

Aberdeenshire Council

Report to Councillors on the 2005/06 Audit



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Key Messages

Introduction

In 2005/06 we looked at the key strategic and financial risks being faced by the Council. We audited the financial statements and we looked at aspects of performance management and governance. This report sets out our main findings, summarising key outcomes in 2005/06 and the outlook for the period ahead.

Key outcomes from 2005/06 audit

We have given an **unqualified** opinion on the financial statements of Aberdeenshire Council for 2005/06. We have, however, drawn attention to a failure to comply with the statutory requirement that all significant trading organisations break even on a rolling three year basis as the catering trading organisation generated a loss of £1.7 million due to the impact of equal pay compensation payments.

The Council had corporate governance systems in place during 2005/06 that operated well within a sound control environment. The Council's Scrutiny and Audit committee is effective both in terms of its scrutiny investigations and its compliance with audit committee principles. However, the Council needs to complete the implementation of its risk management framework and continue to develop performance management arrangements. More effort is required to produce and issue timely public performance reports. The 2004/05 report has only recently been produced, with no indication when 2005/06 might be available.

There has been a lot of activity within the Council over the year to develop, implement and review the operation of its performance indicator system. Implementation of improvements arising from an internal review will see performance indicators linked to service plan targets and more measurement of outcomes in terms of meeting customers' needs.

While the Council's service planning process is well established there was a deterioration in arrangements this year, with some major services continuing to experience problems in delivering their plans in accordance with the agreed timetable. In the absence of agreed objectives and priorities, it is difficult for councillors and senior officers to formally challenge progress and hold officers fully to account.

The Council is committed to continuous improvement as demonstrated by a range of initiatives, past and present, including best value service reviews and the Kaizen process. There is a risk, however, that the Council is continually seeking out improvements but failing to consistently deliver in terms of implementation of findings.



In July 2005 there was a significant change to the management arrangements for the Archaeolink Trust, in the light of concerns over governance and financial management. Under the new arrangements, the Trust Board fulfils a monitoring role having appointed the Council to manage the facility. In Summer 2006, the Office of the Scottish Charities Regulator undertook a review of the Trust. We will continue to monitor the management and performance of Archaeolink pending the Regulator's ruling.

At the end of the year the Council had depleted its general fund working balance due to the impact of equal pay claims. Once the Council became aware of the likely liability, plans were put in place to restore the working balance by 31 March 2007. Social Work experienced significant budget pressures during the year while Education & Recreation need to ensure that budgets are more controlled and linked with responsibilities. The Council also has challenges ahead to achieve the Scottish Housing Quality Standard by 2015.

Outlook for future audits

In common with many other Scottish councils, Aberdeenshire Council has sought to limit its exposure to the financial risk associated with equal pay claims by agreeing to offer payments to specific groups of employees as part of a compensation package. Provision for £20.6 million has been recognised in the 2005/06 financial statements for the estimated one-off cost of these payments. While moves to agree compensation payments will help to reduce financial risk in this area to some extent, some risk remains while existing pay and reward structures are in place. The future implementation of the single status agreement provides an opportunity to address any underlying inequalities in pay and other conditions of service.

The planned implementation of the single status agreement in the Council has been delayed until January 2007. Until single status is implemented the initial and continuing costs cannot be reliably estimated which represents some financial risk to the Council. Evidence from other councils is that variation in the level of potential costs can be up to 10% of the current pay-bill on a continuing basis. The Council has estimated that costs will be £3 million in 2006/07 and £14.8 million in 2007/08. In implementing the agreement, the Council needs to maximise the value for money from its investment in its staff.

Significant change in 2007, with the introduction of proportional representation and multi-member wards, may mean that current political governance structures will require to be considered by the newly elected Council. As part of its preparations for the 2007 elections, the Council needs to consider specific arrangements for members of the Scrutiny and Audit Committee. Current culture and working practices need to be captured and production of a handbook would provide a useful starting point.

The Council has more work to do to identify efficiency savings to meet the target set by the Scottish Executive. It will also be challenging for the Council to deliver on its programme of savings while managing the impact on services, service users and the Council's overall objectives.



Changes to accounting rules will have a major impact on the presentation of the 2006/07 annual financial statements. The Council should take this opportunity to review the presentation of its budget and summary financial results to councillors and the wider public to ensure transparency.

This is the final year of our current appointment to the audit of the Council. From 2006/07 Audit Scotland will remain as the Council's appointed auditor and the engagement lead will continue to be Fiona Kordiak. The co-operation and assistance given to us by Aberdeenshire Council councillors and staff over the five years of our audit appointment is gratefully acknowledged.

**Audit Scotland
October 2006**



Introduction

1. This report summarises the findings from our 2005/06 audit of Aberdeenshire Council. The scope of the audit was set out in our Audit Risk Analysis and Plan, which was submitted to the Management Team and the Scrutiny and Audit Committee in March 2006. This plan set out our views on the key business risks facing the Council and described the work we planned to carry out on financial statements, performance and governance.
2. We have issued several reports this year, and we briefly touch on some of the issues we raised in this report. Each report set out our findings and recommendations and the Council's agreed response. Appendix A of this report sets out the key risks highlighted in this report and the action planned by management to address them.
3. This is the final year of a five year audit appointment. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and councillors during the course of our audit work.



Performance

Introduction

4. In this section we summarise key aspects of the Council's reported performance and provide an outlook on future performance, including our views on the current status of identified risks. We also comment on the findings of national performance audit studies and other continuous improvement initiatives adopted by the Council. Overall, our comments should assist the Council in preparing for its Best Value audit in 2007/08.

Overview of performance initiatives in 2005/06

Peer Review

5. Aberdeenshire Council commissioned the Improvement and Development Agency (IDeA) to conduct a peer review of the Council. This was carried out in June 2005 and the associated report was made available to officers and councillors in November 2005. Issues for action were identified under three main themes and included the following matters:

Leadership: clarify the Council's vision for the next 15 - 20 years; communicate the vision and corporate objectives to all staff; rationalise the plethora of plans so they align with corporate objectives.

Democratic Accountability: review consultation strategy to ensure consultation is timely and targeted; map out decision-making processes to remove complexity and achieve consistency.

