



Council Offices, Almada Street
Hamilton, ML3 0AA

Monday, 23 October 2023

Dear Councillor

Risk and Audit Scrutiny Committee

The Members listed below are requested to attend a special meeting of the above Committee to be held as follows:-

Date: Tuesday, 31 October 2023

Time: 10:00

Venue: Hybrid - Committee Room 1, Council Offices, Almada Street, Hamilton, ML3 0AA

The business to be considered at the meeting is listed overleaf.

Yours sincerely

Cleland Sneddon
Chief Executive

Members

Elaine McDougall (Chair), Mary Donnelly (Depute Chair), Mathew Buchanan, Alistair Fulton, Ross Gowland, Celine Handibode, Cal Johnston-Dempsey, Susan Kerr, Richard Lockhart

Substitutes

Colin Dewar, Gavin Keatt, Monique McAdams, Helen Toner

BUSINESS

1 Declaration of Interests

- 2 Minutes of Previous Meeting** 5 - 8
Minutes of the meeting of the Risk and Audit Scrutiny Committee held on 22 August 2023 submitted for approval as a correct record. (Copy attached)

Monitoring Item(s)

- 3 Leadership of the Development of New Local Strategic Priorities. Best Value Thematic Work in South Lanarkshire Council 2022/2023** 9 - 42
Report dated October 2023 by Audit Scotland, External Auditors to the Council. (Copy attached)
- 4a External Auditor's Report 2022/2023** 43 - 104
Letter and report dated 31 October 2023 by Audit Scotland, External Auditors to the Council. (Copy attached)
- 4b External Auditor's Report 2022/2023. South Lanarkshire Council Charitable Trusts** 105 - 128
Letter and report dated 31 October 2023 by Audit Scotland, External Auditors to the Council. (Copy attached)

Item(s) for Decision

- 5 Audited Annual Accounts 2022/2023** 129 - 132
Report dated 12 October 2023 by the Executive Director (Finance and Corporate Resources). (Copy attached)

Item(s) for Noting

- 6 2022/2023 External Quality Assessment of Internal Audit Service** 133 - 156
Report dated 13 October 2023 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 7 Internal Audit Activity as at 13 October 2023** 157 - 162
Report dated 13 October 2023 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 8 Year End Risk Management Report (2022/2023) and Review of Council's Top Risks (2023/2024)** 163 - 172
Report dated 3 October 2023 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 9 Audit Scotland Report - Local Government in Scotland Overview 2023** 173 - 184
Report dated 15 September 2023 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 10 Forward Programme for Future Meetings** 185 - 188
Report dated 6 October 2023 by the Executive Director (Finance and Corporate Resources). (Copy attached)

Urgent Business

11 Urgent Business

Any other items of business which the Chair decides are urgent.

For further information, please contact:-

Clerk Name:	Elizabeth-Anne McGonigle
Clerk Telephone:	07385403101
Clerk Email:	elizabeth-anne.mcgonigle@southlanarkshire.gov.uk

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Confero and in Committee Room 1, Council Offices, Almada Street, Hamilton on 22 August 2023

Chair:

Councillor Elaine McDougall

Councillors Present:

Councillor Colin Dewar (*substitute for Councillor Fulton*); Councillor Mary Donnelly (*Depute*); Councillor Ross Gowland; Councillor Cal Johnston-Dempsey; Councillor Gavin Keatt (*substitute for Councillor Mathew Buchanan*); Councillor Susan Kerr; Councillor Richard Lockhart

Councillors' Apologies:

Councillor Mathew Buchanan, Councillor Alistair Fulton; Councillor Celine Handibode

Attending:

Finance and Corporate Resources

P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; E-A McGonigle, Administration Officer; A Norris, Administration Assistant

Also Attending:

Audit Scotland

M Ferris and R Brough-Mitchell, External Auditors

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 27 June 2023 were submitted for approval as a correct record.

The Committee decided: that the minutes be approved as a correct record.

3 Internal Audit Activity as at 4 August 2023

A report dated 4 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 10 June to 4 August 2023.

Findings from internal audit assignments were reported to this Committee throughout the year and the last progress report was considered by this Committee on 27 June 2023. Key performance indicators, which reflected quality, on time and within budget as at 30 June 2023, were summarised in Appendix 1 to the report. A list of all assignments completed in the period 10 June to 4 August 2023, together with a summary of overall assurances for each area of work, was provided in Appendix 2 to the report. As at 30 June 2023, 6% of the 2023/2024 Audit Plan was completed to draft report stage and a further 18 assignments were in progress at that date.

The Council formed part of the Glasgow City Region City Deal which funded a range of capital projects within South Lanarkshire. At the August 2023 meeting of the Cabinet, audit reports had been presented on:-

- ◆ Internal Audit Review - Programme, Skills, Knowledge and Experience Arrangements
- ◆ Internal Audit Annual Report and Annual Governance Statement 2022/2023

The Internal Audit Annual Report and Annual Governance Statement for 2022/2023 provided a positive audit opinion for the year ended 31 March 2023 based on the work that had been undertaken and the assurances provided by member authorities. A link to the reports was provided in the report.

Updates were also provided on:-

- ◆ the Public Sector Internal Audit Standards (PSIAS) external review which had been concluded. The formal output would be reported to the next meeting of the Committee
- ◆ progress against the Audit Strategy which was a requirement of the PSIAS. Delivery of the 2023/2024 Strategy had been evidenced by the completion of the Internal Audit Plan in year, and monitored during the year by performance indicators which were regularly reported to the Committee

The Committee decided: that the report be noted.

[Reference: Minutes of 27 June 2023 (Paragraph 6)]

Councillor Gowland entered the meeting during consideration of the above item of business

4 Fraud Statistics Annual Report 2022/2023

A report dated 1 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on fraud statistics for the year to 31 March 2023 and comparing those figures with the previous year's statistics.

The number, types, outcomes and costs of fraud investigations, together with performance measures for the year to 31 March 2023, were detailed in the report. A comparison to the statistics for the same period in the previous year was also provided. Those statistics highlighted that:-

- ◆ 36 fraud investigations, with a total value of £11,000, had been reported in the period, representing a decrease in both number and value from the previous year
- ◆ the majority of cases closed in the period were founded and related to thefts
- ◆ one case related to a theft by a South Lanarkshire Council employee which was investigated and passed to Personnel Services so that appropriate action could be taken under the Council's disciplinary procedures

On conclusion of all internal investigations, an assessment would be made on whether improvement actions were necessary. If required, an improvement plan would be issued with recommended actions. The plan would be agreed with the relevant Heads of Service and the actions followed up by Internal Audit to ensure implementation and that gaps had been addressed. Outcomes for concluded investigations would be reported to this Committee as part of Internal Audit's annual assurance report.

The Audit and Compliance Manager responded to a member's question in relation to a failure in internal control which was investigated by Internal Audit.

The Committee decided: that the report be noted.

[Reference: Minutes of 27 September 2022 (Paragraph 6)]

5 Year End Insured Risk Report 2022/2023

A report dated 4 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2023 for the following main classes of insurance:-

- ◆ combined liability (covering both public liability and employer's liability)
- ◆ motor insurance
- ◆ property insurance and other miscellaneous risks

Appendix 1 to the report provided annual comparisons of the numbers and values of claims by Resources for the years 2018/2019 to 2022/2023. The comparison showed an overall downward trend in the number of claims. Claims costs had fluctuated over the last 5 years. On average, over that period, the self-insured cost of claims per annum was £2.157 million, however, the costs for 2022/2023 were above average at £2.475 million. The figures for 2022/2023 had been impacted by a single event property claim loss for escape of water and burst pipes due to severe cold weather in December 2022.

Appendix 2 to the report compared claim numbers and costs for 2022/2023, at 31 March 2023, with the equivalent position for 2021/2022. This showed an increase of 57 claims (7%) on the numbers reported in 2021/2022 and an increase in the cost of claims from £2.242 million in 2021/2022 to £2.475 million in 2022/2023. This represented an increase of £0.233 million (10%) which was a result of the estimated cost of property, motor and employer's liability claims increasing, with the position being offset by reduced estimated costs for public liability claims.

Appendix 3 to the report provided a further breakdown of public liability claims and costs specifically for Roads and other services within Community and Enterprise Resources.

Information was also provided on:-

- ◆ the areas of work which had been progressed over the last year to mitigate insurance hotspots
- ◆ claim highlights for the year
- ◆ positive risk management activity aimed at reducing the number and cost of claims

The Insurance and Risk Management Adviser responded to members' questions on various aspects of the report.

The Committee decided:

- (1) that the Insured Risks Report for the year ended 31 March 2023 be noted; and
- (2) that ongoing work to identify and mitigate insurance hotspots, as detailed in section 9 of the report, be noted.

[Reference: Minutes of 27 September 2022 (Paragraph 5)]

6 Forward Programme for Future Meetings

A report dated 1 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 24 September 2024.

As part of future arrangements, members were invited to suggest topics for inclusion in the Committee's forward programme.

The Committee decided: that the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 24 September 2024 be noted.

[Reference: Minutes of 27 June 2023 (Paragraph 9)]

7 Urgent Business

There were no items of urgent business.

South Lanarkshire Council Leadership of the development of new local strategic priorities

**Best Value thematic work in South Lanarkshire
Council 2022-23**



Prepared by Audit Scotland
October 2023

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Key messages

- 1 The Council's vision is supported by clear priorities. The Council's Connect Plan 2022-27 (the Council Plan) is the strategic document that sets out the Council's vision, values, priorities and outcomes and what difference this will make to the residents and communities of South Lanarkshire.
- 2 The Council Plan demonstrates a clear commitment to empowering local communities and continuing to develop partnership working with them.
- 3 Both the Council and Community Plans clearly reflect the priority to reduce inequalities. The Council and the Community Planning Partnership (CPP) show a commitment to tackling inequalities, poverty and fairness across South Lanarkshire. The CPP has a Children's Services thematic partnership that includes a commitment to tackling inequality, discrimination and poverty. The CPP is also undertaking research into **lived experience** in two communities to help tackle poverty as part of its Child Poverty Action Plan.
- 4 The Council approved the Community Wealth Building (CWB) Strategy in March 2021 and subsequently the CWB Commission was set up to engage a wide range of partners and stakeholders in the CWB agenda. A community wealth building action plan for the delivery of the CWB strategy was first approved by the Community wealth building Commission in August 2021 with annual reports providing progress updates.
- 5 The Council approved its new Sustainable Development and Climate Change Strategy 2022-2027 in June 2022. It was developed using the principles of the United Nation's Sustainable Development Goals and to reduce the Council's contribution to global warming. The new strategy aims to tackle climate change over the medium-term and provides a broad strategic direction for longer-term planning.
- 6 Resource Plans are prepared annually by each Resource (service department), and they reflect the outcomes detailed in the Council Plan. They also provide an overview of the Resource's main areas of activity, the key areas of focus for the year ahead and the measures and actions planned for maintaining and improving services.
- 7 The Council is forecasting a budget gap of £29.207 million which is significantly higher than in 2022/23 and those in previous years. The Council faces difficult decisions around the level and types of services it provides if it is to be financially sustainable.

- 8 There is collaborative working between members and with officers. The Council has a number of cross-party working groups and there remains agreement and cross-party support for significant initiatives.
- 9 In 2023, two Councillors had cases heard by the Standards Commission for Scotland relating to the inappropriate disclosure of confidential information in 2021, resulting in sanctions being imposed.

1 Scope of the audit

1. The Accounts Commission has noted that councils are operating in a complex and increasingly volatile, unprecedented and unpredictable environment. Strong leadership from councils is needed now more than ever, with new and returning councillors being able and willing to make difficult decisions about where and how to spend highly pressurised resources.
2. This report concludes on the effectiveness of the council's leadership of the development of the council's strategic priorities, following the recent local government elections.
3. [The Accounts Commission's Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

87. The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate. ¹
- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

¹ The Controller of Audit will report the first tranche of council BV reports to the Commission between October 2023 and August 2024 on Moray, Falkirk, Dundee City, Orkney Islands, South Ayrshire, Dumfries and Galloway, Clackmannanshire and West Dunbartonshire.

4. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on the effectiveness of the leadership of the development of the council's strategic priorities.



5. In carrying out the work auditors have considered the following questions:

- How clear is the new council vision and its priorities?
- How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the council?
- How effectively do the council priorities reflect the need to reduce inequalities and climate change?
- How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the council's priorities?
- Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

6. An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the council's planned response including responsible officers and dates for implementation.

7. The coverage of the work is in line with the expectations for council's arrangements for the seven Best Value themes in the [Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020](#).

