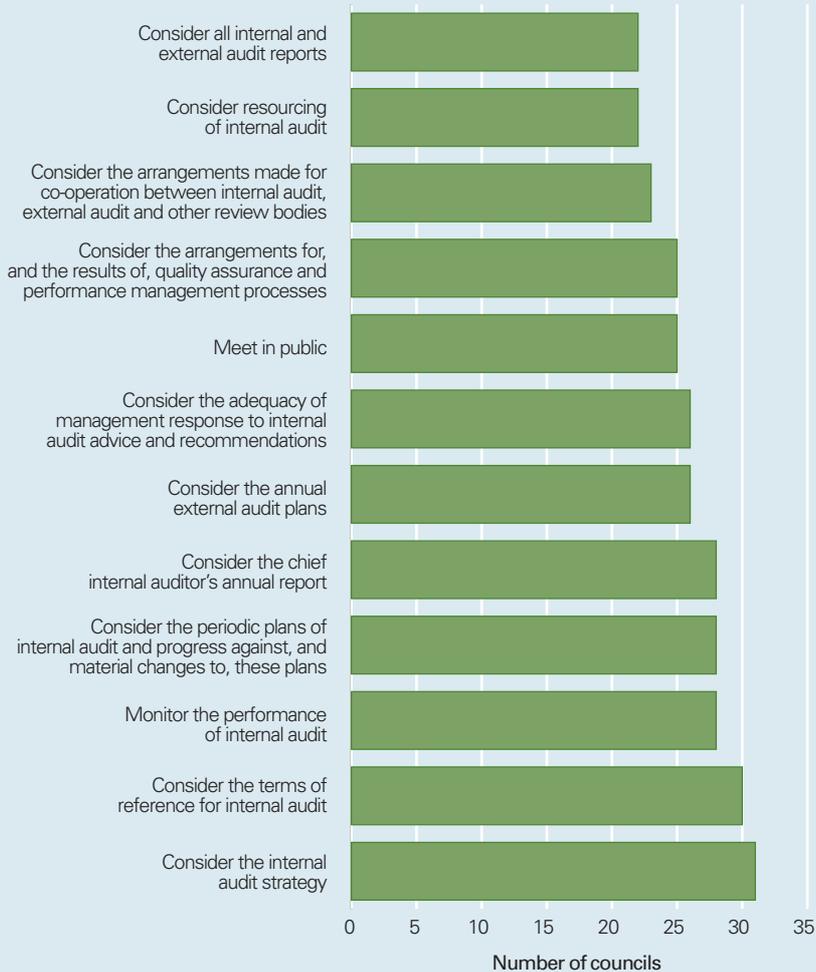
44. Councils acknowledge that more work is required, with 14 disclosing weaknesses in risk management in their governance statements. For example, auditors highlighted that Argyll & Bute, Orkney Islands and Scottish Borders still had significant work to do to develop their risk management frameworks.

Following the Public Pound

45. Councils see real benefits in funding external organisations to deliver services, for example by attracting funding from alternative sources, encouraging more effective engagement with communities or providing more choices for service users. However, they need to maintain control and accountability over public funds and ensure that good governance principles are observed.

Exhibit 5

Compliance with audit committee principles



Source: *A job worth doing: Raising the standard of internal audit in Scottish councils – A follow-up report*, Audit Scotland, 2004

Exhibit 6

Findings from *A job worth doing – A follow-up report*

Performance band	Number of councils	
	2004	2001
1. Almost fully comply	17	4
2. Generally comply	11	16
3. Partially comply	4	8
4. Generally did not comply	0	4

Source: *A job worth doing: Raising the standard of internal audit in Scottish councils – A follow-up report*, Audit Scotland, 2004

Exhibit 7

Control disclosures

Analysis of the 32 SSIFCs/corporate governance statements shows that disclosures were made at 24 councils. The most commonly occurring issues were:

- the need to strengthen risk management arrangements
- IT issues, including business continuity and disaster recovery planning
- weaknesses in budgetary control
- the need to develop local codes of corporate governance.

Source: Councils' accounts

46. Following its consideration of an initial report on *Following the Public Pound*,³ the Accounts Commission expressed concern about councils' funding of external organisations, particularly the lack of reliable information on the position. Auditors' reports confirm that this continues to be an area requiring action ([Exhibit 8](#)). The Commission is undertaking a follow-up study to establish the amounts involved and councils' governance arrangements.

Financial stewardship

47. This section of the report looks at issues arising from the audit of local authority accounts and financial management arrangements.

Accounts and audit

Completion

48. All 32 councils and 35 related local authority organisations made their 2003/04 accounts available for audit by the statutory deadline of 30 June 2004. In about a third of

councils significant changes to accounts were required as a result of the audit, mainly in relation to the disclosure of trading operations, capital accounting adjustments and accounting for pensions.

49. The Accounts Commission requires auditors to complete the financial audit by 30 September 2004. For the first time, all 32 council audits were signed off by this deadline ([Exhibit 9](#)). The position on joint boards also improved.

50. There was also an overall improvement in the period between the completion of the audit and the date on which audited accounts were published. The position at Highland Council, however, is concerning. Although the audit was completed in September 2004 the accounts were not published until February 2005. This follows a significant delay in completing the 2002/03 audit. Earlier publication of audited financial results increases the value of the information.