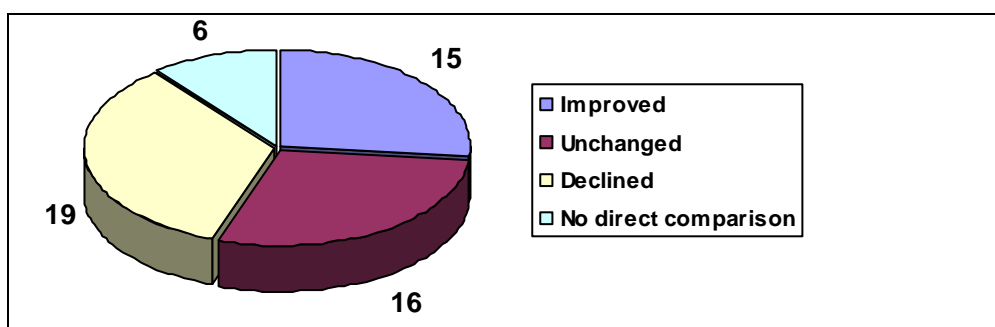
Managing Performance: building a wider and clearer performance management framework that will deliver the vision and demonstrate the 'golden thread'; monitoring and measurement of service outcomes needs to be related to corporate objectives; mapping out various projects and initiatives to streamline and continue with only those that seek to deliver against the corporate objectives to release resources.

6. An Action Plan was agreed in December 2005 and a progress report went to the Best Value Sub Committee in August 2006. Most of the actions remain in work in progress, but it is evident that in many areas the Council is moving forward.



Performance indicator system

- The Council has an integrated performance management framework which links various improvement activities under a single framework. One of the elements of the framework, a new performance indicator system, was implemented with effect from 1 April 2005 and involves quarterly reporting to the appropriate policy and area committees. This has given councillors the opportunity to review and scrutinise service performance on a regular basis over the last year and has provided more balanced reporting.
- The performance indicator system has recently been subject to a review which has produced a range of useful improvements that, once implemented, will provide more meaningful information. For example, the need to link performance indicators to service plan targets has been recognised, as has the importance of performance indicators to measure outcomes in terms of meeting customers' needs and achieving efficiency for the Council.
- At present the performance indicator system has generally not been in place long enough to give trend analysis. It does however include some of the statutory performance indicators which showed reasonable improvement across a range of services in comparison with the previous year, for example, libraries, trading standards - complaints and elements of social work. However, the results declined in areas such as attendance at swimming pools, processing of planning applications, rent arrears, time taken to process council house sales, street lighting repairs and waste management.



Kaizen

- Aberdeenshire Council adopted Kaizen in 2004 as a model to support continuous improvement across the Council:

“It lies at the heart of our corporate commitment to continuous improvement in the way we deliver services to customers, and supports the Council’s approach to achieving Best Value by bringing about real improvement in service performance.”



11. The technique involves identification of an area or activity with scope for improvement, the bringing together of those directly involved in the activity, followed by a week of brainstorming to identify waste in the current process. Aberdeenshire Council is the first local authority to adopt Kaizen as a tool in continuous service improvement and has recently won an International European Award in addition to a COSLA Award for Excellence under Category 5 "One to Watch" for Kaizen.
12. At 31 March 2006, 20 Kaizen reviews had been completed. Council-wide, the process has been well received and has become a powerful tool in involving a cross-section of staff, especially front-line staff, in finding solutions or ways to improve the performance of a service or activity. Although there are definite tangible improvements being gained from Kaizen, it is difficult to attach monetary values to the identified improvements. There is also some concern about the lack of available resources to implement the recommendations arising from the reviews. Having released staff time to conduct reviews, it is critical that resources are allocated to take the recommendations forward.

Action point 1

Planning framework

13. The planning framework sets out the Council's corporate and service objectives and priorities and is one of the mechanisms for holding officers to account. In the absence of such plans, it is difficult for councillors and senior officers to monitor and to formally challenge progress.
14. We are pleased to note that the Council is in the early stages of developing a methodology for policy led budgeting which will aim to align strategic objectives with resources and improve information for decision making in the longer term. Overall, however, there was a deterioration in the Council's planning framework over the year:
 - there was minimum progress with asset management planning;
 - the annual update of the Council's strategic plan which should have been reported to councillors in April 2006 was delayed until September 2006;
 - more importantly, some of the Council's major services continue to experience problems in delivering their plans in accordance with the agreed timetable. The Housing & Social Work service plan for 2006-09 was agreed in principle by Committee but was referred to Area Committees before final agreement in September 2006. In addition, there was no evidence that councillors had formally sighted or discussed the 2006-09 Education & Recreation service plan in any form by August 2006. However, a report was submitted to councillors at that time, setting out the planned approach for the months ahead.

Action point 2



15. Local authorities are required to report regularly on all aspects of their activity with the aim of providing the right information, to the right people, at the right time. While recommendations were agreed in 2004/05 to improve the public performance reporting process with effect from 2005/06, existing processes should have continued in the interim. However, the Council's performance report for 2004/05 was only considered by the Management Team in June before its formal publication in August 2006, more than a year after the financial year to which it relates. More effort is required to ensure that timely information is provided to the public.

Action point 3

Managing the Education & Recreation Service

16. Several references are made throughout this report to the Education & Recreation Service, such as the absence of a service plan covering the period 2006-09 and the agreement of an action plan by Finance with the Director to manage and control his budgets. These concerns are part of a wider issue surrounding the difficulties of the service management team in working together to deliver key priorities, including the action plan arising from the HMiE education authority inspection in preparation for the follow up visit in 2007.
17. The Chief Executive advised full Council of the situation in June 2006 and, in order to alleviate some of these problems, it was agreed to appoint consultants to support the service management team in meeting its immediate objectives and priorities. However, as the Director has recently resigned from the Council, the Chief Executive is giving immediate attention to securing a successor to address the challenges currently faced by the Education & Recreation service. As part of the 2006/07 audit, we will continue to monitor the service's progress and the associated costs of strengthening the management team as an interim measure.

Statutory performance indicators

18. One of the ways of measuring council performance is through statutory performance indicators (SPIs). Within Aberdeenshire Council, however, the indicators are not extensively used by services as a means of measuring performance but are in many cases produced simply to meet the Council's statutory requirement to publish them. That said, the Council is developing its own performance indicator system which incorporates several statutory performance indicators and more relevant local indicators.



19. Overall, the quality of working papers provided to support the SPIs this year had fallen, with wide inconsistency across services. Two indicators were classified as unreliable compared to one in 2004/05 (adult social work – community care assessments, which was a new indicator this year, and housing response repairs which has been regarded as unreliable for some time as the computer system is not capable of recording the necessary information). We were particularly disappointed that the quality assurance process agreed following the 2003/04 audit was not operating satisfactorily across services. In general, there was insufficient checking of data prior to submission to audit and not enough ownership of the indicators by services.

Best value

20. The Local Government in Scotland Act 2003 established best value and community planning as statutory duties for local authorities. In response the Accounts Commission introduced new arrangements for the audit of best value based on a full review by a specialist team once every three years. In the intervening years short follow-up reviews are carried out by the local auditor. We anticipate that the Council will receive a best value audit in 2007/2008.