2 Council vision and priorities

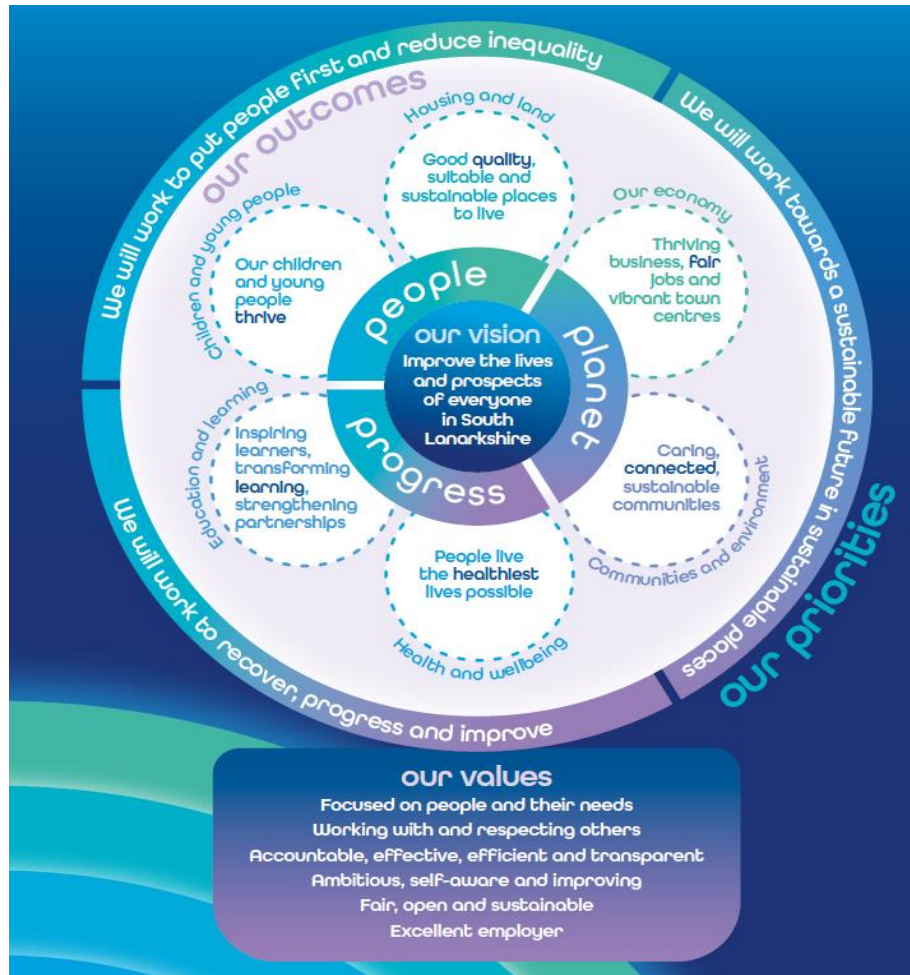
8. A council focused on achieving Best Value in how it operates will be able to demonstrate that elected members and officers have a clear vision and priorities for their area.

9. The Local government in Scotland Overview 2022 says that Scotland's councils have had a pivotal role in supporting and working with communities as they respond to the impacts of Covid-19. Following the council elections in May 2021, council's will have reviewed their priorities.

The Council has clearly articulated its vision and priorities

10. The Council's Connect Plan 2022-27, is the strategic document that sets out the Council's vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire.

11. The Council's vision is **'to improve the lives and prospects of everyone in South Lanarkshire'**. It sets out the key actions to be delivered over five years, around a long-term vision with three key priorities and supported by six detailed outcomes as outlined below:



12. Following the May 2022 local elections, the Council meeting on 15 June 2022 approved both the Council Plan, Connect 2022-2027 and the **Council Priorities and Work Programme 2022-2027** – which summarises the Council's political priorities and work programme following the elections.

13. The political priorities of the new minority administration (a Labour-Liberal Democrat-Independent agreement to work in partnership) are sustainable economic recovery, sustainable income generation and financial resilience and action on climate change. The initial programme of areas of work are presented in three over-arching themes:

- **People:** the Council and Community Planning Partnership has identified tackling poverty as an overarching theme and a review of anti-poverty strategies as well as focussing on raising literacy and numeracy standards and narrowing the poverty-related attainment gap.
- **Places:** the administration's priorities are being sustainable and achieving innovative economic recovery and development and tackling climate change with a focus on growing South Lanarkshire's wealth and delivering a new Green Deal.
- **Planet:** there is a clear link to the **Places** theme with a focus on sustainable growth. The Council also revised the terms of reference for the Climate Change and Sustainability Committee to give it full committee status in line with the other five Resource Committees.

14. The Council's Connect Plan 2022-27 is clearly signposted and publicly available on the Council's website and was well publicised across the Council's communication channels.

The Council has communicated with citizens, staff and other partners

15. The Council Plan was informed by the views of South Lanarkshire residents and information from many other sources including local community plans, face to face discussions, online feedback, feedback from Community Groups, Community events and surveys. It was approved by Council in June 2022.

16. In addition to engaging with staff, citizens and elected members in its development, the Council communicated the new Council Plan through a range of methods. Externally, the Council published a news article on the day it was approved and posted on a number of social media platforms. Internally an email was sent out to all staff as well as a blog being published on the intranet from the Chief Executive.

The Council's priorities have been developed with partners and aligned with their priorities

17. The Council is also a statutory Community Planning Partner and the Community Plan 2022-32 provides a common vision for the South Lanarkshire Community Planning Partnership and sets out how the partners aim to achieve that vision.

18. In line with the [Best Value Assurance Report](#) (March 2019) (BVAR) recommendation, and to further align the work of the Council and the partnership, the new Connect Plan sets out a common vision – to improve the lives and prospects of everyone in South Lanarkshire – and a common set of outcomes.

19. The new Council Plan and Community Plan were jointly developed through an engagement and consultation process with residents to obtain their views and wishes. When the engagement period closed in August 2021, more than 3,300 responses had been received and was the largest consultation exercise the Council had undertaken.

20. Three cross-cutting themes emerged from the community responses and feedback, and these became the priorities for the new Plan. These were:

- **People** (in particular, the impact of poverty and inequalities)
- **Progress** (in particular, recovery from the pandemic)
- **Planet** (in particular, sustainable development).

21. The Council undertook further analysis of residents and communities feedback which resulted in six outcomes being identified for the Council Plan and **six priority areas** in the Community Plan:

- **Communities and Environment:** Caring, connected, sustainable communities
- **Education and Learning:** Inspiring learners, transforming learning, strengthening partnerships
- **Health and Wellbeing:** People live the healthiest lives possible
- **Children and Young People:** Our children and young people thrive
- **Housing and Land:** Good quality, suitable and sustainable places to live
- **Our Economy:** Thriving business, fair jobs and vibrant town centres.

22. The Council has produced a Community Wealth Building Strategy which sets out their objectives in relation to spending, workforce, land and property, finance and building the generative economy that was approved in March 2021. A Community Wealth Building Commission was established to oversee the implementation of the Strategy and a Community Wealth Building Progress Group has been set up to ensure that timescales within the action plan are met.

23. The Council has also reviewed the annual resource plans for each of the five council resources or departments; Community and Enterprise, Education, Finance and Corporate, Housing and Technical and Social Work in order that they support and deliver the priorities detailed above. These plans outline the outcomes and actions to be achieved within the year and are linked with other key strategic Council and partnership plans.

The Council has identified performance measures to monitor and report on the priorities and outcomes in the Council Plan

24. The Council reviews its performance using a number of measures that are aligned to the priorities and outcomes set out in the Council Plan. A total of 234 measures were identified within Resource Plans for 2022/2023. Of those 66 are linked to the achievement of the Connect Outcomes detailed in the Council Plan. The measures are detailed within the individual Resource Plans and bi-annual progress reports are publicly reported on the performance pages of the Council's website.

25. In addition, the Connect 2022-27 Quarter 4 Progress Report 2022/2023 was reported to the Performance and Review Scrutiny Forum on 8 August 2023. The progress reports include a summary of performance against measures for each of the Council's Connect Plan objectives, along with details of the main achievements for that objective.

Best Value improvement recommendations from the 2019 Best Value Assurance Report have now been addressed

26. The [Best Value Assurance Report](#) (BVAR) was issued in March 2019. The BVAR contained ten improvement recommendations, in areas including how community engagement is used to shape services, the role of the Community Planning Partnership Board and the need for elected members to review their training needs.

27. The audit work undertaken in 2019/20 and 2020/21 concluded that the Council had achieved four of these, with progress having been made on the other six recommendations. In the 2021/22 AAR, the previous external audit team concluded that the Council has put in place arrangements to address the six recommendations that were still open at that time, as detailed in [Appendix 2](#).

3 Citizen and community engagement

28. Recovery from the pandemic requires councils to work alongside their local communities. Councils, with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives.

29. Early and meaningful engagement and effective collaboration with communities should be a core part of determining a council's vision and priorities. This is essential both to identify and understand local needs, and to inform decisions that affect the planning and delivery of services.

Community empowerment is reflected in the Council priorities and embedded within the strategic plans

30. The three priorities within the Council Plan demonstrate a clear commitment to empowering local communities and continuing to develop partnership working with them. The actions being undertaken to support outcomes one, three, four and five also reference listening to communities, promoting choice and community ownership and leadership.

31. The Community Plan makes reference to engaging and working in partnership with communities and empowering groups, specifically young people.

Elected members and officers have worked with communities to identify priorities that respond to the needs of communities

32. The Council is part of the **South Lanarkshire Community Planning Partnership** (CPP) and the **Community Planning Partnership Board** (CPPB) which has a key role in progressing Community Planning.

33. The CPPB's remit is to provide collective strategic leadership, direction, governance and oversight of partnership activity with local communities to support the delivery of its agreed vision and outcomes.

34. In June 2018, the Council's Executive Committee agreed to develop a new approach to community participation and empowerment. This included establishing a new Community Participation and Empowerment team, now called the Community Engagement Team. This team sits within the Communications and Strategy service within Finance and Corporate Resources.

35. The team provides support to the CPPB as well as being the main interface for community engagement including neighbourhood planning. The CPPB also

employs a Community Planning Development Officer who works within the Community Engagement Team. Community Planning in South Lanarkshire and the role of the CPPB is detailed below:

Community Planning in South Lanarkshire Council



36. Membership of the Partnership Board includes a wider range of organisations: Scottish Government; NHS Lanarkshire; Scottish Enterprise; Skills Development Scotland; Police Scotland; Scottish Fire and Rescue Service; University of the West of Scotland; South Lanarkshire Leisure and Culture; Strathclyde Partnership for Transport; VASLan (Community and Voluntary Sectors); Community Partnerships and Federation of Small Businesses.

37. In April 2019 the CPPB agreed to create a new **Lived Experience Fund** with the purpose to support partners and organisations in capturing lived

experience of local residents to inform service delivery and help identify any policy issues and gaps in service provision.

38. At the CPPB meeting in March 2023 it was agreed each of the four Community Partnerships would be allocated £2,000 Lived Experience Funding in 2023/24 to help them gather local people's experiences to inform a better understanding of inequalities and local needs. The Community Engagement Team works with these organisations to support them in gathering feedback information and presenting it to the CPP Board.

39. To ensure inclusivity and help shape service delivery, the Council co-ordinates regular engagement with targeted groups of people such as young people, older people, people with disabilities, unpaid carers, black and ethnic minorities. Groups consider items such as the budget consultation, rent setting and performance reporting.

40. There are a number of ways that residents and people using council services can engage with and feedback to the Council including through consultation and petitions. Links to these and other methods as well as information on how to make a formal complaint and contact the Scottish Public Services Ombudsman are available on the Council's comments, complaints and consultations webpage.

41. The Council uses online consultations to seek the views of stakeholders and residents. The consultations webpage provides access to current and past consultations.

The Council has provided opportunities for more local participation in decision making

42. As part of the Council decision making structure there are four Area Committees. The Council has regularly adopted a Participatory Budgeting (PB) approach and routinely reports on PB exercises to elected members at each of the four Area Committees. During 2022/23 and 2023/24 PB reports included the;

- Pupil Equity Fund
- Estate Improvement Budget
- Environmental Programme within the Housing Investment Programme
- Footway improvements within the Roads Capital Programme

43. This is a transparent approach to reporting and the Council has committed to further reporting of Place-based PB activities through the CPP website, by developing areas for each Community Partnership within which such reports will sit alongside other locality information.

44. Elected Members on the four Area Committees will also be taking decisions on applications to a new Community Challenge Fund that was launched in August 2023. The fund is not available for communities that have access to the participatory budgeting process but is aimed at community organisations in

other local areas. The aim of the fund is to address community needs identified through local consultation.

45. In the Finance and Corporate resource plan for 2023-24 **involving our communities** is one of the eight areas of focus for the year. The Community Engagement Team is responsible for one of the actions listed under the Resource Outcome - **‘Individuals and communities in South Lanarkshire are engaged and able to participate in decision-making processes’**.

46. The Finance and Corporate resource action plan also refers to increasing activity around the Participatory Budgeting programme, and for more community led neighbourhood plans to be developed as well as new approaches to community involvement, specifically the community wish list and shaping places for wellbeing project.

4 Reducing inequalities and tackling climate change

47. Council priorities are expected to reflect the Best Value expectations that all activity should contribute to tackling poverty, reducing inequality and promoting fairness, respect and dignity for all citizens, alongside a focus on sustainable development, including climate change.

Reducing Inequalities

48. The [Local Government in Scotland Overview 2022](#) report says that the impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality. Councils have worked hard and adapted to maintain service delivery but those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal supports those most affected and addresses inequalities.