51. In addition to the audit of the accounts, auditors were required to provide a report on 2003/04 audits by 30 November 2004. Most met this deadline. However, with the significant improvement in the time taken to complete audits there is scope for earlier audit reporting. For 2004/05, Audit Scotland has asked auditors to aim to provide both the audited accounts and their annual audit report by the end of September 2005. Deadlines will continue to be reviewed in light of experience and in consultation with auditors.

Audit opinions

52. There were two audit qualifications in 2003/04 (2002/03: none). In addition, auditors highlighted 29 issues in their opinions which, although significant, did not affect the accuracy of the accounts.

53. The audit opinion on East Lothian's accounts was qualified because the auditor was unable to determine whether the council had complied with the statutory

³ *Following the Public Pound*, Controller of Audit's report and Accounts Commission's findings, March 2004.

Exhibit 8

Following the Public Pound – issues reported by auditors

Dundee City

Dundee Energy Recycling Limited (DERL) was formed to develop, own and operate a waste-to-energy plant. The council has a substantial financial interest in DERL. For the purposes of disclosure in the council's 2003/04 group accounts, figures from DERL's unaudited statutory accounts to 31 December 2003 were used. But there were significant changes between the figures used for the preparation of group accounts and DERL's final, audited accounts. The effect of using the audited figures would have been to change the net surplus on the group revenue account from £0.04 million to a net deficit of £3.16 million and the cumulative deficit position on the group 'Joint Venture and Associate Companies Profit and Loss Account' from £10.4 million to £13.6 million.

Shetland Islands

The council does not set specific goals or targets for funding provided to a trust. The auditors recommended that the council ensures that there is systematic and regular monitoring of service and financial performance.

West Lothian

West Lothian Leisure Ltd (WLL) manages the council's leisure and sporting facilities. The auditors reported that, towards the end of 2003/04, WLL forecast an accumulated trading deficit of £255,000 for the financial year. The council provided a letter of comfort to enable WLL to continue to operate as a going concern. A recovery plan has been established and the auditors will be reviewing the governance arrangements as part of the 2004/05 audit.

Source: Auditors' annual audit reports

Exhibit 9

Date by which council audit certificates were signed 2000/01 to 2003/04



Source: Audit Scotland

requirement for trading accounts. At Highland & Islands Fire Board a qualified opinion was given because the board had not revalued land and buildings within the timescales required by the accounting code ([Exhibit 10](#)).

54. Glasgow City's auditor included an explanatory paragraph because trading disclosures were based on the previous Direct Labour/Direct Service Organisations, pending a Best Value review. In the auditor's view, the council had not taken sufficient steps to identify significant trading operations and had therefore not complied fully with the statutory requirements. The overall position on trading accounts is considered later in this part of the report.

55. The other 28 explanatory paragraphs relate to the Supporting People programme. This grant is provided by central government to councils to provide housing support services for vulnerable people. The scheme required service providers to apply for registration of each service with the Care Commission by 1 October 2003. However, due to the complex nature of the services, no applications were made by that date. As a result, payments by councils to service providers from 1 October 2003 until 31 March 2004 did not comply with statute. The overall value of the grant to councils exceeded £406 million in 2003/04, of which expenditure in the six months to 31 March 2004 was about £225 million.

56. In August 2004, as a temporary measure, the existing legislation was amended to remove the requirement for providers to be registered before they can receive payment. The Scottish Executive has introduced legislation which, when enacted, will rectify the position for both the operation of unregistered providers and the payments made to them by councils.

57. The Auditor General has already reported to Parliament on the position as it relates to the accounts of the Care Commission and the Scottish Executive. In view of the substantial amounts of public funds involved, Audit Scotland will continue to monitor the situation.

Financial management

Budgetary control

58. Budgetary control is a key aspect of financial management and its effectiveness is an indicator of the quality of stewardship. In the past, auditors have highlighted cases where councils have experienced problems in controlling budgets. The auditors of Scottish Borders Council reported a further improvement in budgetary control in 2003/04, following previous overspends on education.

59. Compared with the previous year, there are fewer audit comments on budgetary control. But councils need to do more to improve the timing and quality of information provided to elected members to enable them to monitor service performance and the overall financial position. There were particular problems at Clackmannanshire and Inverclyde ([Exhibit 11](#)). More generally, auditors identified significant underspending in social work which councils attribute to uncertainties about the Supporting People programme and social work vacancies.

Capital expenditure

60. Auditors' reports provide evidence of slippage in councils' capital programmes arising from delays in project design, contract letting and negotiations for land acquisition. Further examination is needed to establish the extent, the underlying reasons and the impact on future capital programmes. For example, at North Ayrshire, total

capital expenditure in 2003/04 was about £10 million lower than the £31 million budget, with the variance attributed to capital projects running behind schedule. At Stirling Council, the auditors reported that, since local government reorganisation in 1996, the council has underspent against its general services capital programme each year, with 2003/04 seeing the largest underspend yet.

61. Central government control over capital expenditure by way of consent to spend has now been replaced by a system based on affordability and prudent capital planning. Councils are required to have regard to CIPFA's Prudential Code⁴ which sets out the new framework for local authority capital finance and good practice in planning and managing capital expenditure.

62. The new arrangements depend on accurate and consistent financial information. However, as noted earlier, capital accounting difficulty was one of the most common reasons for changes in the accounts presented for audit. Councils need to have clear policies which ensure consistency in differentiating between revenue and capital. Auditors' reports also highlight the need for robust and up-to-date asset registers.

63. More generally, auditors' reports indicate that councils need to review and improve their asset management arrangements. This is an essential element of Best Value, affecting the financial and property resources available to councils. It will also help identify scope for collaboration in the public sector, in line with the Efficient Government agenda.