National studies

21. Audit Scotland carries out a national study programme on behalf of both the Accounts Commission and the Auditor General for Scotland. Reports published in the last year and of direct interest to the Council are set out in paragraphs 22 – 25 below. In each of these cases, data was provided by Aberdeenshire Council to inform the national picture but it was only in relation to 'following the public pound' that a local report was also produced. Further information on these studies and reports can be obtained from Audit Scotland's webpage at www.audit-scotland.gov.uk.

A mid-term report: a first stage review of the cost and implementation of the teachers' agreement *A Teaching Profession for the 21st Century*

22. In May 2006 Audit Scotland published the results of a review of the implementation of the teachers' agreement arising from the McCrone report. This found that the agreement has brought benefits for the teaching profession, but the lack of performance measures makes it difficult to assess the wider impact of the £2.15 billion investment. The report recommends that the Scottish Executive work with other parties to the agreement to identify and report on a set of comprehensive performance measures.



Community planning – an initial review

23. In June 2006, Audit Scotland published *Community planning – an initial review* which found that community planning is progressing, but complexities make aims difficult to achieve. While community planning partnerships have made progress, they need to do more to show how their work is improving public services. The report also calls on the Scottish Executive to support community planning more effectively. In particular the large number of national policy initiatives, each with their own funding arrangements, can make it difficult for partnerships to plan and deliver effectively.

Following the public pound – a follow-up report

24. In December 2005, Audit Scotland published the results of a study of council funding of arms length and external organisations (ALEOs) to provide information on the scale of funding and how councils perform against the code of guidance on funding external bodies and following the public pound. This report stated that Scottish councils provided £220 million to 14,000 organisations - including companies, trusts and voluntary organisations - to deliver a wide range of council-related services such as support for people with disabilities and the management of leisure centres.
25. The study found that no council fully complied with the guidance, although only five councils had a low level of compliance. Aberdeenshire Council was identified as one of eighteen councils demonstrating a moderate level of compliance with the code. Nine councils were considered to have high compliance and the remaining five councils showed a low level of compliance with the code. The national report recommends that councils have a register of funding to external organisations, develop a corporate policy on free or subsidised use of council properties, vehicles and facilities, take a risk-based approach to dealing with the organisations they fund, and focus their resources on organisations who contribute to the council's objectives, have arrangements for scrutiny and explore joint working with other councils.



Financial position

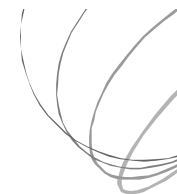
Introduction

26. In this section we summarise key aspects of the Council's reported financial position and performance to 31 March 2006, providing an outlook on future financial prospects, including our views on potential financial risks.

Council tax and the general fund

Revenue performance 2005/06

27. The Council's net revenue expenditure in 2005/06 was £414.6 million which was met by government grants and local taxation of £401.5 million. Overall, this resulted in a net general fund deficit of £13.1 million which was funded by the Council's working balance. The Council had intended to use £9 million of its working balance, but higher than budgeted costs for equal pay compensation payments (£20.6 million rather than £7.7 million) required an increase in the amount funded from reserves.
28. Within this overall outturn, there were a number of under- and over-spends against budget. In particular, an under-spend of £4.1 million was made by Education and Recreation Services and an over-spend of £1.2 million by Social Work.
29. The Education and Recreation Services under-spend was largely due to a delay in implementing proposed support structures under the McCrone agreement, combined with an under-spend on the permanent teachers budget due to the continued use of probationers to cover vacant posts. Overall, however, the service experienced a range of under- and over-spends against budget. Some months ago, Finance expressed concern about the number and scale of budget variances. Significant work is required within the service to ensure that costs are properly controlled and budgets aligned with management responsibility and current levels of service delivery. A detailed workplan was agreed between Finance and the Director of Education and Recreation to take these matters forward.
30. Considerable budgetary pressure has been experienced by the Council on its Social Work budget. At September 2005 a £3.4 million overspend was projected which led to a number of measures to reduce expenditure, resulting in the actual over-spend of £1.2 million. Some savings were not achieved and work is ongoing to implement these in 2006/07. The service experienced a growing demand for services based on individuals' assessment of needs. Around 53% of the gross budget was spent on payments to third parties to provide services on behalf of the Council for care management and residential homes. When combined, increasing needs for services, increasing



needs of existing clients and increased costs applied by service providers are causing ongoing budget pressures for the Council.

Reserves and balances

31. At 31 March 2006 the Council had total cash backed reserves and funds of £36 million, including an insurance fund that underpins the Council's self-insurance arrangements and repair and renewal funds to finance expenditure incurred in repairing, maintaining, replacing and renewing fixed assets.

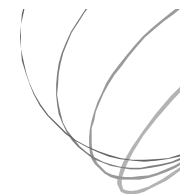
Reserves and Funds 2005/2006

Description	2005/06 £ Million	2004/05 £ Million
General Fund	9.257	22.316
General Fund – Housing revenue account balance	22.367	21.071
Repair and Renewal Funds	1.968	6.083
Insurance Fund	2.445	2.134
	36.037	51.604

32. The Council aims to maintain a minimum working balance of £5 million. At 31 March 2006, the majority of the general fund was earmarked for specific purposes and the working balance had been reduced to a debit figure of £0.220 million as a result of equal pay costs. The Council has agreed steps to restore the balance by 31 March 2007. A range of financial issues which could further impact on the reserves position are discussed in our Financial Outlook section below.
33. Significant earmarked amounts include £3.971 million for devolved education management balances held by individual schools. In addition, £3.086 million held in an 'invest to save' fund at 31 March 2006 has now been used to help restore the Council's working balance.

Group balances and going concern

34. The Council has an obligation to meet a proportion of the expenditure of the joint boards of which it is a constituent member. All of these boards (Grampian Joint Police Board, Grampian Joint Fire and Rescue Board and Grampian Valuation Joint Board) had an excess of liabilities over assets at 31 March 2006 due to the accrual of pension liabilities. In total these deficits amounted to £627 million, with the Council's group share being £224 million. These are significant amounts as the pension schemes for police officers and fire fighters are unfunded and met entirely from current and future council tax payers as payments fall due.



35. The overall effect of inclusion of all of the Council's subsidiaries and associates on the group balance sheet is to reduce net assets by £214 million, substantially as a result of these liabilities. All group bodies' accounts have been prepared on a going concern basis.