The Council and its community planning partners clearly reflect plans to reduce inequalities in their vision and strategic priorities

49. Both the Council and Community Plans clearly reflect the priority to reduce inequalities. The Council Plan introduction makes reference to the need to tackle deprivation and inequality and its People Priority states:

People – we need to put people first and reduce inequality

Together, we will take a people first approach to reducing inequality and improving lives and life prospects.

50. To support the Council and Community Plan, the new administration approved the **Council Priorities and Work Programme 2022-2027** – which summarises the Council's political priorities and work programme. These include actions that look to address poverty and inequalities and include;

- a review of anti-poverty strategies
- a review of narrowing the poverty-related attainment gap
- explore 'tackling the cost of the school day'.

Community groups are involved in identifying local needs and inequalities to inform priorities

51. In terms of consultation and engagement to inform priorities for the Council and Community Plans, the Council together with the CPP engaged with 27 different groups. These include younger and older people and local residents as well as the Gypsy Traveller community and tenants. Other communities and groups fed into the consultation process through partners including people in recovery from substance use or alcohol misuse with NHS Lanarkshire facilitating a discussion through the Beacons in Blantyre, a recovery hub, working within the local area.

52. Other examples where the Council consults with external groups includes:

- the South Lanarkshire Disability Partnership (incorporating the SL Access Panel)
- Seniors Together and the Olde People's Assembly
- LEMAG (Lanarkshire Ethnic Minority Action Groups)

53. The Council along with NHS Lanarkshire and its neighbouring council, North Lanarkshire Council (NLC) developed a Share British Sign Language (BSL) Plan and steering group. The BSL plan includes a commitment to support BSL users to participate in community engagement events.

54. The Head of Administration and Legal Services and an SLC Councillor Veterans Champion are members of Lanarkshire Firm Base, which was created in partnership with both North and South Lanarkshire Council. The organisation is the lead for delivering the key commitments contained in both councils' Armed Forces Community Covenants to ensure that those who serve or who have served in the armed forces, and their families, are treated fairly. An awareness seminar is held each year for elected members, officers and partner organisations.

55. The Council also has an internal employee network group (Caring/ Disability/ Ethnicity and LGBT) and a network of Resource Diversity Liaison Officers who monitor recruitment and provide advice to managers on equality matters and employee forums.

56. The Council recognises that harder to reach groups and individuals are less likely to be supported in these forums, with support more directly in schools with pupils and families and through service provision to service users and through community engagement activities.

The Council and the CPP are committed to tackling inequality, poverty and fairness issues identified in local communities

57. The Council has demonstrated its commitment to tackling poverty and inequalities by establishing a cross-party Tackling Poverty working group in February 2019. This was an internal short life working group with the remit of

taking a strategic overview of initiatives relating to poverty prevention and reduction and considering and agreeing a workplan.

58. There were a total of seven meetings where the group considered the contributions each resource department was making to address poverty, considered feedback from various groups involved in the lived experience consultation and the effects on poverty and examined the work of community planning partnership groups. The final meeting was held in January 2022 and a final progress report went to the Executive Committee in February 2022 with four recommendations :

- how the Council builds an understanding of the most effective approaches to tackling poverty
- how it uses information on impact and lived experience to determine the best solutions to address poverty related issues
- make use of the Fairer Scotland Duty to hold council services to account
- develop an action plan that would focus on how to co-ordinate the work and integrate it with the work of the Council and other partners.

59. In September 2020, the Council established an Equity Cross-party Working Group. This was a short-life internal working group established to consider equalities in recruitment and investigate and identify sources of inequity and to develop a consensus on how to address any inequity identified or referred to it. Following the May 2022 election, the work of the Equity group was absorbed by the Equal Opportunities Forum.

60. The CPP has also been committed to reducing inequalities and poverty and has a Children's Services thematic partnership that includes a commitment to tackling inequality, discrimination and poverty. The CPP is also undertaking research into lived experience in two communities to help tackle poverty as part of its Child Poverty Action Plan.

61. The Child poverty commitment seeks to create oversight of the work and how it is embedded across a range of planning and delivery processes. **'We will provide support to South Lanarkshire's families in order to tackle child poverty head on, through an offer of the right support, at the right time and delivered in the right way'.**

62. In South Lanarkshire, the Council, NHS Lanarkshire and partnership members produce a single Local Child Poverty Action Reports (LCPAR), recognising a collective effort to be most effective. The fifth South Lanarkshire LCPAR for 2022/23 and a child poverty commitment were reported to the CPPB in September 2023.

63. The LCPAR is structured around the three child poverty drivers of income from social security and benefits in kind, income from employment and costs of living. One of the key features of the LCPAR is listening to families and communities experiencing poverty and recognising this as crucial to being a feature of future service design. The CPP plans to try adding a child poverty

lens to developing Neighbourhood Plans and is planning to take this new approach for the East Kilbride South area Neighbourhood plan.

The Council's Covid-19 recovery and renewal plans support those most affected and address inequalities

64. Following the pandemic the concept of community wealth building has gained momentum and received support from the Scottish Government and COSLA as a model for local economic development.

65. The Council's approach to Covid-recovery was embedded into the new Council Plan 2022-27 under the priority; Progress – we need to recover, progress and improve. Recovery from the pandemic is also embedded into the Community Plan, the Community Wealth Building strategy and the Economic Strategy 2022-2027.

66. The Council approved the Community Wealth Building (CWB) Strategy in March 2021 and subsequently the CWB Commission was set up to engage a wide range of partners and stakeholders in the CWB agenda. A community wealth building action plan for the delivery of the CWB strategy was first approved by the Community wealth building Commission in August 2021 with annual reports providing progress updates.

67. The Commission for South Lanarkshire includes the Council, NHS Lanarkshire, third sector representatives VASLan, the University of the West of Scotland and the Federation of Small Businesses. The Commission also includes representation from senior elected members, and community representation through the involvement of the CPP locality groups.

68. In August 2021, the Commission approved an action plan for delivery of the CWB strategy which contained a range of actions over a three-to-five-year timeframe, setting out how the aspirations of the strategy could be progressed for each of the five key areas of CWB:

- Spending
- Workforce
- Land and property
- Finance and building
- Generative economy.

69. The draft 2022/23 annual report was presented to the CWB commission in September 2023 for approval. This highlights the progress over the second year and provides examples of significant work under each of the five key areas:

- the Council co-hosted seven specific events with the Supplier Development Programme between June 2022 and January 2023 and a Meet the Real Buyer event in February 2023

- the Council developed an employability pipeline which creates opportunities for residents and local communities. Two Recruitment Fairs were held in August 2022 and February 2023 respectively
- during 2022/23, the Council delivered 176 new build council homes as part of its ongoing Affordable Housing Supply Programme
- The South Lanarkshire Credit Union Network has been re-established and regular meetings held to link credit union activity to CWB process
- A South Lanarkshire Social Enterprise Strategy 2023 to 2027 was developed in consultation with the social enterprise sector, wider partners and stakeholders. It was approved by the Executive Committee in June 2023.

70. The Accounts Commissions [Local Government in Scotland: Overview 2022](#) highlights that those experiencing inequality have felt the impacts of both the pandemic and service disruption most strongly over the past two years. Initiatives such as CWB are recognised as being a good example of new ways in which councils can support local economic development and tackle poverty.

The Council uses equality impact assessments but Fairer Scotland assessments are not fully embedded

71. The Council is committed to undertaking equality impact assessments and the website includes an Impact Assessments directory. A review of Integrated Impact Assessments (IIA's) identified a reduction in the number of assessments available online. We also identified examples where the IIAs had not been completed before they were approved by the relevant Committee.

72. The Fairer Scotland Duty set out in part 1 of the Equality Act 2010, came into force from 1 April 2018. It places a legal responsibility on local authorities and certain other public bodies in Scotland to actively consider how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. The Scottish Government issued statutory guidance on the duty in October 2021 and advised that relevant public bodies should publish a written assessment showing how they have done this, usually known as a Fairer Scotland Assessment.

73. The Council publish an annual Equalities Mainstreaming Report to demonstrate its commitment to human rights and equalities, this is reported to members, key stakeholders and the public. The Council has carried out a total of 981 impact assessments for any new policy / practice or change to policy and practice, which is relevant to its duty to promote equality and eliminate discrimination or harassment. If the new Bills successfully receive Royal Assent, the Council will apply any guidance issued by the Scottish Government .

74. The Council advised that Fairer Scotland assessments are carried out as per the statutory duty and published. The Council is currently in the process of rebranding the assessments it carries out in council papers.

Recommendation 1

The Council should continue its work to embed its Fairer Scotland duties by completing and referencing Fairer Scotland assessments in council papers, strategies and plans. It should also check all assessments are listed online.

The Council is developing a human rights based approach in its design and delivery of services

75. The Scottish Government is seeking to introduce a Human Rights Bill that will bring four United Nations international human rights treaties into the law in Scotland, within the limits of the Scottish Parliament's devolved powers. A public consultation on the proposed Bill is currently underway and will continue until 5 October 2023.

76. The Council has advised they take a human rights based approach to considering the impact assessments. When further guidance is provided by the Scottish Government the Council will consider any changes necessary.

Tackling Climate Change

77. Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID'. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic.

78. The Climate Change Act 2019 committed Scotland to Net Zero by 2045. The Public Bodies Climate Change Reporting Duties place a legal requirement on public bodies to set target dates for zero direct emissions and indirect emission reductions. They must also report on how spending and resources will contribute to these targets, and report on the body's contribution to Scotland's Climate Change Adaptation Programme.

The Council clearly reflects sustainability of the environment, and in particular climate change, in its vision and priorities

79. One of the three priorities is Planet which is specifically about working towards a sustainable future and sustainable places. Residents' feedback identified climate change as a key concern with young people specifically asking to be involved in shaping and influencing actions. The Plan also refers to the Council's Sustainable Development and Climate Change Strategy and to reducing carbon emissions and seeing more energy efficient homes in terms of outcomes.

80. The Council's plan recognises the importance of addressing the climate emergency and setting actions to achieve net zero. As reported in the Accounts

Commission's [Local Government in Scotland: Overview 2022](#) report, commitments such as this will contribute to councils' overall recovery and renewal from the pandemic.

81. The Community Plan 2022-32 also refers to feedback from consultation work identifying concerns about the environment and impacts on people and communities. One of the three Community plan ambitions, Planet, references taking action on climate change and supporting young people to lead the way.

82. The Council approved its new Sustainable Development and Climate Change Strategy 2022-2027 in June 2022. It was developed using the principles of the United Nation's Sustainable Development Goals and to reduce the Council's contribution to global warming. The new strategy aims to tackle climate change over the medium-term and provides a broad strategic direction for longer-term planning.

83. The Council sought views from a range of stakeholders to help it shape the strategy. This involved holding community engagement focus groups with citizens together with workshops that included council officers, community planning partners, and elected members. From the issues that were discussed during the public engagement four key themes emerged, [exhibit 1](#). These themes align with the priorities of the Council Connect Plan 2022 - 2027.

Exhibit 1

Sustainable Development and Climate Change Strategy 2022-2027 key themes



Source: South Lanarkshire Council: Sustainable Development and Climate Change Strategy 2022-2027

84. The strategy contains 13 priorities with one of these being the achievement of net zero by 2045. The Council aims to achieve this in an equitable way that does not exacerbate existing inequalities. It recognises the achievement of these priorities will be challenging particularly given the rural and urban diversity of the Council.

85. The Council is working on an action plan to achieve these aims and objectives, and how they link to the 13 priorities noted in the strategy. The action plan will look at longer term objectives as well as detailing annual measures.

86. Whilst recognising the amount of work and investment required to achieve net zero, there is a clear commitment from the Council to work towards this target. The Council has embedded sustainability into its key plans and strategies and identified the failure to meet sustainable development and climate change objectives as one of the highest risks to the Council. It has established a separate Committee to scrutinise progress in this area ensure the climate change agenda has prominence and focus within the Council.

87. The Council's Climate Change and Sustainability Committee is responsible for overseeing the progress with the strategy, including consideration and scrutiny of the action plan measures aligned to it. These will be reported twice each year to the committee and performance information on the reduction in the Councils carbon emissions is also reported to the Performance and Review Scrutiny Forum.

88. In 2021/22 the Council's internal audit function undertook a review of the work to develop this new strategy. The review concluded that the council has a definitive plan in place albeit this needs to be developed and adopted. The financial implications of delivery were noted as was the need to ensure that sustainability was embedded into all decision making.

89. Following the review, the Council has reported a one year interim Sustainable Development and Climate Change Strategy Action Plan was being implemented for 2022/2023. Progress on the interim action plan, together with a full action plan covering the five year period of the strategy was approved by the Climate Change and Sustainability Committee in February 2023. A further progress report on the 2022/23 action plan was reported to the Committee on 20 September 2023.