Reserves and balances

64. Against a backdrop of overall net expenditure of about £10 billion, the total value of reserves held by councils

4 The Prudential Code for Capital Finance in Local Authorities, CIPFA, 2003.

Exhibit 10

Audit qualifications

East Lothian Council

"Section 10 of the Local Government in Scotland Act 2003, which came into force on 1 April 2003, requires local authorities to maintain and disclose trading accounts for significant trading operations, defined in accordance with proper accounting practices. The accounting policies on page state that the Council operated no significant trading operations during 2003/04. In my view, however, the Council has failed to evidence this assertion by way of a formal and structured review, applying the tests and criteria outlined in proper accounting practices, of its operations and activities. As a consequence, I am unable to determine whether or not the Council should have disclosed trading accounts for significant trading operations under the Local Government in Scotland Act 2003."

Highland & Islands Fire Board

"The Code of Practice on Local Authority Accounting requires that assets included in the balance sheet at current cost are formally revalued at intervals of not more than five years. No revaluation of the Board's land and buildings has been undertaken since 1 March 1999. I am unable, therefore, to determine the possible adjustments to the statement of accounts that would have been required had the Board's assets been revalued in accordance with the requirements of the Code of Practice."

Source: Auditors' opinions on councils' accounts

Exhibit 11

Reporting to elected members on the financial position

Clackmannanshire

The year end financial position reported to elected members of Clackmannanshire Council was significantly different from that reported to members during the year. In February 2004, at the time of setting the budget and council tax for 2004/05, elected members were advised that the year end surplus would be about £600,000. The year end accounts show a surplus of £2 million. The auditors reported that underspends were not being identified and reported in a timely manner. They referred to their previous year's report in which they stated that the financial information provided to members during the year had provided an inaccurate impression of the financial position of the authority for the year and that this was again the case in 2003/04. The council is in the process of changing its approach to budget-setting and monitoring.

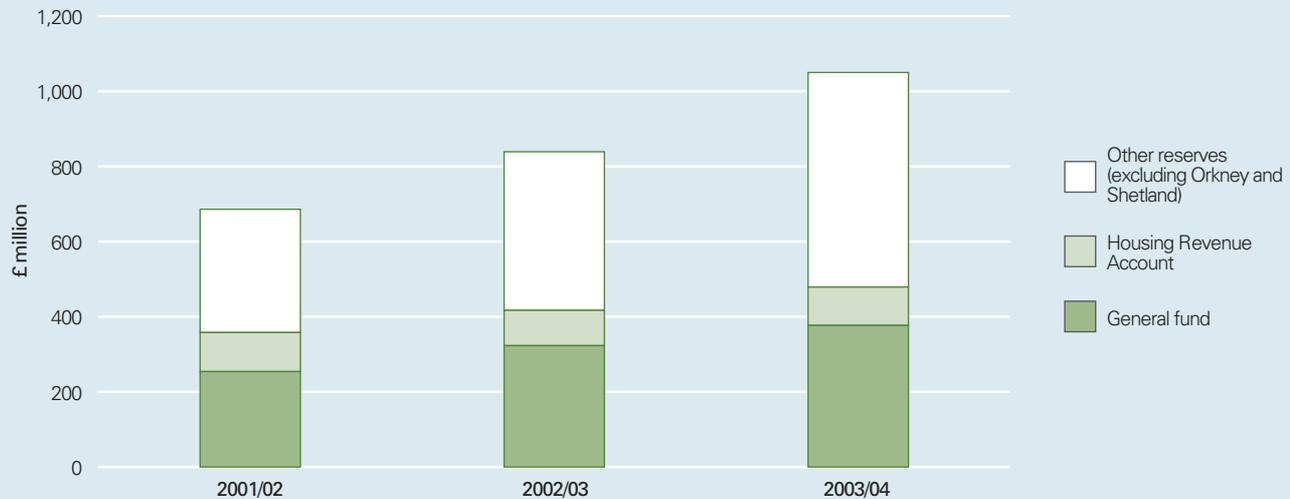
Inverclyde

At Inverclyde Council, the auditors referred to the Better Neighbourhood Services Fund. Monitoring reports on the fund submitted to the Community Services Committee during 2003/04 indicated a budget and projected spend for the year of £4.7 million. The actual spend was £1.8 million. The auditors concluded that the monitoring information presented to the Community Services Committee was entirely inadequate for the purposes of financial and performance monitoring.

Source: Auditors' reports

Exhibit 12

Councils' total reserves



Source: Audit Scotland

at 31 March 2004 was over £1 billion (31 March 2003: £839 million) (Exhibit 12). This covers a range of reserves and there is wide variation in the amounts held by individual councils.

65. At 31 March 2004, councils had general fund balances totalling £377 million and housing revenue balances totalling £102 million. Other reserves, which include capital funds, repair and renewal funds and insurance funds total £571 million. These figures exclude the substantial funds held by Orkney Islands and Shetland Islands (£233 million and £357 million respectively) arising mainly from harbour and oil-related activities.

66. Income and expenditure on services other than housing is reflected in the general fund balance. The overall figure of £377 million at 31 March 2004 compares with £323 million at the end of the previous year. In relation to spend, this represents an increase from 4% in 2002/03 to 4.3% in 2003/04. The position at individual councils is shown in Exhibit 13.