Archaeolink

36. The Council's group accounts include the Archaeolink Trust as a subsidiary of the Council. The body is a charitable trust which was established to enhance recreational and educational provision in Aberdeenshire. Since its inception in 1996 there has been public interest in the project as visitor numbers to the attraction have been below expectation, resulting in increasing Council contributions to costs. The project attracted significant European funding and there is a risk that this funding would require to be repaid by the Council were the Trust to be disbanded before June 2007 (in 1997 the Council provided an indemnity to councillors who act as trustees).
37. In June 2005, the Council's chief internal auditor conducted a review of financial management in the Trust. The findings indicated that financial management practices were inadequate and that financial information was produced late and was not supported by adequate explanation, making it difficult for the Trust Board to make proper decisions. As a result, the Visitor Attractions Sub-Committee delegated responsibility to the Director of Law and Administration and the Director of Finance to ensure an immediate improvement in the financial management of Archaeolink.
38. Consequently, in July 2005, there was a significant change to the management arrangements for the Trust. The previous Board of 11 trustees was replaced by two Council nominated trustees. There are no independent trustees and the Board currently fulfils a monitoring role having appointed the Council to manage the facility.
39. We have sought and obtained assurances from the Council's Director of Law and Administration that this arrangement complies with the Trusts (Scotland) Acts. In addition, the Office of the Scottish Charities Regulator (OSCR) examined this area over summer 2006. We will therefore continue to monitor the management and performance of Archaeolink pending OSCR's ruling.

Spending on assets and long-term borrowing

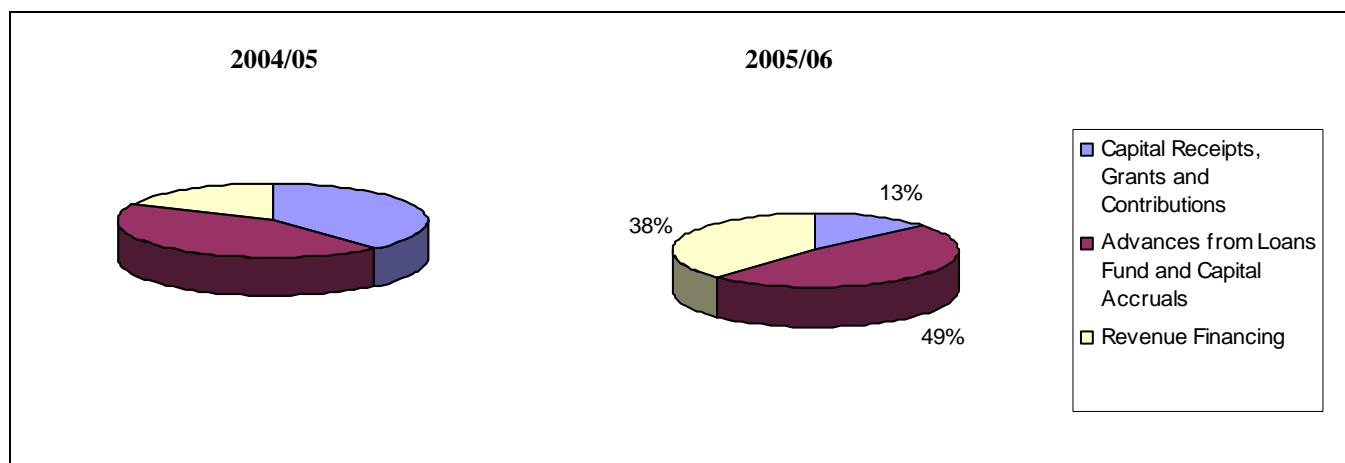
Capital performance 2005/06

40. Following the introduction of the prudential code in April 2004 the Council can decide locally on a capital investment strategy which must meet best value requirements as well as being affordable. The Council's prudential indicators for 2005/06 were set in February 2005 and an increase of approximately £20 million has been made in capital expenditure under these freedoms as the Council seeks to improve its asset infrastructure.



41. Capital expenditure in 2005/06 totalled £46.8 million, rising from £31.3 million in 2004/05. Capital investment in the last two years was funded as shown below. As the Council has increased its capital spending, the proportion funded by debt has increased with aggregate long term borrowing at 31 March 2006 of £360.4 million, an increase of £35.2 million on the previous year.

Sources of finance for capital expenditure 2005/2006

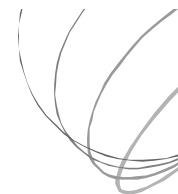


42. Almost 85% of long term borrowing at the year-end matures after more than 10 years, although the Council has actively managed its exposure to variable interest rate movements with minimum debt exposed to variable rate risk. Overall, the non-housing revenue account capital programme was delivered as planned, however the housing revenue account programme experienced slippage of £5 million, representing 37% of the planned programme. This arose through the timing of some contracts rolling into 2006/07, along with difficulties in the planning of a vastly increased capital programme required by the Scottish Housing Quality Standard Delivery Plan.

Forward capital programme

43. General services capital plans for 2006/07 and 2007/08 anticipate annual capital expenditure of £43.896 million and £20.685 million respectively. This is expected to be funded by a number of sources including capital receipts, grants and other contributions and further increases in borrowing totalling £47.1 million over the two years.

44. At 31 March 2006, the Council had investments of £66 million which included significant surplus cash in excess of the Council's normal levels. PWLB borrowings were agreed earlier than required to take advantage of favourable interest rates and, in addition, there were significant unspent proceeds from the disposal of council houses. This balance will be reduced by capital expenditure in 2006/07 and 2007/08 as no new loans are expected to be required.



45. The Council has a 30 year business plan for the housing revenue account which was prepared some years ago when the option to transfer the Council's housing stock to a private landlord was rejected. As part of the development of the Scottish Housing Quality Standard Delivery Plan (2005 – 2015), the Council was required to consider the implications for the Housing Service's 30 year Retention Plus Business Plan and to demonstrate how the Scottish Housing Quality Standard would be achieved by 2015. This plan has now been submitted to and approved by Communities Scotland.

Significant trading operations

46. The Local Government in Scotland Act 2003 replaced compulsory competitive tendering regulations with a duty to maintain and disclose trading accounts for significant trading operations (STOs), which are required to break even over a three year rolling period. The first three year period ended in 2005/06.
47. The Council has three STOs, catering, housing repairs and roads operations. In the three years to 31 March 2006, the housing repairs and roads operations STOs met the statutory target. Catering, however, returned a cumulative deficit of £1.706 million as a result of the impact of equal pay costs. This STO is likely to be in deficit for the next couple of years because of the ongoing impact of these costs.
48. In 2004/05 we highlighted that the rates paid for housing repairs to the in-house teams had been increased by 2% to bring them more into line with the rates paid to an external contractor. We were concerned that the basis and justification for increasing the rates was inappropriate and concluded that there was a need for the service to review and consider how it could demonstrate best value in respect of its actions. The original rates have since been re-instated and the STO still generated a surplus for the year.