90. In the Audit Scotland [Auditing Climate Change](#) 2021 report and the Accounts Commission's September 2022 briefing on [Scotland's councils' approach to addressing climate change](#), it was noted that while public bodies, including councils, have declared a climate emergency, there is a need to ensure the robustness of plans. The plans should include greater clarity on how targets and timescales will be achieved. The reports also reaffirmed the important role that citizens will have and the need for strong partnership working.

91. The Council recognises the need to build on its strategy. It has committed to the preparation of an action plan that will detail how the statutory requirements, including net-zero will be achieved. It has also committed to working with stakeholders to establish a more joined up and collaborative approach to tackling climate change.

92. In June 2023 the Climate Change and Sustainability Committee considered a report by Aether Ltd, as industry experts, to establish a baseline position on area wide carbon emissions and to identify actions to help the Council meet its long-term targets. There were eight key messages including four about working with other stakeholders. The report proposed the following four next steps which the Committee approved:

- to agree how to engage with key stakeholders and involve them in area wide emissions reduction
- to agree, along with key stakeholders to set targets for area wide emissions reduction
- to consider how to link area wide emissions reduction with the Net Zero Town project and Town Centre Visioning project, and other key Council strategies/policies/projects
- to ensure due consideration is given to climate justice and ensuring the transition to net-zero does not exacerbate poverty or inequalities.

5 Alignment of delivery plans

93. Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

94. In our [Local Government in Scotland Overview 2022](#), we acknowledged that budget constraints and increasing cost pressures are putting councils' finances under severe strain. An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need. Increasingly difficult choices about spending priorities and service provision are having to be made. Delivering services differently should be focused on improving performance and outcomes in ways that are innovative, affordable, and sustainable.

The Council priorities are clearly reflected in resource plans

95. The key financial strategies underpinning the Council's approach to financial planning include, the:

- Revenue Budget Strategy
- Future Capital Investment Strategy (Capital Strategy)
- Treasury Management Strategy
- Annual Investment Strategy.

96. The Council recognises the individual financial strategies that support the overall strategy are needed to support achievement of council priorities using limited resources. These policies continue to be aligned and approved by the Executive Committee annually as part of the budget setting process. This is particularly important in the current financial climate with significant cost pressures from inflation and the cost-of-living crisis on top of increased demand for services. These will present significant challenges to financial planning and the ability of the Council to deliver quality services.

97. Resource Plans are prepared annually by each Resource, and they reflect the outcomes detailed in the Council Plan. They also provide an overview of the Resource's main areas of activity, the key areas of focus for the year ahead and the measures and actions planned for maintaining and improving services. The five resource areas (or service departments) are detailed in paragraph 23 above.

The Council is forecasting a budget deficit of £29.207 million for 2024/25

98. The 2024/25 Revenue Budget paper was considered by the Executive Committee in June 2023. The paper concluded that taking account of the Corporate Solutions including the efficiencies from the ongoing reviews, the Budget Gap for 2024/2025 was forecast to be £29.207 million. The paper highlighted that the size of the Budget Gap was very different to those managed in recent years and will require reconsideration of what the Council does for its communities, as well as making difficult decisions.

99. It is proposed that options to meet the budget gap will be developed for members consideration and brought back to a future meeting. Officers are presenting information to the Budget Sounding Board that have identified areas of budget that could be developed into savings options. However, the extent of the budget gap will mean that options will have to go significantly beyond the level of efficiencies made in previous years.

There is a revised Council-wide Workforce Plan to consider the workforce requirements as a result of the pandemic response

100. The Council has a comprehensive and coordinated approach to workforce planning which also supports succession planning. Each Resource reviews their workforce plan and related action plan to better understand workforce capacity issues, further challenges, and opportunities to ensure that resources are in the right place, at the right time and people have the right skills. The Council-wide Workforce Plan has been revised to consider the workforce requirements as a result of the pandemic response. The following actions have been undertaken:

- Workforce Plans were updated and reported to the relevant Resource Committees in September and October 2022
- a grow your own approach is being used in key areas (recruited graduates in Procurement)
- increasing social media recruitment and use of job fairs
- employability routes are being defined for skills shortage areas
- enhanced employee support arrangements are in place but also being reviewed for development.

The Council's capital strategy includes community infrastructure projects

101. As part of the Glasgow City Deal, four community growth areas with funding of £60.3 million, have been identified in the South Lanarkshire area, Newton, Hamilton, Larkhall and East Kilbride. The scheme is delivering a number of individual education, transport and community infrastructure projects to enhance the lives of the people living in each of the four areas and beyond.

102. Progress and performance on Glasgow City Deal projects and spend are regularly reported to the Glasgow City Region Cabinet. The most recent performance report for quarter one of 2023/24 reported to Cabinet on the 8 August 2023 summarised the following progress:

- **Newton Community Growth area:** has five sub-projects with three completed by 2019. The Council reported an increasing number of housing development completed as a follow-on investment, with 838 New Residential Units delivered in early summer 2022. The remaining two projects are scheduled for completion in 2025/26.
- **Hamilton Community growth area:** there are seven sub-projects, three of which have been completed in 2019 and are fully operational. The remaining four are scheduled for completion in 2024/25.
- **Larkhall community growth area:** is made up of seven sub-projects with the Glengowan Primary School extension having been completed in July 2022. The remaining projects are scheduled for completion in 2025/26.
- **East Kilbride community growth area:** is made up of three sub-projects relating to a Park and Ride Facility at Hairmyres, the construction of a new Primary School (Jackton primary school) and the extension of Our Lady of Lourdes Primary School that will be funded from reprofiling of existing works.

The Council's digital inclusion strategy assists those people who are unable to get online to access services digitally

103. A new Digital Strategy 2022 to 2027 was approved by the Council on 15 June 2022 and is aligned to the new Council plan and the national digital strategy published by the Scottish Government in March 2021. It sets out how the Council will use new technologies to help deliver the Council's vision and how service delivery will take a digital first approach whilst being focussed on customer and business needs.

104. One of the eight key themes of the new Digital Strategy 2022-2027 maintains a focus on tackling digital exclusion and sets out the actions the Council is taking to assist people who are unable to get online to access services digitally. The Council continues to lead on a partnership Digital Inclusion Group to develop and deliver an action plan for Digital Inclusion.

6 Leadership

105. Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. The complex local government environment means collaborative leadership, working with partners, communities and citizens to improve outcomes is more important than ever.

106. Leaders need to be skilled in effective strategic thinking, decision-making and collaborative working and able to learn lessons from new ways of working. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery.

107. Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive. Councillors should show a commitment to agreed council priorities and work together to achieve them.

There is effective collaborative working between members and with members and officers to achieve the Council's priorities

108. Following the local government elections in May 2022, 64 members representing the 20 multi-member wards were elected across South Lanarkshire. The political composition is as follows:

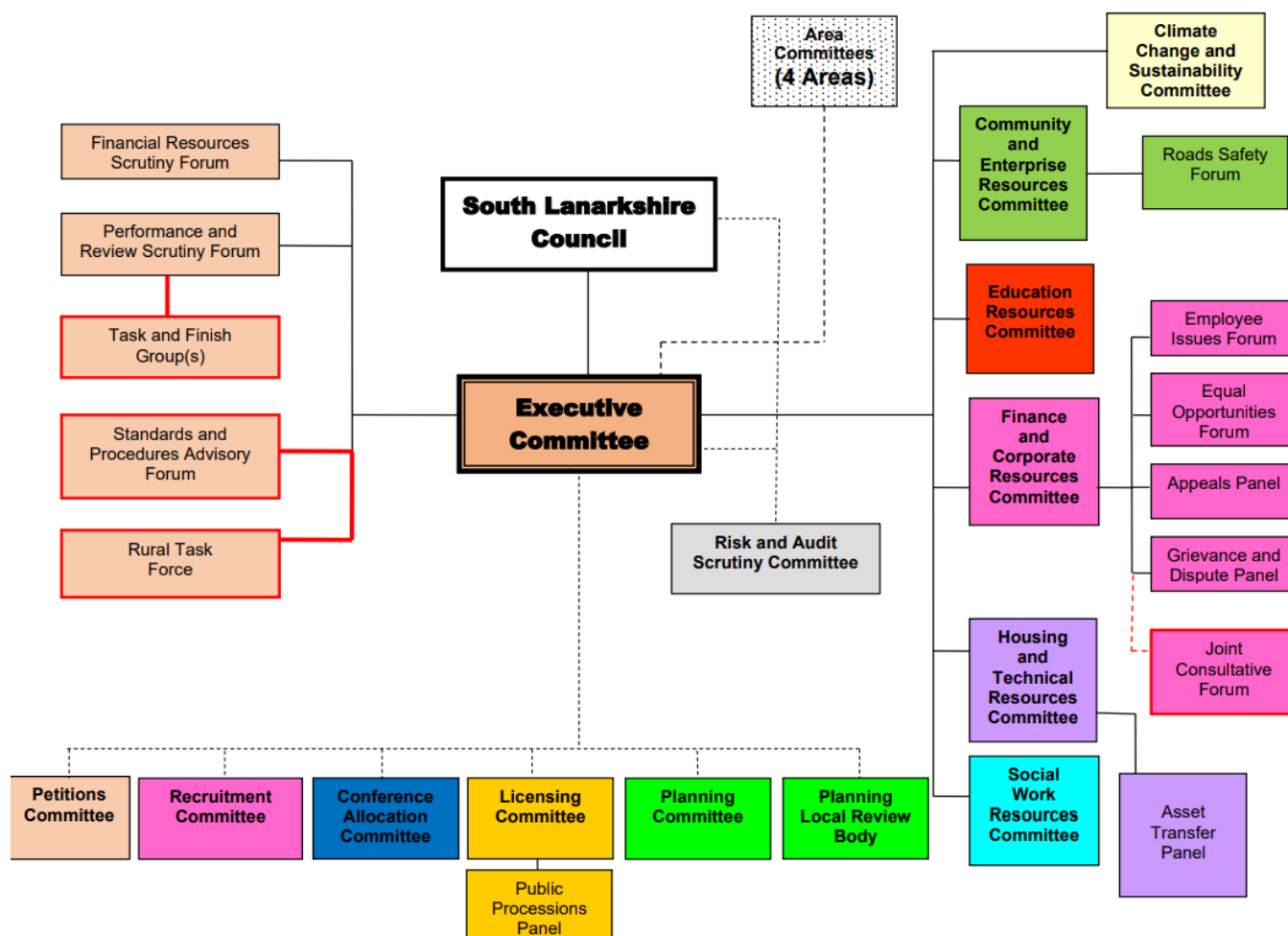
- Conservative - 7
- Green - 1
- Labour - 24
- Liberal Democrats - 3
- Independent - 2
- Scottish National Party – 27

109. In May 2022, at the first meeting of the new Council, the new minority administration (a Labour-Liberal Democrat-Independent agreement to work in partnership) was put in place succeeding the Scottish National Party who led the Council in the preceding five years.

110. The new Council approved the same decision-making structure as had been used for the previous administration. This means that all committees and forums report to the Council through an Executive Committee, [exhibit 2](#).

Exhibit 2

South Lanarkshire Council decision-making process



Source: South Lanarkshire Council

111. The Council has a two cross-party working groups: a Budget sounding board and Equal opportunities Forum. The Budget sounding board was the successor to the Budget working group and was established after the May 2022 elections. The Equal opportunities forum was already established and took on the remit of the Equity Working Group after the May 2022 elections. These cross-party working groups help strengthen relationships between members. It was recognised that member to member relationships also demonstrated good cross party working at a ward level, to achieve local goals.

Two Councillors received sanctions following hearing by the Standards Commission for Scotland

112. All local councillors are expected to adhere to the [Councillors' Code of Conduct](#) as issued by Scottish Ministers in December 2021. Complaints of breaches of the code are investigated by the Ethical Standards Commissioner and adjudicated upon by the Standards Commission for Scotland.

113. In 2023, two South Lanarkshire Council Labour councillors had cases heard by the Standards Commission for Scotland relating to the inappropriate disclosure of confidential information in 2021. The resulting sanctions were a two month suspension for the Leader of the Council, Councillor Joe Fagan after a hearing in June 2023 and censure for Councillor Monique McAdams following a hearing in August 2023.

There is an experienced management team in place to support the Council in delivering its objectives, however the Chief Executive will retire in January 2024

114. The Council has an experienced management team in place that has been relatively stable in recent years. Two new Executive Directors have been permanently appointed within the last two years. These were the Executive Director for Housing and Technical Resources and Education resources. During August 2023 the current Chief Executive, announced his intention to retire in January 2024. The process to appoint a replacement has already started and will require careful consideration around the future strategic direction of the Council.

115. In addition to a Management Development programme for all managers, the Council developed and launched a leadership challenge programme in 2021/22 to develop 'rising stars' identified by the CMT and assist with succession planning. As part of the Best Value thematic work for 2023/24 the topic will be looking at workforce challenges.

A comprehensive induction training programme was delivered. Officers should continue to work with elected members to support their training and development requirements

116. Following the local government elections in May 2022, both newly elected and returning members have taken part in a number of training courses, including a comprehensive induction programme. This comprised of welcome sessions, outlining members' key roles and responsibilities as councillors together with specific training on areas such as risk and audit awareness training. The Council has put in place an ongoing training plan with this updated as required during the year. The plan includes access to a library of Learn on Line material which cover a wide range and variety of courses to help develop members skills. Officers advised that a needs based approach is taken to training for members, including specific training for committees such as recruitment, appeals, planning and licencing.