67. General fund balances at 31 March 2004 range from less than 1% of net expenditure at South Lanarkshire to about 12% at Moray. Over half of councils had balances of between 3% and 6% of net expenditure; four councils had balances in excess of 9% of net expenditure – Dumfries & Galloway and Eilean Siar (both 10%), Inverclyde (11%) and Moray (12%).

68. General funds consist of earmarked amounts set aside to support future years' expenditure and often include a contingency for unexpected events or emergencies. The financial statements of the four councils with the largest general fund balances relative to spend provide further information (Exhibit 14).

69. The appropriate level of balances is for councils to determine, taking account of local circumstances. Councils have plans to use balances held at 31 March 2004 but need to ensure that they have clear and explicit policies on the overall level of balances they intend to hold and how these will be applied.

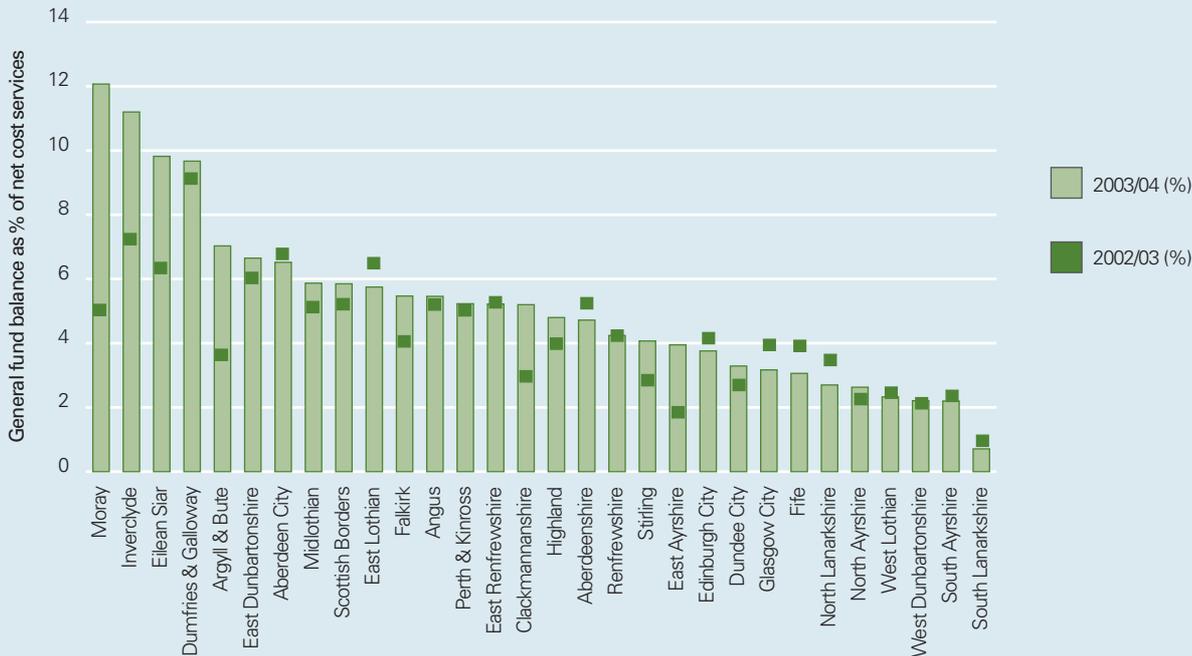
Trading accounts

70. Councils are required to disclose significant trading operations and to break-even on these activities over a rolling three-year period. 2003/04 was the first year of these requirements. An analysis of councils' accounts shows that the total number of trading operations in 2003/04 was 163. Of these, 146 (90%) relate to trading operations that were previously Direct Labour/Direct Service Organisations under the former Compulsory Competitive Tendering (CCT) arrangements. The remaining 17 activities include school crossing patrols, letting of commercial property, car parking, golf courses, architectural services and printing services.

71. Councils have taken very different approaches in identifying trading operations. The numbers identified range significantly from none at East Lothian to 11 at Glasgow City Council. As indicated earlier, the position at East Lothian resulted in audit qualification.

Exhibit 13

Councils' general fund balances as a percentage of net cost of services at 31 March 2004



Source: Audit Scotland

Exhibit 14

Information about general fund balances

Dumfries & Galloway

The total general fund balance at 31 March 2004 is £25.3 million. £10.6 million of this balance has already been allocated to specific services and activities, including amounts held by schools under the Devolved School Management arrangements, leaving an unallocated year end general fund balance of £14.7 million. The council's budget strategy for financial years 2004/05 and 2005/06 plans to use £6.4 million of these balances to restrict council tax increases over that period.

Eilean Siar

The general fund generated a surplus in the year of £3.1 million, taking the overall balance to £8.5 million. £4.1 million of this is already earmarked for specific purposes. The council has a policy of holding £1 million of balances and taking account of forecast budget deficits for the next two years of approximately £2.4 million leaves about £1 million of uncommitted balances.

Inverclyde

The general fund balance at 31 March 2004 stands at £17.7 million of which £11.4 million is already earmarked for use in 2004/05. Further use of balances is anticipated as part of the authority's current budget strategy and to deliver on the council's community plan commitments, with particular reference to the modernisation agenda through spend to save. The recommended minimum level of non-earmarked reserves is £3.2 million, 2% of net revenue expenditure.

Moray

The balance on the general fund at the year end was £16 million of which £6.6 million is committed in forward plans and £0.8 million is balances held for schools and community education centres.