Financial outlook

Equal pay

49. The 1970 Equal Pay Act makes it unlawful for employers to discriminate between men and women in terms of their pay and conditions where they are doing the same or similar work, work rated as equivalent, or work of equal value. Employees who consider that they have been discriminated against in terms of pay can put forward claims to an Employment Tribunal. Following cases pursued against English councils, the extent of exposure of Scottish councils arising from individual pay claims began to emerge during 2005/06.



50. In common with many other Scottish councils, Aberdeenshire has sought to limit its exposure to the financial risk associated with equal pay claims by offering one-off compensation payments to specific groups of employees in full and final settlement of any potential claims they may have against the Council in respect of this matter. The settlement was on the condition that the employees signed a compromise agreement which the majority of staff have now done. Estimated costs of £20.6 million have been recognised in the 2005/06 financial statements for the total one-off cost of these payments.
51. The extent to which the actual costs vary from current estimates will depend on a number of factors including take-up rates, any employees not covered by the calculations and the level of awards of any cases taken to tribunal. Costs above that already budgeted will increase the financial pressure on the Council.
52. While moves to agree compensation payments to affected employees will help to reduce the financial risk in this area, some risk remains while existing pay and reward structures are in place. The future implementation of the single status agreement provides an opportunity to address any underlying inequalities in pay and other conditions of service.

Single status

53. In 1999 a single status agreement was reached between Scottish local authorities and trades unions to harmonise the terms and conditions of manual and administrative, professional, technical and clerical workers (covering pay, working hours, leave and negotiating mechanisms). There was a presumption that single status would be cost neutral with any increased costs being offset by savings arising from changes to other conditions of service or from efficiencies.
54. The original national single status agreement specified that implementation should take place by April 2002 but, following difficulties in establishing a model job evaluation scheme, was extended by agreement between local authorities and unions to April 2004. To date only one council, South Lanarkshire, has implemented single status.
55. Aberdeenshire Council has yet to implement the agreement and estimates that this will be in place by January 2007. It is estimated that costs will be £3 million in 2006/07 and £14.8 million in 2007/08, representing an additional 6% on the pay-bill.
56. Until single status is implemented the initial and continuing costs to the Council cannot be reliably estimated. This represents some financial risk to the Council. Evidence from other councils is that variation in the level of potential costs can be up to 10% of the current pay-bill on a continuing basis. In implementing the agreement, the Council needs to maximise the value for money from its investment in staff.



Efficient government

57. The efficient government initiative is a central part of the government's programme of investment, reform and modernisation and is a five year programme aimed at attacking waste, bureaucracy and duplication in Scotland's public sector.
58. The Efficient Government Plan sets targets to achieve £745 million nationally of cash-releasing savings, and £300 million of time-releasing savings, by 2007/08. It is anticipated that local government as a whole will contribute £325 million in cash-releasing savings to the overall target. Although the Scottish Executive (SE) has not notified councils of the efficiency savings they should achieve each year, it anticipated that Aberdeenshire Council's contribution to the target will be £7.320 million over three years, equating to £2.307 million for 2005/06 (excluding procurement savings).
59. The majority of these assumed efficiency savings have been incorporated into annual financial settlements, presenting an immediate challenge as efficiency gains through service redesign are likely to take longer than one year to be fully realised. Failure to achieve the level of savings anticipated will increase financial pressures and may impact adversely on the quality of services provided. In order to claim an efficiency, councils need to demonstrate that service outcomes have been maintained or improved. Although this is a relatively small sum compared to the Council's budgeted gross revenue spend, it needs to be considered alongside other financial pressures facing the Council.

Action point 4

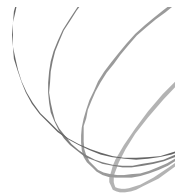
60. Based on information supplied by councils across Scotland, it is apparent that:
- few councils have a system in place to properly monitor, measure and report efficiency gains and that effort is still required to ensure that appropriate guidance is issued to staff to clarify what constitutes an efficiency;
 - the level of projected efficiencies varies significantly between councils;
 - the majority of planned efficiencies relate to areas and projects other than the SE's five key work streams of procurement, asset management, absence management, streamlining bureaucracy and shared support services;
 - plans for projects to create time-releasing savings are not well developed and little in the way of efficiencies is expected to be generated by 2007/08 through shared support services. In both cases this is indicative of the time required to develop plans for fundamental service redesign.



61. Excluding anticipated savings of £1 million from improved procurement practices and efficiency gains through the Kaizen Blitz process which have yet to be quantified, the Council estimate that efficiency gains of £2.2 million will be achieved in respect of the financial years 2005/07. This total is below the target of £4.9 million set by the Scottish Executive. The Council is therefore seeking other savings to identify further cashable savings to meet the target set by the Scottish Executive.
62. The Council is aware of the most challenging aspects of efficient government which require mechanisms to ensure that outcomes and quality are not adversely affected by financial savings. In common with other councils, much work is still required to ensure that appropriate guidance is issued to staff to clarify what constitutes efficiency and how it should be measured, monitored and reported.
63. The Improvement Service has commissioned an external partner to develop and implement measures of productivity and efficiency in local government services. These measures will be available for councils to assist in their forward planning and to aid them in demonstrating their efficiency gains for the financial year 2006/07. The Auditor General for Scotland intends to publish a report around the end of 2006 to summarise the position across the Scottish public sector on the efficient government initiative. The Council should consider the findings and any recommendations included in this report when reviewing their own position.

Pension liabilities

64. Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long, the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions. A recent Audit Scotland report on public sector pension schemes highlighted that the combined funding shortfall and unfunded liabilities of the six local government pension schemes in Scotland may be as high as £53 billion. There are proposals to amend the Local Government Pension Scheme which are designed to reduce the ongoing cost, although these have not yet been implemented.
65. In accounting for pensions, Financial Reporting Standard 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in very large future liabilities being recognised in the annual accounts.



66. The Council's estimated pension liabilities at 31 March 2006 exceeded its share of the assets in the Aberdeen City Council Pension Fund by £124.418 million, reducing from £131.740 million in the previous year. A full actuarial valuation of the Aberdeen City Council Pension Fund was reported in early 2006. Factors such as the volatile stock markets and increasing life expectancy have resulted in the funding level, calculated as the ratio of fund assets to past service liabilities, falling from 94% at 31 March 2002 to 84% at 31 March 2005. The actuary is required to make a 3-year assessment of the contributions that should be paid by the employing authorities from 1 April 2006 to maintain the solvency of the fund. The contribution levels are based on percentages of employee contributions, normally 5% - 6% of salary. This shows that budgeted contributions are expected to rise from 265% of employee contributions in 2005/06 to 300% by 2008/09.



Governance

Introduction

67. In this section we comment on key aspects of the Council's governance arrangements during 2005/06 and provide an outlook on future governance issues, including our views on potential risks.