117. Members have a responsibility to take advantage of the training opportunities provided to ensure that they have the skills required to effectively fulfil their scrutiny and challenge roles. Members we spoke to recognised the training available to them including the online learning material but said it might be helpful to establish formalised personal development plans for members.

118. Discussions with elected members identified that they felt working relationships between officers and elected members were good and communication worked well. Council officers have also provided a number of relevant members briefing sessions on key topics.

119. Members who were chairs or vice chairs of committees said they felt supported in their role, receiving detailed explanations from officers in relation to committee papers. However other committee members felt overwhelmed by the volume, complexity and technical nature of some committee papers, and this impacted on their ability to undertake their scrutiny role effectively.

120. Elected members who were newly elected in May 2022, reflected that now they better understand their role it would be helpful to have refresher training in some of the induction sessions provided after the elections.

Recommendation 2

Officers should continue to engage with elected members to support their training and development requirements, including specific training to build confidence and allow scrutiny.

Appendix 1

Improvement Action plan

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Fairer Scotland Assessment</p> <p>The Fairer Scotland Duty came into force from 1 April 2018. It places a legal responsibility on local authorities to actively consider how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>Risk – There is a risk that the Council is not fully complying with the Fairer Scotland Duty.</p>	<p>The Council should continue its work to embed its Fairer Scotland duties by completing and referencing Fairer Scotland assessments in council papers, strategies and plans. It should also check all assessments are listed online.</p>	<p>Management Response:</p> <p>We will continue to embed Fairer Scotland duties, and remind all officers on the Council's Fairer Scotland Duties and the use of Fairer Scotland Assessments by reissuing the guidance and arranging further training as appropriate. We will ensure that reference to Fairer Scotland assessments are made in committee reports (where carried out). All Fairer Scotland Assessments will be posted online.</p> <p>Responsible Officer:</p> <p>Head of Administration and Legal Services</p> <p>Date:</p> <p>31 December 2023</p>
<p>2. Ongoing support for elected members</p> <p>In May 2022, the Council put in place a comprehensive induction programme. Committee members feel overwhelmed by the volume, complexity and technical nature of some committee papers.</p> <p>Risk – There is a risk that the current suite of training is not tailored to the individual needs of Elected members.</p>	<p>Officers should continue to engage with elected members to support their training and development requirements, including specific training to build confidence and allow scrutiny.</p>	<p>Management Response:</p> <p>The programme of engagement with members on training requirements will continue. The annual needs assessments will be carried out to inform ongoing training plans.</p> <p>Responsible Officer:</p> <p>Head of Personnel</p> <p>Date:</p> <p>31 March 2024</p>

Appendix 2

Best Value improvement recommendations from the 2019 Best Value Assurance Report have now been addressed

121. The [Best Value Assurance Report](#) (BVAR) was issued in March 2019. The BVAR contained ten improvement recommendations, in areas including how community engagement is used to shape services, the role of the Community Planning Partnership Board and the need for elected members to review their training needs. In the 2021/22 Annual Audit Report (AAR), the previous external audit team concluded that the Council has put in place arrangements to address the six recommendations that were still open at that time, as detailed below.

Progress against BVAR recommendations

BVAR recommendation	Audit Scotland view on progress to date
1. To increase the impact of the council's efforts in achieving its strategic objectives, links between the council plan (Connect Plan) and the LOIP (Community Plan) should be made clearer with a sharper focus on the key areas of activity. Locality plans should be prepared without further delay.	<p>Complete</p> <p>The new Connect Plan for 2022-2027 was published in June 2022. The new plan has three priorities: people, progress, and planet. These are in line with the three key ambitions outlined in the new Community Plan 2022-2032 which was also published in June 2022.</p> <p>These plans have been designed as companion publications and share the same vision, priorities, and outcomes.</p> <p>Ongoing</p> <p>To date, eight neighbourhood plans have been published, with a further three in progress.</p>
2. Elected members need to improve the public scrutiny of key decisions, performance, and financial reports.	<p>Ongoing</p> <p>Management have advised that the overall level of scrutiny has improved over the last Council term.</p> <p>Work is ongoing to provide newly elected members, including those on the Risk and Audit Scrutiny Committee, with training to assist them in their scrutiny and challenge role.</p> <p>Member engagement and scrutiny will be an area of focus for the new audit team.</p>
3. Members should, with the assistance of the personnel service, review their personal training and development needs and agree a plan to ensure that they have the	<p>Complete</p> <p>Since the local elections in May 2022, elected members have undertaken a comprehensive training and induction programme, covering key areas to enable them to fulfil their scrutiny and challenge roles.</p>

skills required to effectively fulfil their scrutiny and challenge roles.	Members also have access to a library of “Learn on Line” courses which cover a wide range and variety of courses to develop members skills. A training plan for the remainder of the financial year is in place which will support members in effectively carrying out their roles (see paragraphs 139 to 140 for further details).
4. Management should review arrangements for assessing resident satisfaction, to ensure these are providing meaningful data to help shape future services.	<p>Complete</p> <p>Since January 2020, the Organisational Development Team have carried out 941 surveys. Of these, 116 relate to customer satisfaction. The results of these surveys inform decisions taken on future services of the council.</p>
5. The Community Planning Partnership Board should take a more active role in driving partnership working, monitoring outcomes, and feeding back to thematic subgroups.	<p>Complete</p> <p>The Community Planning Partnership Board is well developed and is providing oversight and driving partnership working. The Board has established a number of groups to promote partnership working such as:</p> <ul style="list-style-type: none"> • The Community Planning Outcomes Leads Group • The Partnership Community Participation Engagement Group • The Community Planning Communications Group • The Community Partnership Website Review Group <p>The Board has also recently worked with North Lanarkshire Community Planning Partnership to identify shared priorities for action.</p>
6. Management should implement revised arrangements for community engagement to improve how it is used to shape services. Consistent and high-quality consultation across all services should be part of this.	<p>Complete</p> <p>The Community Participation Engagement Group oversaw the engagement activity around the new Connect and Community Plans which were built from the communities up using engagement to identify resident’s views and aspirations.</p> <p>‘Community Conversation’ focus groups took place, involving more than 200 residents. This was the largest consultation carried out to date by the council and added to a body of existing knowledge that had already emerged from community events and work developing neighbourhood plans.</p>

Source: Audit Scotland

South Lanarkshire Council

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

www.audit-scotland.gov.uk/accessibility

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Risk and Audit Scrutiny Committee

31 October 2023

South Lanarkshire Council Audit of 2022/23 annual accounts

Independent auditor's report

1. Our audit work on the 2022/23 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 31 October 2023 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Risk and Audit Scrutiny Committee's consideration our draft annual report on the 2022/23 audit. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Risk and Audit Scrutiny Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Executive Director of Finance and Corporate Resources as Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Outstanding matters

10. There are some areas where we still require additional information, and these are identified below:

- sample testing on a number of account areas.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the members of South Lanarkshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of South Lanarkshire Council and its group for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and Council only Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statements, Balance Sheets, Movement in Reserves Statements, Cash-Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the National Non-Domestic Rates Income and Expenditure Statement, the Council Tax Income and Expenditure Statement and notes to the financial statements, including Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2023 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of

the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Executive Director of Finance and Corporate Resources and Risk and Audit Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Finance and Corporate Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director of Finance and Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance and Corporate Resources is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Risk and Audit Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Executive Director of Finance and Corporate Resources as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Executive Director of Finance and Corporate Resources concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;

- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Executive Director of Finance and Corporate Resources is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and

that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mr John Boyd
Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT

Appendix B: Letter of Representation (ISA 580)

Mr John Boyd, Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear John

South Lanarkshire Council Annual Accounts 2022/23

1. This representation letter is provided about your audit of the annual accounts of South Lanarkshire Council and its group (hereafter referred to as the Council) for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of South Lanarkshire Council's annual accounts for the year ended 31 March 2023.

General

3. The Council and I have fulfilled our statutory responsibilities for the preparation of the 2022/23 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the Council have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (2022/23 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Council and its Group at 31 March 2023 and the transactions for 2022/23.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2022/23 accounting code where applicable. Where the code does not specifically apply I have used judgement in developing

and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to the Council's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed the Council's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on the Council's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2023 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

11. I carried out an assessment at 31 March 2023 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified. This has included consideration of the existence of Reinforced Autoclaved Aerated Concrete (RAAC) on the Council's estate. I am satisfied that there is no indication of impairment of assets held.

12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2023.

13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

15. The pension assumptions made by the actuary in the IAS 19 report for South Lanarkshire Council have been reviewed and I confirm that they are consistent with management's own view. The pension asset has been capped to reflect the asset ceiling as determined through IFRIC 14. I am satisfied that the assumptions applied in the calculation are consistent with management's own view.

Liabilities

16. All liabilities at 31 March 2023 of which I am aware have been recognised in the annual accounts.

17. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2023 of which I am aware where the conditions specified in the 2022/23 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2023. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

18. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2023 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

19. The accrual recognised in the financial statements for holiday untaken by 31 March 2023 has been estimated on a reasonable basis.

20. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

21. There are no significant contingent liabilities, other than those disclosed in Note 31 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the 2022/23 accounting code and IAS 37.

Fraud

22. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

23. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

24. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all the Council's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

25. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

26. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

27. I confirm that the Council has undertaken a review of the system of internal control during 2022/23 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

28. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2023, which require to be reflected.

Group Accounts

29. I have identified all the other entities in which the Council has a material interest and have classified and accounted for them in accordance with the 2022/23 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Common Good Fund

30. I confirm, to the best of my ability, that all material common good assets have been identified and correctly accounted for within the common good financial statements and where appropriate, common good assets in use by the Council have been assessed and accounted for in line with IAS 17.

Events Subsequent to the Date of the Balance Sheet

31. All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Paul Manning

Executive Director of Finance and Corporate Resources

Section 95 Officer

South Lanarkshire Council

2022/23 Annual Audit Report – PROPOSED



 AUDIT SCOTLAND

Prepared for the Members of South Lanarkshire Council and the Controller of Audit
October 2023

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Key messages

2022/23 annual accounts

- 1 Our audit opinions on the annual accounts of South Lanarkshire Council (the Council), its group and the section 106 charities administered by the Council are unmodified, i.e. the financial statements and related reports are free from material misstatement.
- 2 The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.
- 3 Adjustments have been made to the annual accounts as a result of the audit process as detailed in Exhibit 2 of the report.

Financial management and sustainability

- 4 The Council continues to operate within its annual budget. While facing financial challenges through inflationary pressures on pay and non-pay costs as well as demand on services, the Council continues to demonstrate sound financial management maintaining general fund reserves in line with the long term Revenue Financial Strategy.
- 5 Capital expenditure was significantly less than originally budgeted in 2022/23.
- 6 There has been delays to the implementation of the Council's new HR/Finance systems.
- 7 While the Council has effective budget monitoring arrangements, given the scale of the financial pressures there is an opportunity for the Council to focus on financial resilience including key indicators and measures.
- 8 Medium and longer-term financial plans should continue to reflect the Council's strategic priorities and outcomes.

Best Value

- 9 The Council's vision is supported by clear priorities. The Council Plan demonstrates a clear commitment to empowering local communities and continuing to develop partnership working with them.
- 10 The Council approved its new Sustainable Development and Climate Change Strategy 2022-2027 in June 2022. The new strategy aims to tackle climate

change over the medium-term and provides a broad strategic direction for longer-term planning.

- 11** A Best Value Assurance Report on South Lanarkshire Council was published in March 2019, containing ten improvement recommendations. The Council has concluded these have now been addressed.

Vision, leadership and governance

- 12** There is effective collaborative working between members and officers to achieve the Council's priorities.
- 13** Governance arrangements are appropriate and operated effectively.
- 14** A comprehensive induction training programme was delivered. Officers should continue to work with elected members to support their training and development requirements to provide effective scrutiny.
- 15** The Council clearly reflects sustainability of the environment, and in particular climate change, in its vision and priorities.

Use of resources to improve outcomes

- 16** Elected members and officers have worked with communities to identify priorities that respond to their needs and has provided opportunities for more local participation in decision making.
- 17** The Council's Covid-19 recovery and renewal plans support those most affected and address inequalities.
- 18** The Performance Management Framework supports the delivery of the Council Plan. The Council has achieved or is on track to achieve most of its performance measures as set out in its Connect Plan.

Introduction

1. This report summarises the findings from the 2022/23 annual audit of South Lanarkshire Council. The scope of the audit was set out in an annual audit plan presented to 7 March 2023 meeting of the Risk and Audit Scrutiny Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of South Lanarkshire Council's annual accounts
- conclusions on South Lanarkshire Council's performance in meeting its Best Value duties
- conclusions on the following wider scope areas that frame public audit as set out in the [*Code of Audit Practice 2021*](#):
 - Financial Management
 - Financial Sustainability
 - Vision, Leadership, and Governance
 - Use of Resources to Improve Outcomes.