Source: Councils' accounts

72. In total, council trading operations produced net surpluses of £48 million. The requirement is to break-even over a three year period – in 2003/04, ten out of the 163 showed deficits totalling £1.3 million. [Exhibit 15](#) sets out examples of auditors' comments.

73. In addition to comments about the disclosure of trading operations and break-even, auditors highlighted more general points relating to business management. These include the need for robust business and financial plans, service reviews, service level agreements or contracts and effective performance monitoring and reporting.

Pensions

74. Eleven councils administer pension funds under the Local Government Pension Scheme in Scotland. The remaining councils, and many other public bodies, are admitted members of these schemes. Employee contribution rates are set in regulations and employers' contribution rates are determined by actuarial assessment every three years. Triennial reviews show the need for significant increases in employers' contribution rates in future.

75. The value of assets in pension funds increased to £9.7 billion from £7.6 billion in the previous year, reflecting the overall improvement in stock market conditions at 31 March 2004. At the same time, liabilities increased to £11.6 billion from £10.8 billion, resulting in net liabilities at 31 March 2004 of £1.9 billion compared with £3.2 billion at 31 March 2003.

76. The police and firefighters' pension schemes are unfunded 'pay as you go' schemes – actual pension payments are met from revenue as they fall due. There is no underlying fund to meet the costs and therefore the pension liability in the accounts is always likely to exceed the overall net asset position. Across Scotland, pension liabilities disclosed in police

and fire authority accounts went up by around 7% to £4.65 billion for the police and £1.22 billion for fire authorities. Councils fund police and fire authorities and are required to meet their share of costs as they fall due. During 2005, Audit Scotland will review the position of each of the Scottish public pension schemes.

Fraud

77. Auditors provide details of reported fraud. Excluding benefit-related fraud, 147 cases were reported in 2003/04 totalling £648,000 (2002/03: 109 cases totalling £166,000). Most reported cases were discovered by employees (60%) or through internal controls (22%).

78. The housing and council tax benefit system involves a large number of transactions and is susceptible to fraud. The level of reported claimant fraud in 2003/04 was £5.2 million (£5.3 million in 2002/03) against total benefit paid out during the year of £1.5 billion. The overall number and value of frauds detected and reported by Scottish councils has declined in the last three years ([Exhibit 16](#)).

79. The National Fraud Initiative (NFI) compares records held in different parts of the public sector to identify errors, inconsistencies and potential fraud. Computerised data-matching may identify, for example, pensions that continue to be paid after people have died or local authority employees who have not declared their income when claiming benefits. The results of the NFI have been passed to councils and police and fire authorities for further investigation, and auditors will report on this in 2005.

80. Employees need safe and proper channels for reporting concerns about malpractice and fraud and corruption. During 2004, in co-operation with Public Concern at Work, Audit Scotland issued two good practice leaflets for the Scottish public sector. These cover

how employees should raise concerns about potential fraud and corruption, and emphasise the need for accessible whistleblowing policies.

Service performance

81. In addition to the audit of Best Value and Community Planning, which considers corporate performance, Audit Scotland undertakes other specific work which focuses on the performance of individual council services, through statutory performance indicators (SPIs) and performance studies. This section summarises the outcome of the 2004 work.

Statutory performance indicators

82. In 2003/04, councils, fire brigades and police forces were required to report their service standards against 77 SPIs. These indicators covered a wide range of services and highlight the variation in performance among councils and the change in performance over time.

83. Six pamphlets have been published summarising local authority performance and key performance issues in 2003/04. They cover corporate management; cultural and community services; education and children's services; environmental and regulatory services; housing and social work services; and police and fire services. Key messages highlighted in the published performance SPIs are set out in [Exhibit 17 page 23](#). The pamphlets are available on Audit Scotland's website www.audit-scotland.gov.uk.

84. In a small number, about 3%, the SPI information was either not provided or auditors raised questions about the reliability of information. At Eilean Siar, the auditor reported that firm action was required to improve the arrangements for completing the SPIs to ensure that all indicators are calculated properly.

Exhibit 15

Trading account deficits in 2003/04

City of Edinburgh

Two significant trading operations had deficits in 2003/04. The auditors recommended that the council ensures financial plans are in place for all significant trading operations to break-even over the required three years.

Eilean Siar

The bus operations showed a deficit, in 2003/04, of £162,000. The service was subject to competitive tender in 2003/04 and a new service level agreement was effective from 1 April 2004. Against a backdrop of previous deficits, the auditor recommended that elected members should receive regular monitoring reports on progress towards achieving break-even.

Stirling

Following substantial deficits under the CCT regime, the council reported a deficit, for refuse collection, of £439,000 in 2003/04. The auditors expressed doubt about the council's ability to achieve the statutory break-even target over three years.

Source: Auditor's annual reports

Exhibit 16

Housing benefit/council tax benefit fraud detected and reported

	2001/02	2002/03	2003/04
Number of frauds	11,525	7,755	6,485
Value of fraud-related overpayments	£6.5 million	£5.3 million	£5.2 million
Value of benefits paid	£1.4 billion	£1.6 billion	£1.5 billion

Source: Audit Scotland

During 2005 Audit Scotland will review with the services concerned the indicators where there have been concerns recorded by auditors.

Studies

85. In addition to the SPIs, Audit Scotland also undertakes a programme of studies of the performance of individual services. These are often 'cross-cutting', looking at the wider picture across public sector boundaries. The reports published in 2004 are summarised below – copies are available on Audit Scotland's website www.audit-scotland.gov.uk.