Overview of arrangements in 2005/06

68. Corporate governance is concerned with structures and processes for decision making, accountability, control and behaviours at the upper levels of the organisation. In previous years we have concluded that the Council had systems in place that operated well within a sound control environment and have reached the same conclusion this year.
69. A Statement of Assurance on Corporate Governance is included within the annual financial statements which provides a commentary by the Leader of the Council and the Chief Executive on progress made during the year in taking forward issues to be addressed to comply with the Code of Corporate Governance. There has been significant activity to implement and review the Council's performance indicator system and develop the risk management framework.

Risk management

70. For several years, we have commented on the absence of a risk management framework within the Council and are pleased to note that positive steps were taken during the year. A corporate risk group was established in November 2005, with the main focus over the past 9 months being the development of risk registers at service level. Most service registers are now in place and a corporate risk register is in draft. It is critical that the management team's commitment to the strategy can be demonstrated through the development and review of a corporate risk register. Similarly, it is essential that registers are in place and reviewed for the Council's largest services. Although the Housing & Social Work service management team have committed to the development of a risk register, it has yet to be produced. We understand the service management team are scheduled to meet in November 2006 to take this matter forward.
71. Going forward, processes need to be put in place for the review and update of risk registers. In order that this becomes part of the normal business of services, the task should be a regular agenda item for service management teams and, similarly, for the management team with regard to the corporate risk register. It is important that management do not delegate this task to the corporate risk group as this group is responsible for the development and implementation of processes, but it is for management to build routine monitoring into their ongoing work programmes.



Scrutiny and Audit

72. Effective scrutiny is central to good governance, with a significant role for councillors to scrutinise performance, hold management to account on service delivery and support the reform and modernisation agenda. Overall, Aberdeenshire Council's Scrutiny and Audit Committee is effective and complies with 73% of CIPFA's good practice principles for audit committees, with work well in hand to achieve full compliance. The Committee also fulfils a scrutiny function by undertaking investigations in areas of concern.
73. The success of the Committee is the direct result of its members, particularly the chair and vice-chair who commit additional time and effort to ensure the business progresses. Since the Committee's formation, there has been a high level of continuity in membership. This, combined with the huge personal development councillors have gained from being involved in the investigation process, has significantly increased their understanding of the functions and operation of the Council not to mention the concepts of scrutiny and audit. The Committee is always well attended, requires a quorate of seven and councillors are not permitted to provide substitutes. These aspects all demonstrate the high status of the Committee within the Council.
74. Full compliance with audit committee principles will be achieved once the Committee:
- is aware of progress on the internal audit plan and the impact of any slippage. The chief internal auditor's annual report focuses on the key findings for the year but does not give any indication of actual outturn against planned outturn. Slippage has generally been discussed as part of the Committee's consideration of the next annual plan;
 - is able to consider the effectiveness of the corporate risk assessment process once it is fully implemented. In the interim, they have received regular updates on progress;
 - receives formal updates on progress regarding follow up work and considers how it can best monitor that reports from inspection agencies have been actioned. This will raise the profile on the follow up work and make services aware that their progress is being formally reported to councillors.

Action point 5



Internal audit

75. Internal audit plays a key role in the Council's governance arrangements, providing an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. We carry out an annual review of the Council's internal audit arrangements and found that the function continues to deliver quality work in accordance with a comprehensive three year plan. There was slippage against the plan but all work on which we planned to place reliance was completed and the relevant assurances obtained.

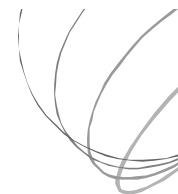
Systems of internal control

76. In his annual report for 2005/06 the chief internal auditor provided his opinion that, based on the internal audit work undertaken during the year, the Council's corporate governance arrangements were adequate and operating effectively, with two exceptions. He drew attention to the ongoing absence of contingency and business continuity planning and reported that progress on the implementation of risk management had been slow.

77. As part of our work to provide an opinion on the annual financial statements we assessed the extent to which we could gain assurance on a number of the Council's main financial systems. We assessed the following central systems as having a satisfactory level of control for our purposes:

- Payroll
- Creditors payments
- Housing rents
- Council Tax
- Business rates
- Main accounting system
- Budgetary control
- Debtors and income

78. We concluded that although the housing rents system would provide us with the necessary level of audit assurance, there was an inappropriate level of separation of duties between project development, operational administration functions and reconciliations. At the time of our review the project team were carrying out a range of operational duties. Steps have now been taken to put additional resources in place, but an appropriate level of separation of duties and/or the need for additional management review is still being considered by the housing service management team.



Prevention and detection of fraud and irregularities

79. At the corporate level, the Council has appropriate arrangements in place to prevent and detect fraud, inappropriate conduct and corruption. These arrangements include an anti-fraud and corruption policy and response plan, a whistle blowing policy, codes of conduct for elected members and staff, and defined remits for relevant regulatory committees.
80. Under the National Fraud Initiative (NFI), councils compare information about benefit applicants, students, public sector employees and pensioners with other public bodies to find fraud and errors. The findings of the 2004/05 exercise were published in May 2006, highlighting that across Scotland £15.1 million of fraud, overpayments and savings were found, including:
- 270 cases where pensions were being paid to people who had died;
 - 564 cases of public sector employees and pensioners either fraudulently claiming housing benefits or receiving them in error;
 - 215 cases of housing benefit overpayments to students;
 - 53 cases referred to the Procurator Fiscal and 32 employees who have been dismissed, disciplined or who resigned as a result of the initiative.
81. Following investigation of the data matches in Aberdeenshire Council, overpayments of approximately £10,000 were identified from the process. Overall, our past experience is that the authority does not have a history of fraud.
82. Audit Scotland is working with the Audit Commission to widen the scope of the NFI during 2006/07. Public bodies will provide information again in October this year and will have fresh information to investigate in early 2007. The Council needs to ensure that it uses the opportunities presented by the NFI on an ongoing basis to assist in the detection of fraud.
83. Each year Audit Scotland gathers information on actual cases of fraud identified by councils. In 2005/06 there were no identified cases of non-benefit fraud in excess of £1,000, but 9 cases of benefit fraud in excess of £5,000 were identified, totalling £80,000.



Governance outlook

84. The forthcoming local government elections in May 2007, bringing the introduction of proportional representation and multi-member wards, have potential implications for the political make-up and governance of the Council. The Scottish Executive's intention is also to remove barriers to encourage the widest possible range of people to serve as councillors, with changed remuneration arrangements for members. These reforms will require significant input from the Council to ensure its governance arrangements are fit for purpose, including committee structures, role/remits of members and arrangements for training new members.
85. As part of its preparations for the 2007 elections, the Council needs to consider specific induction requirements for members of the Scrutiny and Audit Committee. Current culture and working practices need to be captured to ensure that the combined experiences of the Committee are used to inform and develop new members in the future. Given the wider remit of the Scrutiny and Audit Committee and the anticipated changes in membership with the forthcoming elections, a handbook would provide a useful starting point for information about the Committee.