2. This report is addressed to South Lanarkshire Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment from 2022/23

3. I, John Boyd, have been appointed by the Accounts Commission as auditor of South Lanarkshire Council for the period from 2022/23 until 2026/27. The 2022/23 financial year was the first of my five-year appointment. My appointment coincides with the new [*Code of Audit Practice*](#) which was introduced for financial years commencing on or after 1 April 2022.

4. My team and I would like to thank councillors, audit committee members, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

Responsibilities and reporting

5. The Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The Council is also responsible for compliance with legislation, and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

6. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice 2021](#), and supplementary guidance and International Standards on Auditing in the UK.

7. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the Council from its responsibility to address the issues we raise and to maintain adequate systems of control.

8. This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

Auditor Independence

9. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £591,835 (including £5,425 in respect of Charitable Trusts) as set out in our 2022/23 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

10. We add value to the Council by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

1. Audit of 2022/23 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

Main judgements

Our audit opinions on the annual accounts of South Lanarkshire Council (the Council), its group and the section 106 charities administered by the Council are unmodified, i.e. the financial statements and related reports are free from material misstatement.

The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

Audit opinions on the annual accounts are unmodified

11. The Council approved the annual accounts for South Lanarkshire Council and its group for the year ended 31 March 2023 on 31 October 2023. In addition to the Council the group accounts consolidate the financial results of the Council and its subsidiaries and its investments in associates and interests in joint ventures. These include: Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee, Lanarkshire Valuation Joint Board, South Lanarkshire Integration Joint Board, South Lanarkshire Leisure and Culture Limited, Routes to Work South, Clyde Valley Learning and Development Joint Committee and the Common Good Fund.

12. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Overall materiality was assessed as £26.5 million

13. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

14. Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Council	Group
Overall materiality	£26.5 million	£27.2 million
Performance materiality	£15.9 million	£16.3 million
Reporting threshold	£250,000	£250,000

Source: Audit Scotland

15. The overall materiality threshold was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

16. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. We have used our professional judgement and set performance materiality at 60 per cent of overall materiality.

17. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

18. Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the council, including our view about the qualitative aspects of the body's accounting practices.

19. The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance

in our audit of the financial statements. The significant findings and key audit matters are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
<p>1. Job evaluation: Back pay for home carers</p> <p>The unaudited accounts highlighted that as part of the Council's Job Evaluation Scheme, a range of posts have been identified as requiring review. As part of this an job evaluation for Home Carers, a review is underway with to calculate backpay.</p> <p>In addition, a report to the Executive Committee on 21 June 2023 confirmed that a basis has been established for backdating the Job Evaluation outcome for Home Carers to October 2020.</p> <p>The Executive Committee was advised that the value of the back pay would take some time to calculate, however, these costs would require to be included in the financial position for 2022/2023. As the costs are in relation to Home Care, which is a delegated service, these costs will fall under the IJB and would require to form part of their financial accounts.</p> <p>The total cost of £18 million has now been paid for back pay for current staff and leavers and funded within the 2022/23 annual accounts.</p> <p>In addition, the Council is proposing to make a one off payment to the Health and Social Care Partnership (HSCP) of £7.2 million in 2023/24 to replace the reserves that they used in 2022/23.</p>	<p>The Council have updated the accounts to reflect the total cost incurred within 2022/23. This has included the cost of the backdated pay. This is included as an adjustment to the accounts in Appendix 2.</p>
<p>2. Pension ceiling asset</p> <p>The unaudited accounts recognised the Council's share of its local government pension scheme assets and liabilities as at the balance sheet date. IFRIC 14 limits the measurement of the net defined benefit asset to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. In accordance with IFRIC 14, the pension asset derived through IAS 19 valuation should be capped in accordance with IFRIC 14 at the pension</p>	<p>The audit team have reviewed the actuarial assumptions applied and basis of calculation and satisfied that this is appropriate and that the net pension asset ceiling has been appropriately capped in accordance with IFRIC 14.</p>

Issue	Resolution
asset ceiling. This represents the economic benefit available as a reduction in future contributions.	
The Council engaged with the actuary, Hymans Robertson, to provide an actuarial valuation of the net pension asset ceiling (cap) in accordance with IFRIC 14.	
This is calculated as the Present value of IAS 19 future service costs (calculated based on IAS 19 assumptions as at the balance sheet date) less the Present value of future service contributions. This has been calculated as £52.761 million and is reflected in the updated accounts.	

Source: Audit Scotland

Our audit work responded to the risks of material misstatement we identified in the annual accounts

20. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3

Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
1. Risk of material misstatement due to fraud caused by management override of controls As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	Assessed the design and implementation of controls over journal entry processing. Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Tested journals at the year-end and post-closing entries and focus on significant risk areas. Considered the need to test journal entries and other	Results: We found no instances of material misstatement due to fraud caused by management override of controls.

Audit risk	Assurance procedure	Results and conclusions
	<p>adjustments during the period.</p> <p>Evaluated significant transactions outside the normal course of business.</p> <p>Assessed the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</p> <p>Assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</p>	
<p>2. Estimation in the valuation of land and buildings.</p> <p>There is a significant degree of subjectivity in the valuation of land and buildings.</p> <p>Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. The Council held other land and buildings, including council dwellings, with a net book value of more than £3 billion as at 31 March 2022.</p> <p>Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. There is therefore an increased risk of material misstatement in the valuation of land and buildings.</p> <p>Accounting for land and buildings also remains an area of focus for out 2022/23 audit work. Over several</p>	<ul style="list-style-type: none"> • Review the design of controls in place at South Lanarkshire Council to ensure accurate valuation of land and buildings. • Review the information provided to the external valuer to assess for completeness. • Evaluate the competence, capabilities, and objectivity of the internal professional valuer. • Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. • Assessing the reasonableness of the assumptions made and data used by the valuer in arriving at asset valuations. • Critically assess the approach South Lanarkshire Council has adopted to assess the risk that assets not subject to 	<p>Results: Assurance has been gained that there are no material misstatements in the carrying value of land & buildings.</p> <p>It is recommended the Council should consider their approach to the valuation of land and buildings to ensure this is appropriate to assess whether asset values have moved materially in year and as at 31 March.</p> <p>The valuer should also issue a formal year end valuation report to provide the required management assurances.</p> <p>Appendix 1: recommendation 2</p>

Audit risk	Assurance procedure	Results and conclusions
<p>years, we have identified errors in this area.</p> <p>The Council has taken steps to address previous audit recommendations, however, an error in a working paper resulted in a material misstatement in 2021/22. Whilst the error identified was corrected in the accounts, there remains a risk that similar issues are identified this year.</p>	<p>valuation are materially misstated, consider the robustness of that approach and the appropriateness of any assumptions made.</p>	

Source: Audit Scotland

21. In addition, we identified “areas of audit focus” in our 2022/23 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. These areas of specific audit focus were:

- Pension liability:** The pension liability valuation due to the material value and significant assumptions used in the calculation of the liability. We will utilise the work of PwC as auditor expert in assessing the reasonableness of the methodology used and assumptions made by the Council’s actuary, Hymans Robertson LLP, in arriving at the IAS 19 pension valuation as at 31 March 2023.

22. We kept these areas under review throughout our audit. IAS 19 valuation resulted in a net asset position; the Code requires the Council to consider whether the level of asset should be limited to the estimated benefit to the Council in accordance with IFRIC 14. Based on the findings of the audit procedures performed, we have reported these at [Exhibit 2](#) above.

Adjustments above our reporting threshold were updated within the financial statements

23. Adjustments above our reporting threshold were corrected by management in the audited accounts. Further details are included in [Appendix 2](#).

The unaudited annual accounts were received in line with the agreed audit timetable

24. The unaudited annual accounts were received in line with our agreed audit timetable on 27 June 2023.

Our audit opinions on Section 106 charities were unmodified

25. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of the Council are sole trustees, irrespective of the size of the charity.

26. The Council has made good progress in reducing or removing the number of charitable trusts where it is the sole trustee.

27. Our audit opinions on the Section 106 charities are unmodified.

Good progress was made on prior year recommendations

28. The Council has made good progress in implementing the audit recommendations identified by the Council's previous external auditor. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Main judgements

The Council continues to operate within its annual budget. While facing financial challenges through inflationary pressures on pay and non-pay costs as well as demand on services, the Council continues to demonstrate sound financial management maintaining general fund reserves in line with the long term Revenue Financial Strategy.

Capital expenditure was significantly less than originally budgeted in 2022/23.

There have been delays to the implementation of the Council's new HR/Finance systems.

The Council operated within budget in 2022/23

29. The Council approved its 2022/23 revenue budget of £835.14 million in February 2022. In its 2022/23 annual accounts, the Council reported a deficit on the provision of services of £35.945 million. The outturn position reflected an underspend against council services of £45.7 million which the Council agreed to contribute to reserves.

30. The Council has a good track record of delivering services within budget over several years. The changes in the budget position were reported in revenue budget monitoring reports presented to the Executive Committee throughout the year. These reports contained a good level of detail on the forecast outturn position. The more significant under and overspends are summarised in [Exhibit 4](#).

Exhibit 4

Summary of significant underspends/over-recovery against budget

Area	£m	Reason for variance
Underspends		
Community and Enterprise Resources	£1.555	Additional income from waste and planning and building standards.

Area	£m	Reason for variance
Education Resources	£1.311	Due to the timing of spend on multi-year programmes such as Early Learning and Childcare and Pupil Equity Fund. These monies will be carried into 2023/2024.
Finance and Corporate Resources	£0.978	Due to the timing of receipt of external funding, which will be carried forward for use in 2023/2024.
Loan Charges	£4.721	Lower than anticipated interest costs as a result of taking a lower amount of long-term borrowing than previously anticipated during 2022/2023
Over recovery		
Council Tax/Council Tax Reduction Scheme	£4.793	The impact of additional houses added in-year as well as higher than anticipated level of income from previous years arrears collection and additional income from empty properties.

Source: South Lanarkshire Council 2022/23 Annual Accounts

An overspend of £3.990 million was reported against the Housing Revenue Account (HRA) budget

31. The Council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

32. The Council reported a £3.990 million overspend against the HRA budget for 2022/23. The overspend was primarily due to the annual expenditure on the council houses exceeding total income received in year. In addition, the Council received income of £0.610 million through Council Tax from owners of second homes. The net impact was to reduce the Housing Revenue Reserve from £16.241 million in 2021/22 to £12.861 million in 2022/23.

The Council has appropriate and effective budget setting and monitoring arrangement in place

33. The Council continues to balance its budget each year and maintains the level of reserves is in line with the long term Revenue Financial Strategy.

34. From our review of these reports, we concluded that these provide an overall picture of the budget position at service level and good explanations for significant variances against budget. These allow both members and officers to carry out scrutiny of the Council's finances.

35. The Council has appropriate and effective budget setting and monitoring arrangements in place. Council members worked collaboratively to set the Council budget for 2023/24.

The level of General Fund reserves has increased however the majority of these are earmarked for specific Council priorities

36. One of the key measures of the financial health of a body is the level of reserves held. The General Fund is the largest usable reserve and is used to fund the delivery of services. It provides a contingency fund to meet unexpected expenditure and a working balance to help cushion the impact of such expenditure.

37. The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession Arrangement (SCA) flexibility that related to the Council's PPP schools. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made, resulting in a one-off credit to the General Fund (shown in the Movement in Reserves Statement) and ongoing annual savings for a period of time.

38. The Council has applied the permitted change in the calculation of the statutory charge in 2022/2023 and the adopted approach has been applied across the Schools PPP and the Glasgow Southern Orbital financial arrangement. This has resulted in a credit of £64 million in 2022/2023, which can be used to support future budget pressures.

39. The level of usable reserves increased from £152.186 million in 2021/22 to £176.941 million in 2022/23 [exhibit 5](#). The General Fund balance is £150.283 million, however £137.240 million has been earmarked for a specific priority which leaves a residual £13.043 million of uncommitted general reserves. Against an expenditure budget of £835 million for 2022/2023, this unearmarked element represents a 1.55 per cent reserve. Management considers that this level of reserve reflects a suitable contingency to contribute towards any unanticipated pressures.

40. As we moved out of the pandemic the Covid-19 reserve has reduced from £30.061 million in 2021/22 to a closing balance of £11.658 million.

Exhibit 5

South Lanarkshire Council usable reserves

Reserve	31 March 2020 £'million	31 March 2021 £'million	31 March 2022 £'million	31 March 2023 £'million£
General fund	75.579	116.980	122.424	150.283
Housing revenue account	9.713	12.784	16.241	12.861
Repair and renewal fund	5.918	7.484	6.496	7.610
Capital fund	10.327	6.268	5.730	4.776

Insurance fund	2.053	2.304	1.295	1.411
Total usable reserves	103.590	145.820	£152.186	176.941

Source: South Lanarkshire Council annual accounts 2019/20 to 2022/23

41. We are satisfied that reserves are being regularly reviewed to confirm that they remain at an appropriate level. However, there are ongoing sustainability challenges of using reserves to fund recurring expenditure. Difficult decisions will need to be taken in the future, with a clear plan and effective management of the Council's reserves key to maintaining financial sustainability. This is considered further at paragraphs 78-81 below.