Community care

86. Councils' community care services assist a wide range of people, including: older people and people with dementia; people with physical disabilities; people with mental health problems; children and young people with special needs; and carers.

87. Providing assistance with washing, dressing and shopping contributes to the quality of older people's lives by supporting them in their own homes while minimising the demand for residential care places and NHS beds. Annual spending on older people's services stands at around £560 million across Scotland and accounts for almost two-thirds of councils' community care expenditure.

88. Over the next 20 years, Scotland will see a large increase in the numbers of older people, together with a progressive decrease in the numbers of younger people available to provide unpaid care for friends and relatives. Together, this will place increasing pressure on services.

89. A study in this area found that, to cope with future need, councils were planning and developing services for older people. However, some aspects of planning, including having good information about older people's needs, were not as developed as they should have been. The report also highlighted that:

- in all but one council, older people were waiting for care home places
- in more than half of councils (18 of 32), older people were waiting for homecare services
- a quarter of councils needed to improve care for older people in their own home
- few councils monitored waiting times for all community care services, although all councils monitored waiting times for some services
- councils need to improve their evaluation of new policies such as free personal care.

90. A separate study looked at community equipment and adaptations. These cover a wide range of items, including walking-frames, bath aids, stairlifts, wheelchair ramps and lowered kitchen worktops. Such aids/adaptations can improve the everyday quality of people's lives. They can also help prevent admissions to hospital, speed up discharge from hospital and reduce the need for other community care services and the support of carers.

91. About a third of Scottish households have at least one person with a long-term illness, health problem or disability. One-in-three adults with such difficulties

has equipment or adaptations in their home. Council social work services spent approximately £30 million on community equipment and minor adaptations in 2001/02, and demand is likely to rise as Scotland's older population grows.

92. The report found that the way in which services were organised was confusing for staff and clients. Councils and the NHS should both improve the planning, organisation and delivery of equipment and adaptation services to support people living in their own homes, especially older people. The report also concluded that it is an opportune time to revise national guidance on the respective responsibilities of health and council services in this area.

Fire services

93. This report considered the progress made by fire authorities in implementing the modernisation agenda for the fire and rescue service, as set out in a UK-wide national pay agreement.

94. The report concluded that:

- two authorities had made good progress – Lothian & Borders and Strathclyde
- two authorities had made reasonable progress – Highlands & Islands and Tayside
- four had made some progress – Central Scotland, Dumfries & Galloway, Fife and Grampian.

95. Overall, authorities were taking the necessary early steps, but a significant amount of work was required before real change would be seen on the ground.

Exhibit 17

Key messages from the 2003/04 SPIs

Corporate Management

- Council tax collection rates increased for the fifth consecutive year. In 2003/04, councils collected 91.7% of council tax due.
- Councils paid 83% of invoices on time – an increase of 8% in the last three years.

Cultural and Community Services

- Just over 287,000 people used learning centres and learning access points at libraries, about 7.2% of the population.
- There were nearly 36 million attendances at council pools and sports facilities, an increase of about 0.5 million over the previous year.

Education and Children's Services

- 60% of young people who left care away from home, did not achieve the target of Standard Grades in English and Maths, compared to 36.4% in 2002/03.

Environment and Regulatory Services

- Councils recycled and composted 12.3% of waste in 2003/04, 2.7% more than in the previous year. The target is to recycle 25% by 2006.
- Across Scotland, 45% of the road network was in need of repair or required further investigation.

Housing and Social Work

- £28 million of rent was in arrears from current council tenants at the end of 2003/04. This is 7.9% of rent due, an increase of 0.5% on last year.
- Only 57% of council house sales were completed within the national target time of 26 weeks.
- Just over 58,000 people aged 65 or over received homecare services. Of these, around 57% received personal care, 25% received care during the evening or overnight, and nearly half received services at the weekend.

Police and Fire

- The percentage of recorded crime cleared up was 46.9%, the highest level since directly comparable data was first available in 1996/97.
- There were 1,116 fire incidents leading to casualties in 2003/04, and 6,149 accidental dwelling fires, continuing the reduction over the last four years.

Housing

96. A report published jointly with Communities Scotland assessed how councils and Registered Social Landlords (RSLs) manage empty and low-demand houses – properties that are frequently rejected or accepted only reluctantly even by applicants in urgent housing need. Effective property management minimises the amount of empty housing, improves the availability of homes, and increases rental income.

97. The report highlighted differences in performance between councils and RSLs. For example, on average, RSLs relet their properties twice as quickly as councils, with RSLs taking 56 days to relet low-demand properties compared to 112 days for councils.

98. Recommendations focused on the need to: improve management information; better manage sheltered accommodation; accelerate the letting process; conduct benchmarking exercises; and ensure that any strategy developed for properties that can no longer be relet is part of a wider housing and community strategy agreed with other relevant agencies.

Road maintenance

99. This report considered the condition of roads in Scotland and how councils and the Scottish Executive manage road maintenance. The 3,500 km motorway and trunk road network is managed by the Executive. The remaining 51,000 km of other public roads are maintained by Scottish councils. Demands on the road network are increasing – between 1993 and 2003, traffic increased by 18% and the number of vehicles licensed increased by 27%.

100. Almost 90% of motorways and dual carriageway trunk roads were in an acceptable condition compared to two-thirds of A roads, 55% of B roads, 63% of C roads and only 49% of unclassified roads. But around 7,000 km of roads were in need of repair, about 13% of the total.