Action point 5

86. Continuing development of risk management, asset management planning and the role of the Scrutiny and Audit Committee will further strengthen the Council's corporate governance arrangements moving forward.



Financial statements

Introduction

87. In this section we summarise key outcomes from our audit of the Council's financial statements for 2005/06. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
88. We audit the financial statements and give an opinion on:
- whether they present fairly the financial position of the Council and its expenditure and income for the year; and
 - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
89. We also review the Statement of Assurance on Corporate Governance by considering the adequacy of the process put in place by the Council to obtain assurances on systems of governance and internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the Council.

Overall conclusion

90. We have given an **unqualified** opinion on the financial statements of Aberdeenshire Council for 2005/06. We have, however, drawn attention to a failure to comply with a statutory requirement. This does not impact on the fairness of the financial statements and, therefore, does not affect the opinion on the accounts.
91. The Local Government in Scotland Act 2003 requires councils to maintain and disclose trading accounts for significant trading operations, which are required to break-even over a three year rolling period. As highlighted in para 47 of this report, the catering trading organisation made an aggregate loss of £1.7 million in the three years to 31 March 2006, with the result that the Council has failed to meet this statutory requirement. As explained in the authority's financial statements, this is entirely due to the additional liability arising from equal pay compensation payments. Due to the significance of the additional liability this is going to impact on the trading organisation's ability to break even for several years ahead.



92. The Council's unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June. Final accounts preparation processes and working papers were generally very good and this enabled the audit to progress smoothly. Audited accounts were finalised prior to the target date of 30 September 2006 and are now available for presentation to the Council and publication. The financial statements are an essential means by which the Council accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources.

Accounting practice

93. Local authorities in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (the 'SORP'). There was only one significant adjustment made to the figures included in the unaudited accounts provided for public inspection. The net effect of this was to increase the deficit for the year by £1.4 million. Details of this adjustment and other significant accounting issues arising in the course of our audit are summarised below.

Provision for Equal pay

94. Included in the audited accounts is an exceptional item of £20.6 million in respect of equal pay compensation payments to specific groups of employees. The Council had correctly made provision for these payments within the unaudited accounts. Based on the best information available at the time, an extraordinary item (not included within the net cost of services) of £19.2 million was included in the unaudited accounts. The correct accounting treatment is that this is an exceptional item within the Council's net cost of services. An additional liability of £1.4 million was also identified by the Council over the summer as compensation payments were made to staff.

Debt restructuring costs

95. Lender option borrower option arrangements (LOBOs) are variable rate loans whereby, if the lender decides to change the interest rate at certain predetermined dates, the borrower has the option whether to accept the change or to repay the loan. Although LOBOs do not fully provide the guaranteed long term interest rate stability of PWLB fixed rate maturity loans, longer term stability has improved in recent years with longer call intervals, and loan maturity now available up to 60 years.
96. There is currently a debate over the appropriate accounting treatment of LOBOs. One issue is whether the characteristics of a LOBO require any premium arising from replacing existing PWLB debt to be recognised immediately rather than over the life of the replacement borrowing.



97. The Council had LOBO debts totalling £52.1million at 31 March 2006. Its accounting policy is to recognise the cost of premiums arising from all debt restructuring, including that involving the use of LOBOs, over the full life of the replacement borrowing. This approach is only permissible under the SORP if the overall economic effect of the original and replacement borrowing is substantially the same. A total of £3.6 million of rescheduling costs relating to the use of LOBOs was being carried on the balance sheet at 31 March 2006.
98. We requested and received a specific assurance from the Council that the overall economic effect of the original and replacement borrowing is substantially the same. In reaching this view the Council has taken into account the definition of the term 'overall economic effect' offered by the SORP guidance notes, the expected stability of interest rates over the period of replacement borrowing and that there is no evidence that lenders have sought in practice to impose significant interest rate increases or that authorities have refused to accept any changes. We are satisfied that this is a reasonable approach.

Group accounts

99. Modified arrangements for the preparation of group accounts were mandatory for the first time in 2005/06. The widening diversity of service delivery vehicles used by local authorities means that consolidated group accounts are required to present fairly the activities of an authority. The Council prepared group accounts in accordance with the new requirements following a review to determine its interest in subsidiaries, associated entities and joint ventures.
100. The group accounts include the 2005/06 results of Archaeolink and the Lighthouse Museum based on unaudited accounts. The auditors of these bodies have confirmed that there are no planned changes to the draft accounts. We have also been assured by the Chief Executive that the Council is not aware of any matters which would significantly affect the Council's group accounts.

Legality

101. Each year we request written confirmation from the Chief Executive that the Council's financial transactions accord with relevant legislation and regulations. Significant legal requirements are also included in audit programmes. The Chief Executive has confirmed that, to the best of his knowledge and belief and having made appropriate enquiries of the Council's Management Team, the financial transactions of the Council were in accordance with the relevant legislation and regulations governing its activities.

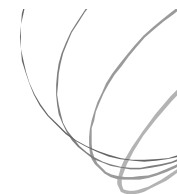


102. There has been continuing press coverage surrounding councils which have charged for the preparation of food which may contravene the terms of the Community Care and Health (Scotland) Act 2002 in relation to free personal care. The Council has previously charged for food preparation but, in the absence of clear guidance becoming available, Counsel's Opinion on the Council's approach was sought. This held that the Council should give urgent consideration to the cessation of charges in connection with food preparation. This decision was subsequently agreed in February 2006. It is estimated that the sums already charged are not material and no provision for repayment has been included in the accounts.
103. The 1970 Equal Pay Act makes it unlawful for employers to discriminate between men and women in terms of their pay and conditions where they are doing the same or similar work. As highlighted earlier in this report, the Council has recognised a liability in the financial statements in relation to the potential contravention of this Act. Until the single status agreement is implemented, however, there remains the possibility that the Council could be judged to have contravened the Act.
104. There are no additional legality issues arising from our audit which require to be brought to members' attention.

Financial reporting outlook

105. Overall the Council is well placed to continue to prepare annual financial statements in accordance with accounting and statutory requirements. It has a record of responding positively to audit issues and to changing accounting rules. Challenges ahead include a number of changes that have been made to the 2006 SORP:
- replacement of the consolidated revenue account with a traditional income and expenditure account;
 - a new statement that reconciles the income and expenditure account surplus or deficit for the year to the general fund surplus or deficit;
 - replacement of the statement of total movement in reserves with a statement of total recognised gains and losses; and
 - similar changes to the housing revenue account and group accounts.
106. These changes will have a significant impact on the presentation of the 2006/07 annual financial statements to make them more consistent with the accounts of other public and private sector entities. The Council should take this opportunity to review the presentation of its budget and summary financial results to members and the wider public to ensure that financial activity is fully transparent.