Capital expenditure was significantly less than originally budgeted in 2022/23

42. The Council approved the 2022/23 capital programmes in February 2022. The general services programme for 2022/2023 originally totalled £82.284 million, with the housing capital programme amounting to £52.230 million.

43. At the Executive Committee meeting in June 2022, revisions were made to the general services programme, with the slippage from 2021/22 and additional funding received, added to the programme budget to give an updated budget of £99.534 million for 2022/23. At the August 2022 meeting, revisions were made to the housing capital programme bringing this to £66.361 million. This increase of £7.311 million reflects the expenditure on new build homes at East Whitlawburn.

44. At each meeting of the Executive Committee, capital programme monitoring reports are presented to members. Throughout the year these reports detailed the various movements in the general services programme budget.

45. At the June 2023 Executive Committee, the general services outturn capital programme spend was reported as £65.736 million for 2022/23, against original budget representing a slippage of 20 per cent.

46. The underspend reflects a variation from the expected timing of spend across a number of projects within multi-year programmes. The main projects contributing to the underspend include the Place Based Investment Projects, Roads Investment Programme, Roads Participatory Budgeting, Clyde Bridge, Cycling Walking and Safer Routes and Roads City Deal.

47. The housing capital programme outturn was reported as £60.695 million for 2022/23, against the revised budget of £66.361 million. This represents slippage of nine per cent against the revised budget (slippage of eight per cent against 2021/22).

48. This underspend is due to a number of factors, mainly, property services operatives being diverted to tackle the impact of bad weather in December which resulted in flooding damage to a number of Council properties and delays

in relation to the expected milestone payments for the Strathaven new build project.

49. Capital programmes can be delayed through their complexity, pressing demands and involvement of third parties, however slippage in the capital investment programme increases the risk to the Council. Delayed investment can lead to inefficiencies in the existing estate with adverse impact on service delivery. There is also a risk that resources being reallocated to ad-hoc activities could result in the Council not focusing on areas of strategic importance.

Recommendation 1

The Council should review the underlying reasons for recurring slippage within the capital programmes to identify opportunities to review project management and budget setting procedures in place.

The Council does not undertake valuations as at the year end and does not produce a formal annual valuation report

50. Bodies should carry out valuations as at the year end, i.e. as at 31 March. However, there is no requirement for this, and bodies may use 1 April (or other date) subject to the standard condition that the carrying amount at the end of the year does not differ materially from the current value at that date.

51. Where a valuation has been carried out at 1 April 2022, a body should evaluate whether:

- there have been any movements in value during 2022/23 that should be reflected in the 31 March 2023 carrying amount
- there is sufficient evidence that supports the body's consideration of the above is adequate
- it has made necessary adjustments to the 31 March 2023 carrying amount to reflect any movements that require to be reflected.

52. The Council adopt a five year rolling programme for the valuation of other land and buildings. The valuation of these assets for 2022/23 has taken place as at 1 April 2022.

53. Although the Council were able to provide the required information and supporting documentation to support the valuations undertaken during the year, the valuer does not produce a formal year end valuation report.

Recommendation 2

The Council should consider their approach to the valuation of land and buildings to ensure this is appropriate to assess whether asset values have moved materially in year and as at 31 March. The valuer should also issue a formal year end valuation report to provide the required management assurances.

The Council is continuing to undertake a review of its estate to identify any buildings containing Reinforced Autoclaved Aerated Concrete

54. Reinforced Autoclaved Aerated Concrete (RAAC) was widely used in the construction of floors and roofs from the 1950s to early 1990s. Recent investigations have identified that leaks or water exposure could lead to the deterioration of RAAC planks.

55. The Scottish Government are working in partnership with the UK Government on research into the extent of the use of RAAC in public buildings and public bodies, including the Council, have been advised to check as a matter of urgency whether any buildings in their estates have roofs, floors, cladding or walls made of RAAC.

56. The Council has undertaken an initial assessment of its estate and the significant investment in recent years means that this material is not an issue within any part of the school estate with specific work concluding in September.

57. With regards to the remainder of the Council's operational properties, a desktop analysis of building information has been carried out in line with the relevant guidance. This analysis identified 49 properties for further investigation, based on age and construction type. Should any incidences of RAAC be found, a specialist structural engineer will assess these buildings.

58. The Council has also prioritised work to check the safety of Council Houses. An initial desktop analysis has been undertaken to identify the house types which may require further investigation. Following that analysis, a programme of inspections is underway.

Overall, we concluded that the Council has satisfactory systems of internal control in place however payroll reconciliations were not up to date

59. Our responsibilities under the Code of Audit Practice requires us to assess the system of internal control put in place by management. We seek to gain assurance that the Council:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud, or corruption
- complies with established policies, procedures, laws, and regulations.

60. We carried out a review of the key controls within the financial systems used by the Council during our interim audit. Overall we concluded that the Council has satisfactory systems of internal control in place. However, payroll reconciliations which are a key control were not up to date.

61. The Council's internal guidance requires that all payroll must be reconciled at least once a month. Payroll reconciliations were not carried out on a regular basis during 2022/23.

Recommendation 3

The Council should ensure payroll reconciliations are undertaken in line with internal guidance.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

62. The Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery, and corruption. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

63. The Council has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, counter fraud strategy and codes of conduct for members and officers. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

64. We have concluded that the Council has appropriate arrangements in place for the prevention and detection of fraud and corruption.

Two Councillors received sanctions following hearing by the Standards Commission for Scotland

65. All local councillors are expected to adhere to the [Councillors' Code of Conduct](#) as issued by Scottish Ministers in December 2021. Complaints of breaches of the code are investigated by the Ethical Standards Commissioner and adjudicated upon by the Standards Commission for Scotland.

66. In 2023, two South Lanarkshire Council Labour councillors had cases heard by the Standards Commission for Scotland relating to the inappropriate disclosure of confidential information in 2021. The resulting sanctions were a two month suspension for the Leader of the Council, Councillor Joe Fagan after a hearing in June 2023 and censure for Councillor Monique McAdams following a hearing in August 2023.

There has been delays to the implementation of the Council's new HR/Finance systems

67. The Council's current HR/Finance system, Oracle E-Business Suite (EBS), has been in place since 1999. This version will no longer be supported by Oracle after December 2023. At the September 2021 meeting of the Finance and Corporate Resource Committee, members were presented with a range of options and approved the upgrade of the HR/Finance systems to Oracle Fusion. It is anticipated that moving to the new system could result in cashable savings

of £2.253 million being realised by 2024/2025. These savings will come from efficiencies created in using the new system. For example, costs will be saved through the replacement of the current online learning, flexi, and recruitment systems.

68. The expected go live date for the new system was June 2023 but this has been pushed back until the start of the new financial year, 2024/25. The Council has in place a project plan for the new system. This includes a timeline for the data migration. As with any major change in financial systems, there is an increased risk of misstatement or error when transferring over figures and balances. Progress with the project will be kept under review as part of our 2023/24 audit.

National Fraud Initiative

69. The Council continues to participate in the National Fraud Initiative (NFI). This is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. Investigations for the current exercise have a deadline for investigation of 31 December 2023. It is anticipated that most investigations will have been completed ahead of this date and further updates on progress will be reported to the Executive Committee during 2023/2024. The Council's arrangements for investigating and reporting data matches identified by the NFI are satisfactory.

3. Financial sustainability

Financial Sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Main judgements

While the Council has effective budget monitoring arrangements, given the scale of the financial pressures there is an opportunity for the Council to focus on financial resilience including key indicators and measures.

Medium and longer-term financial plans should continue to reflect the Council's strategic priorities and outcomes.

We have obtained audit assurances over the wider audit dimension risks relating to Financial Sustainability identified in our 2022/23 Annual Audit Plan

70. [Exhibit 6](#) sets out the wider scope risks relating to Financial Sustainability we identified in our 2022/23 Annual Audit Plan. It summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 6

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
Financial Sustainability As is the position across Scotland, South Lanarkshire Council continues to operate in an increasingly complex and challenging environment where they aim to provide the best possible service within the resources available. Although plans are in place to meet the 2023/24 budget gap, there are considerable budget gaps to be addressed from 2024/25 onwards with the Council identifying a	Reviewed the Council's annual budget setting arrangements. Reviewed and assessed budget monitoring arrangements. Reviewed the Council's medium to longer-term financial planning. Reviewed of the Council's financial position and delivery of planned savings.	Results and conclusion: The Council recognise the financial challenges facing the organisation but measures have still to be put in place to achieve financial sustainability over the medium to longer term.

Audit risk	Assurance procedure	Results and conclusions
savings requirement of £87.8 million from 2024/25 – 2027/28.		

Medium and longer-term financial plans reflect the Council's strategic priorities and outcomes

71. At the Council meeting in June 2023 management advised that the budget gap, before any corporate solutions, for 2024/25 was estimated at £60.102 million. Key elements making up the budget gap are:

- pay and pension items which includes assumed pay award for teachers and non-teachers: £16.120 million
- Reinstatement / Impact of Prior Year Budget Decisions and includes the need to reinstate budget to cover one-off savings from previous years and also to take the benefit of residual impact of previous year decisions: £30.675 million
- contract impacts / other and includes inflationary increases on non-domestic rates, the secondary schools' modernisation contract (PPP), utilities, social care for children and families and waste: £11.616 million

72. Corporate solutions of £30.895 million were identified, including:

- Service Concessions: this is the one-off use of Reserves resulting from the implementation of Service Concessions. This requires to be reinstated into 2025/2026: £27.500 million
- Council Tax – Property Numbers: which reflects the increase in property numbers being experienced so far in 2023/2024 and a projection of a further increase during the year and into 2024/2025: £2.219 million

73. This left a budget gap of £29.207 million in 2024/25. The report noted that this is very different to those managed in recent years and that consideration will be required regarding what the Council does for its communities, and that difficult decisions will need to be made to balance the Council's budget.

74. It was proposed that options to meet the budget gap will be developed for members consideration and brought back to a future meeting. Officers are presenting information to the Budget Sounding Board that have identified areas of budget that could be developed into savings options. The report reiterated the extent of the budget gap will mean and that options will have to go significantly beyond the level of efficiencies made in previous years.

75. The position for the years beyond 2024/2025 was last presented to Council in February 2023. These estimations are being refreshed as part of the ongoing exercise on the 2024/2025 Budget Strategy, and members will be updated later in the financial year. The current savings required across the coming years is summarised below: 2025/26 to 2027/28 of £71.0 million, [exhibit 7](#).

Exhibit 7

Identified savings requirement 2025/26 to 2027/28

	2025/26	2026/27	2027/28	Total
Savings required £'million	£39.6	£20.3	£11.1	£71.0

Source: Budget Strategy – 2023/2024 Update and Longer-Term Financial Outlook

76. Medium and longer-term financial plans will need to be revised by all councils to take account of their overarching recovery strategies. This will ensure a cohesive approach to recovery and renewal of services.

77. The Council should continue to identify where it can progress transformational change in how its services are delivered. This should identify where recurring savings, rather than temporary solutions, can be made together with proposals to reduce costs. This, combined with robust longer-term financial plans, will be key to maintaining financial sustainability.

Recommendation 4

The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces.

While the Council has effective budget monitoring arrangements, given the scale of the financial pressures there is an opportunity for the Council to focus on financial resilience including key indicators and measures

78. The Council recognises the financial challenges it faces in the coming years. As detailed in [exhibit 5](#), as at 31 March 2023, the Council had a total General Fund balance of £150.283 million. Of this £134.485 million has been earmarked for a specific priority and £2.755 million has been approved for budget strategies. This leaves a residual £13.043 million of uncommitted general reserves.

79. The Council's level of uncommitted general reserves as a percentage of overall budget was below the Scottish average as at 31 March 2022 of 3.48 per cent (LGBF financial sustainability indicators). We recognise that the level of unearmarked reserves is dependent on councils' approach to earmarking funds. However, as at 31 March 2022, the Council's overall total useable reserves as a percentage of budget was 14.74 per cent compared to the Scottish average of 24.44 per cent.

80. The Council faced a number of significant financial challenges during 2022/23, including funding the £18 million cost in relation to the settlement of

the home carers pay claim. The Council demonstrated financial resilience in meetings this cost without adversely impacting on service delivery in 2022/23.

81. Looking forward, over the medium to longer term, the level of financial challenge facing the Council is unprecedented. The Council has an effective financial planning and monitoring arrangements in place, with regular reporting throughout the year. However, given the scale of the challenges there is an opportunity to enhance its focus on financial resilience, including greater emphasis on its reserves position; clear financial resilience indicators and measures; and alignment to risks ensuring there is a clear financial strategy to support a resilient council.

Recommendation 5

Given the scale of the financial challenges facing the Council it should ensure that in developing its financial strategy and annual budget there is a clear consideration around its financial resilience, including the level of reserves to allow the Council to meet unforeseen costs and pressures. The Council should also enhance the level of monitoring around financial resilience indicators and risks.