101. Some councils' roads were in better condition than others. In four councils, more than 20% of roads had deteriorated to a point where repairs were needed to prolong their life (East Renfrewshire, City of Edinburgh, Inverclyde and Stirling).

102. Councils need to take action to bring their roads up to standard ([Exhibit 18](#)). They can do this by developing long-term investment plans and giving sufficient priority to structural maintenance. This will prevent roads from deteriorating to the point where they are either unsafe or need expensive reconstruction, and will save money in the long run. But to do this they need better information on the condition of the assets they are managing, not just the roads, but footways, bridges, lighting, safety barriers, drainage and all the other assets associated with the road network.

Economic development

103. Local economic forums (LEFs) were established by the Scottish Executive in 2001 to create an economic development strategy for each Local Enterprise Company area, that more effectively coordinated the resources of all relevant public sector agencies, including local authorities.

104. In June 2004, Audit Scotland published a follow-up report on LEFs' progress. LEFs had generally made good progress towards eliminating overlap and duplication in service provision, but the report suggested that the Scottish Executive needed to review whether LEFs are needed in their current form, given the more comprehensive Community Planning agenda.

Exhibit 18

Key messages from the roads report

Councils should:

- publicly report the condition of their road network and maintenance backlog on an annual basis
- meet the recommendations set out in *Delivering Best Value in Highway Maintenance – A Code of Practice for Maintenance Management*⁵
- establish a long-term strategy for maintaining their roads
- consider working together to achieve economies of scale.

Source: *Maintaining Scotland's Roads*, Auditor General and Accounts Commission, 2004

⁵ *Delivering Best Value in Highway Maintenance – Code of Practice for Maintenance Management*, Institution of Highways and Transportation, 2001.

Part 3. Looking ahead

105. This part of the report looks at how auditors will address the key issues identified here in future audit work.

Future audit work

Governance

106. Sound governance arrangements underpin local authority financial and service performance and will continue to be a principal focus for audit. In parallel with developments in the private sector, the public sector governance agenda is evolving: for example, the *Good Governance Standard for Public Services* has recently been published by an independent commission established by CIPFA and the Office of Public Management (OPM), which identifies six core principles of good governance ([Exhibit 19](#)).

107. More detailed, specific guidance is now available to councils on audit committee principles and the role of the elected member in Best Value – these and similar publications provide practical advice and are useful benchmarks.

108. Auditors' views on governance will feed into the programme of audits of Best Value and Community Planning to contribute to a fuller picture of council performance. Reports on Inverclyde, West Lothian, Dundee City, East Renfrewshire, Glasgow City, Argyll & Bute, Highland and Moray are expected later in 2005. These will provide a national picture on progress which will be reflected in the 2005 overview report. Performance management and scrutiny, including the effectiveness of audit committees, will remain a key focus.

109. Governance-based studies on Community Planning and *Following the Public Pound* are under way ([Exhibit 20 page 28](#)).

Financial stewardship and management

110. Auditors provide annual assurance on financial stewardship and management. Their focus will be on earlier completion of audits, reporting the financial position to elected members and managing reserves and balances. The 2005 overview report will also provide an update on trading activities and progress of the NFI.

Exhibit 19

Core principles of good governance

Good governance means:

- focusing on the organisation's purpose and outcomes for citizens and service users
- performing effectively in clearly defined functions and roles
- promoting values for the whole organisation and demonstrating the values of good governance through behaviour
- taking informed, transparent decisions and managing risk
- developing the capacity of the governing body to be effective
- engaging stakeholders and making accountability real.

Source: *The Good Governance Standard for Public Services*, CIPFA and OPM, January 2005

111. Capital accounting, the new prudential framework and pensions will also be reviewed by auditors in 2005. Perhaps the most significant challenge in local authority accounting is the modified arrangements for group accounting under which councils will be required to account, in aggregate, for their material interests in companies, joint ventures and statutory bodies. This is not mandatory until 2005/06, but action is required now to: identify material interests, align accounting policies and periods, and ensure that comparative figures are available for 2004/05. The process of collecting information in support of the *Following the Public Pound* report should assist in identifying the 'group' for accounting purposes.

Service performance

SPIs

112. Changes to the SPIs are set out in the Accounts Commission's annual directions for 2004/05 and 2005/06. These include changes to indicators, reflecting the national review of the fire service and the study on empty and low-demand housing. In 2005, the Commission will be reviewing its approach to performance information in light of the audit of Best Value and Community Planning, and new requirements for public performance reporting by councils.

113. SPIs also inform the performance audit programme. For example, a study is planned to investigate the wide variation in performance on waste management highlighted by the SPIs.

Studies programme

114. Following wide-ranging consultation, the Accounts Commission has agreed a joint programme of studies with the Auditor General for Scotland. This includes both new projects and follow-up work. In addition to the Community Planning and *Following the Public Pound* reports already highlighted, a range of studies will be undertaken ([Exhibit 21 page 29](#)). Work is also planned on chronic disease management, equalities and leadership in the public sector.

Exhibit 20

Governance-based studies

Community Planning

The overall aim of the study is to review the progress made by councils and partner organisations (including community and local voluntary groups) in developing Community Planning since the 2003 Local Government Act came into force. The main objectives are to:

- identify the composition, structures and governance arrangements of Community Planning Partnerships (CPPs)
- identify links between Community Planning and other planning arrangements for local authority and other agencies, including regional or cross-boundary initiatives
- examine the relationship between the Scottish Executive and CPPs, including the impact of the Executive's decision-making processes on Community Planning
- identify the specific objectives and exact priorities set by CPPs and how these align with the Scottish Executive's policy priorities and those of other organisations
- identify how CPPs measure their performance and examine the impact to date of Community Planning on local and regional service delivery
- review how CPPs engage with their local communities
- identify issues acting as barriers to Community Planning effectiveness, including the nature of the area covered (eg, coterminous boundaries, city regions, etc).