Action point 6

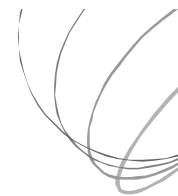


107. Further ahead, there are proposed changes to the application of financial reporting standards (FRS) 25 and 26 in 2007. Application of these standards to local authorities may require the premium on loans that have been re-scheduled to be charged to revenue in full in the year it is incurred rather than being written off over the period of the replacement loan, which can be up to 40 to 50 years. Such a change could have significant implications on council tax levels and Directors of Finance have been discussing with the Scottish Executive how this risk can be avoided through the issue of regulations.

Change of external auditor

108. Regular rotation of auditors is required by auditing standards and is an important component in guarding against perceived or actual threats to auditors' objectivity and independence. Audit Scotland's policy is to rotate auditors at least once every five years. Where the audit is carried out by Audit Scotland staff rather than a private firm, the engagement lead and other key staff will be rotated.

109. This is the final year of our current appointment to the audit of Aberdeenshire Council. From 2006/07 Audit Scotland will remain as the Council's appointed auditor and the engagement lead will continue to be Fiona Kordiak as she only assumed responsibility for the Council's audit with effect from 1 April 2004.



Final Remarks

110. The councillors of Aberdeenshire Council are invited to note this report. We would be pleased to provide any additional information that councillors may require.

111. We have made a number of recommendations in the various reports we have issued during the course of the year and have obtained assurances from officials that action will be taken as appropriate. Attached to this report is a list of significant matters arising from the audit which we consider to be of particular interest to councillors.

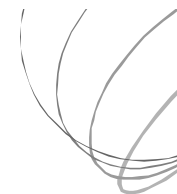
112. The co-operation and assistance given to us by Aberdeenshire Council councillors and staff over the five years of our audit appointment is gratefully acknowledged.



Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
1	12	<p>Performance Review</p> <p>Although a number of Kaizen reviews have been completed, there is some concern about the lack of available resources to implement the recommendations arising from the reviews.</p> <p><i>Risk: resources are wasted reviewing an area and identifying improvements if they are never going to be implemented.</i></p>	<p>A questionnaire will be issued to all past Kaizen Team Leaders to provide evidence of the extent of the problems on implementation and to pick up on some of the trends and areas for improvement.</p>	Kaizen Champion	November 2006
			<p>A follow up report on the above will be presented to Management Team proposing new ways of supporting implementation.</p>	Kaizen Champion	December 2006
			<p>Kaizen Facilitators in six of the eight services will act as Continuous Improvement Service Champions with a key task of tracking progress and bringing any concerns regularly to Service Management Teams.</p>	Kaizen Facilitators	November 2006
			<p>A report detailing all past Kaizens will be published on Arcadia in one central location, and these will include progress against goals. Progress against goals always to be reflected 12 months after Blitz event.</p>	Kaizen Champion	December 2006



Action Point	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
2	14	<p>Planning Framework</p> <p>There was a deterioration in planning arrangements this year, with major services experiencing problems in delivering their plans in accordance with the agreed timetable.</p> <p>Risk: services are not aware of their objectives and priorities. Councillors and senior management cannot hold officers fully to account.</p>	<p>All services have made a commitment that they will conform to the timetable for production of service plans for 2007/08 i.e. all plans to be approved by the relevant committee by their second meeting after the budget is set.</p>	Head of Policy	April 2007
3	15	<p>Public Performance Reporting</p> <p>More effort is required to produce and issue timely public performance reports. The 2004/05 report has only recently been produced, with no indication when 2005/06 might be available.</p> <p>Risk: the public do not have access to performance information.</p>	<p>We will produce a Public Performance Report which sets out our achievements in relation to our main strategies and objectives for 2005/06 by December 2006.</p>	Service Development Co-ordinator (T&I)	December 2006
4	59	<p>Efficient Government</p> <p>The Council has more work to do to identify efficiency savings to meet the target set by the Scottish Executive.</p> <p>Risk: failure to achieve the targets set will increase financial pressures as savings have already been top-sliced from financial settlements.</p>	<p>This situation has been acknowledged in the Finance Service structure review and a new post of Principal Accountant (Policy & Performance) has been proposed. The postholder will assume responsibility for identifying all cash and non-cash efficiency savings in conjunction with the Management Team.</p>	Head of Finance (Accountancy and Corporate)	March 2007



Action Point	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
5	74 & 85	<p>Scrutiny and Audit Committee</p> <p>The Committee does not yet fully comply with audit committee principles. The Council also needs to consider the induction requirements of new councillors post-election, but particularly members of the Scrutiny and Audit Committee.</p> <p><i>Risk: the Committee does not fully comply with best practice. There is a loss of expertise and knowledge accumulated in the last four years.</i></p>	<p>Routine reports from Internal Audit will include details of progress with implementing agreed recommendations.</p> <p>Progress with the Internal Audit Plan will be reported to the Committee at its December meeting.</p> <p>Specific induction requirements for members of the Committee following the 2007 elections will be addressed.</p>	<p>Chief Internal Auditor</p> <p>Chief Internal Auditor</p> <p>Chief Internal Auditor</p>	<p>November 2006</p> <p>December 2006</p> <p>April 2007</p>



Action Point	Refer Para. No	Risk Identified	Planned Action	Responsible Officer	Target Date
6	106	<p>Financial Reporting</p> <p>Changes have been made to the 2006 SORP which will have a significant impact on the presentation of the 2006/07 annual financial statements.</p> <p><i>Risk: in the event of insufficient preparation, the 2006/07 financial statements may not comply with accounting requirements. Differences between financial reporting requirements and budget monitoring during the year may result in a lack of transparency for councillors and the public.</i></p>	<p>Aberdeenshire Finance plays an active part in the development of the SORP and practitioner guidance through representation on CIPFA/LASAAC (the SORP development body for local government) and the Local Authority Accounting Panel (LAAP). The service is, therefore, well placed to ensure that all implications are fully assessed and preparations made to ensure full compliance with all changes.</p> <p>The Council has always maintained a consistent approach to budget preparation and monitoring and reflected SORP requirements through the annual accounts. The differences between financial reporting and budget monitoring are acknowledged, and Aberdeenshire Finance will continue to monitor the position to ensure that Councillors and the public are properly informed.</p>	Head of Finance (Accountancy and Corporate)	June 2007