Following the Public Pound

Audit Scotland will complete a follow-up review of the *Following the Public Pound* report published in March 2004. The main objectives of the study are to:

- map how much money councils spend on external organisations and why; the service areas where funding of this type is provided, and the types of organisations that are supported
- establish the progress made by councils in applying the COSLA/Accounts Commission Code⁶ in relation to both ongoing and new funding arrangements, including the progress in developing arrangements for monitoring the performance of organisations receiving funding.

Source: Audit Scotland

⁶ Code of Guidance on Funding External Bodies and Following the Public Pound, Accounts Commission/COSLA, 1996.

Exhibit 21

Studies programme

Service	Study	Accounts Commission (AC)/ Joint with Auditor General (Joint)
Education	Private Finance Initiative (PFI) and schools	AC
	A teaching profession for the 21st century (McCrone)	Joint
Social Work	Whole system modelling for delayed discharge	Joint
	Youth justice – follow-up	Joint
Environment	Waste management	Joint
Fire	Modernisation of the fire service	AC
Housing	Housing stock transfer	Joint
Police	Police call management	AC
Cross-cutting	Review of CPPs	Joint
	Following the Public Pound	AC
	Improving customer service through better customer contact	AC
	Civilian emergency planning	Joint

Source: Audit Scotland

Appendix 1. Audit appointments 2003/04

Aberdeen City Council	Ernst & Young
Aberdeenshire Council	Audit Scotland
Angus Council	Audit Scotland
Argyll & Bute Council	Audit Scotland
Clackmannanshire Council	KPMG
Comhairle nan Eilean Siar (Western Isles Council)	Audit Scotland
Dumfries & Galloway Council	Audit Scotland
Dundee City Council	Audit Scotland
East Ayrshire Council	PricewaterhouseCoopers
East Dunbartonshire Council	Audit Scotland
East Lothian Council	Audit Scotland
East Renfrewshire Council	KPMG
City of Edinburgh Council	Audit Scotland
Falkirk Council	PricewaterhouseCoopers
Fife Council	Henderson Loggie
Glasgow City Council	Audit Scotland
Highland Council	Audit Scotland
Inverclyde Council	Audit Scotland
Midlothian Council	Audit Scotland
Moray Council	Blueprint Scotland
North Ayrshire Council	PricewaterhouseCoopers
North Lanarkshire Council	Audit Scotland
Orkney Islands Council	Audit Scotland
Perth & Kinross Council	Audit Scotland
Renfrewshire Council	Audit Scotland
Scottish Borders Council	Scott-Moncrieff
Shetland Islands Council	PricewaterhouseCoopers
South Ayrshire Council	KPMG
South Lanarkshire Council	Audit Scotland
Stirling Council	Scott-Moncrieff
West Dunbartonshire Council	Audit Scotland
West Lothian Council	Audit Scotland
Argyll, Bute and Dunbartonshires Criminal Justice Social Work Partnership Joint Committee	Audit Scotland
Authorities Buying Consortium	KPMG
Ayrshire Valuation Joint Board	PricewaterhouseCoopers
Central Scotland Fire Board	Scott-Moncrieff
Central Scotland Joint Police Board	KPMG
Central Scotland Valuation Joint Board	Audit Scotland
Clyde Muirshiel Park Authority Joint Committee	Audit Scotland
Dunbartonshire and Argyll & Bute Valuation Joint Board	Audit Scotland
Forth Estuary Transport Authority	Audit Scotland
Glasgow & Clyde Valley Joint Structure Plan Committee	Audit Scotland
Grampian Fire Board	Audit Scotland
Grampian Joint Police Board	Ernst & Young
Grampian Valuation Joint Board	Blueprint Scotland
Highland & Islands Fire Board	Audit Scotland
Highland and Western Isles Valuation Joint Board	Audit Scotland
Lanarkshire Valuation Joint Board	Audit Scotland
Loch Lomond and the Trossachs Interim Committee	Audit Scotland
Lothian & Borders Fire Board	Audit Scotland
Lothian & Borders Police Joint Board	Audit Scotland
Lothian Valuation Joint Board	Audit Scotland

Mugdock Country Park Joint Committee	Audit Scotland
Northern Joint Police Board	Audit Scotland
Orkney and Shetland Valuation Joint Board	PricewaterhouseCoopers
Renfrewshire Valuation Joint Board	Audit Scotland
Scottish Local Government Information Unit	Audit Scotland
Strathclyde Concessionary Travel Scheme Joint Committee	PricewaterhouseCoopers
Strathclyde Fire Board	Audit Scotland
Strathclyde Joint Police Board	Audit Scotland
Strathclyde Passenger Transport Authority	PricewaterhouseCoopers
Tay Road Bridge Joint Board	Audit Scotland
Tayside Contracts Joint Committee	Audit Scotland
Tayside Fire Board	Audit Scotland
Tayside Police Joint Board	Audit Scotland
Tayside Valuation Joint Board	Audit Scotland
West of Scotland Transport Partnership	Audit Scotland

Overview of the local authority audits 2004



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