The Council responded to the Pre-budget Scrutiny Call for Evidence on Sustainability of Scotland's Finances

82. In recent years, in line with the recommendations of the Budget Process Review Group report, Scottish Parliament subject committees have undertaken pre-budget scrutiny, in advance of the publication of the Scottish budget.

83. The intention is that committees will use pre-budget reports to influence the formulation of spending proposals while they are still in development. In order to facilitate this, committees are required to publish pre-budget reports at least six weeks prior to the Scottish budget. The requirement to engage early in the budget process with local government is reflected in the developing Fiscal Framework element of the New Deal for Local Government jointly agreed between the Scottish Government and COSLA.

84. As part of its pre-budget scrutiny, the Finance and Public Administration Committee of the Scottish Parliament issued a call for evidence on 28 June to inform its enquiry into the sustainability of Scotland's Finances. This inquiry will form the basis of the committee's pre-budget 2024/25 scrutiny, along with the evidence gathered from its Public Service Reform inquiry.

85. A report by the Executive Director (Finance and Corporate Resources) on the Council's response to the call for evidence on the sustainability of Scotland's finances was approved by the Executive Committee on 16 August 2023 and subsequently submitted to the Scottish Parliament.

86. The focus of the Finance and Public Administration Committee's enquiry was the sustainability of Scotland's finances in both the short and longer term and details of the challenges faced within both time frames were provided in the

report. Details were also given of the questions on which the Committee had asked for views.

87. The Council's response to the call for views emphasised the unprecedented financial pressures faced by local government. It made the point that any further reductions in budgets would have severe implications for councils' ability to deliver services which would, in turn, hinder the ability of councils to support Scottish Government priorities and the achievement of national outcomes.

88. The proposed response included the following key points:

- local authorities had a pivotal role in delivering national outcomes and medium and long term strategies for funding the public sector should recognise this key role
- reductions in budget and significant increases in costs over a sustained period had significantly reduced the capacity of councils to offer a range of core services and respond to national issues such as the cost of living crisis and carbon reduction
- current funding arrangements limited the ability of councils to plan and invest in dealing with long term systemic challenges and single year budgets for local government restricted longer term planning, fostering short term interventions
- local government is now facing critical pressures in funding, due to the unprecedented level of inflation over the last 2 years, on top of many years of having to make savings/cuts. Decisions that councils will have to take over the next year will include cuts that will impact significantly on communities and households at a time when they need the services provided by councils more than ever
- Scottish Government required to take current unprecedented pressures into account when making spending decisions, especially where they affected frontline council services

89. The Parliamentary Committee had issued its call for views as part of the normal pre-budget scrutiny process. The Committee would hear oral evidence in September/October 2023 and consider the draft report in early November, with a view to publication shortly thereafter.

4. Best Value

Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions.

Main judgements

The Council's vision is supported by clear priorities. The Council Plan demonstrates a clear commitment to empowering local communities and continuing to develop partnership working with them.

The Council approved its new Sustainable Development and Climate Change Strategy 2022-2027 in June 2022. The new strategy aims to tackle climate change over the medium-term and provides a broad strategic direction for longer-term planning.

A Best Value Assurance Report on South Lanarkshire Council was published in March 2019, containing ten improvement recommendations. The Council has concluded these have now been addressed.

Best Value work in 2022/23

90. For 2022/23 the scope of Best Value work included conclusions on:

- Leadership of the development of new local strategic priorities (2022/23 thematic work)
- Council service performance improvement
- Effectiveness of council performance reporting
- Progress made against Best Value improvement actions made in previous years.

91. As set out in the [Code of Audit Practice 2021](#), Best Value audit is integrated with other wider-scope annual audit work. Therefore, in addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in parts 3 to 6 of this annual audit report.

92. Annual thematic Best Value work is set by the Accounts Commission. The results of this work were reported to elected members at the Risk and Audit Scrutiny Committee on 31 October 2023. This report will be published on the Audit Scotland website in due course.

93. The audit recommendations from the thematic report, together with the management responses, are included in [Appendix 1](#) of this report.

Leadership of the development of new local strategic priorities

94. For the 2022/23 financial year, auditors were asked to focus on the councils' leadership of the development of new local strategic priorities. The key findings in this report are:

- The Council's vision is supported by clear priorities. The Council's Connect Plan 2022-27 (the Council Plan) is the strategic document that sets out the Council's vision, values, priorities and outcomes and what difference this will make to the residents and communities of South Lanarkshire.
- The Council Plan demonstrates a clear commitment to empowering local communities and continuing to develop partnership working with them.
- Both the Council and Community Plans clearly reflect the priority to reduce inequalities. The Council and the Community Planning Partnership (CPP) show a commitment to tackling inequalities, poverty and fairness across South Lanarkshire. The CPP has a Children's Services thematic partnership that includes a commitment to tackling inequality, discrimination and poverty. The CPP is also undertaking research into **lived experience** in two communities to help tackle poverty as part of its Child Poverty Action Plan.
- The Council approved the Community Wealth Building (CWB) Strategy in March 2021 and subsequently the CWB Commission was set up to engage a wide range of partners and stakeholders in the CWB agenda. A community wealth building action plan for the delivery of the CWB strategy was first approved by the Community wealth building Commission in August 2021 with annual reports providing progress updates.
- The Council approved its new Sustainable Development and Climate Change Strategy 2022-2027 in June 2022. It was developed using the principles of the United Nation's Sustainable Development Goals and to reduce the Council's contribution to global warming. The new strategy aims to tackle climate change over the medium-term and provides a broad strategic direction for longer-term planning.
- Resource Plans are prepared annually by each Resource (service department), and they reflect the outcomes detailed in the Council Plan. They also provide an overview of the Resource's main areas of activity, the key areas of focus for the year ahead and the measures and actions planned for maintaining and improving services.
- The Council is forecasting a budget gap of £29.207 million which is significantly higher than in 2022/23 and those in previous years. The Council faces difficult decisions around the level and types of services it provides if it is to be financially sustainable.

- There is collaborative working between members and with officers. The Council has a number of cross-party working groups and there remains agreement and cross-party support for significant initiatives.
- In 2023, two Councillors had cases heard by the Standards Commission for Scotland relating to the inappropriate disclosure of confidential information in 2021, resulting in sanctions being imposed.

Best Value improvement recommendations from the 2019 Best Value Assurance Report have now been addressed

95. The [Best Value Assurance Report](#) (BVAR) was issued in March 2019. The BVAR contained ten improvement recommendations, in areas including how community engagement is used to shape services, the role of the Community Planning Partnership Board and the need for elected members to review their training needs. In the 2021/22 AAR, the previous external audit team concluded that the Council has put in place arrangements to address the six recommendations that were still open at that time, as detailed in [exhibit 8](#).

Exhibit 8

Progress against BVAR recommendations

BVAR recommendation	Audit Scotland view on progress to date
1. To increase the impact of the council's efforts in achieving its strategic objectives, links between the council plan (Connect Plan) and the LOIP (Community Plan) should be made clearer with a sharper focus on the key areas of activity. Locality plans should be prepared without further delay.	<p>Complete</p> <p>The new Connect Plan for 2022-2027 was published in June 2022. The new plan has three priorities: people, progress, and planet. These are in line with the three key ambitions outlined in the new Community Plan 2022-2032 which was also published in June 2022.</p> <p>These plans have been designed as companion publications and share the same vision, priorities, and outcomes.</p> <p>Ongoing</p> <p>To date, eight neighbourhood plans have been published, with a further three in progress.</p>
2. Elected members need to improve the public scrutiny of key decisions, performance, and financial reports.	<p>Ongoing</p> <p>Management have advised that the overall level of scrutiny has improved over the last Council term.</p> <p>Work is ongoing to provide newly elected members, including those on the Risk and Audit Scrutiny Committee, with training to assist them in their scrutiny and challenge role.</p> <p>Member engagement and scrutiny will be an area of focus for the new audit team.</p>

<p>3. Members should, with the assistance of the personnel service, review their personal training and development needs and agree a plan to ensure that they have the skills required to effectively fulfil their scrutiny and challenge roles.</p>	<p>Complete</p> <p>Since the local elections in May 2022, elected members have undertaken a comprehensive training and induction programme, covering key areas to enable them to fulfil their scrutiny and challenge roles.</p> <p>Members also have access to a library of “Learn on Line” courses which cover a wide range and variety of courses to develop members skills. A training plan for the remainder of the financial year is in place which will support members in effectively carrying out their roles (see paragraphs 139 to 140 for further details).</p>
<p>4. Management should review arrangements for assessing resident satisfaction, to ensure these are providing meaningful data to help shape future services.</p>	<p>Complete</p> <p>Since January 2020, the Organisational Development Team have carried out 941 surveys. Of these, 116 relate to customer satisfaction. The results of these surveys inform decisions taken on future services of the council.</p>
<p>5. The Community Planning Partnership Board should take a more active role in driving partnership working, monitoring outcomes, and feeding back to thematic subgroups.</p>	<p>Complete</p> <p>The Community Planning Partnership Board is well developed and is providing oversight and driving partnership working. The Board has established a number of groups to promote partnership working such as:</p> <ul style="list-style-type: none"> • The Community Planning Outcomes Leads Group • The Partnership Community Participation Engagement Group • The Community Planning Communications Group • The Community Partnership Website Review Group <p>The Board has also recently worked with North Lanarkshire Community Planning Partnership to identify shared priorities for action.</p>
<p>6. Management should implement revised arrangements for community engagement to improve how it is used to shape services. Consistent and high-quality consultation across all services should be part of this.</p>	<p>Complete</p> <p>The Community Participation Engagement Group oversaw the engagement activity around the new Connect and Community Plans which were built from the communities up using engagement to identify resident's views and aspirations.</p> <p>‘Community Conversation’ focus groups took place, involving more than 200 residents. This was the largest consultation carried out to date by the council and added to a body of existing knowledge that had already emerged from community events and work developing neighbourhood plans.</p>

Source: Audit Scotland 2021/22 AAR

5. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Main judgements

There is effective collaborative working between members and officers to achieve the Council's priorities.

Governance arrangements are appropriate and operated effectively.

A comprehensive induction training programme was delivered. Officers should continue to work with elected members to support their training and development requirements to provide effective scrutiny.

The Council clearly reflects sustainability of the environment, and in particular climate change, in its vision and priorities.

96. Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery.

97. Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive.

The Council has clearly articulated its vision and priorities

98. The Council's Connect Plan 2022-27, is the strategic document that sets out the Council's vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire.

99. The Council's vision is '**to improve the lives and prospects of everyone in South Lanarkshire**'. It sets out the key actions to be delivered over five years, around a long-term vision with three key priorities and supported by six detailed outcomes.

100. The political priorities of the new minority administration (a Labour-Liberal Democrat-Independent agreement to work in partnership) are sustainable economic recovery, sustainable income generation and financial resilience and action on climate change. The initial programme of areas of work are presented in three over-arching themes:

- **People:** the Council and Community Planning Partnership has identified tackling poverty as an overarching theme and a review of anti-poverty strategies as well as focussing on raising literacy and numeracy standards and narrowing the poverty-related attainment gap.
- **Places:** the administration's priorities are being sustainable and achieving innovative economic recovery and development and tackling climate change with a focus on growing South Lanarkshire's wealth and delivering a new Green Deal.
- **Planet:** there is a clear link to the **Places** theme with a focus on sustainable growth. The Council also revised the terms of reference for the Climate Change and Sustainability Committee to give it full committee status in line with the other five Resource Committees.

101. The Council's Connect Plan 2022-27 is clearly signposted and publicly available on the Council's website and was well publicised across the Council's communication channels.

There is effective collaborative working between members and officers to achieve the Council's priorities

102. In May 2022, at the first meeting of the new Council, the new minority administration (a Labour-Liberal Democrat-Independent agreement to work in partnership) was put in place succeeding the Scottish National Party who led the Council in the preceding five years.

103. The new Council approved the same decision-making structure as had been used for the previous administration. This means that all committees and forums report to the Council through an Executive Committee.

104. The Council has a two cross-party working groups: a Budget sounding board and Equal opportunities Forum. The Budget sounding board was the successor to the Budget working group and was established after the May 2022 elections. The Equal opportunities forum was already established and took on the remit of the Equity Working Group after the May 2022 elections. These cross-party working groups help strengthen relationships between members. It was recognised that member to member relationships also demonstrated good cross party working at a ward level, to achieve local goals.

Governance arrangements are appropriate and operated effectively

105. The Council's governance arrangements have been set out in the annual governance statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate.

106. The Council has appropriate governance arrangement in place which support effective scrutiny, challenge and decision making. This is informed by our regular attendance at the Risk and Audit Scrutiny Committee and review of Council, Executive Committee and other committee papers as appropriate.

107. We have concluded that overall, the Council has appropriate governance arrangements in place which support effective scrutiny, challenge and decision making.

There is an experienced management team in place to support the Council in delivering its objectives, however the Chief Executive will retire in January 2024

108. The Council has an experienced management team in place that has been relatively stable in recent years. Two new Executive Directors have been permanently appointed within the last two years. These were the Executive Director for Housing and Technical Resources and Education resources. During August 2023 the current Chief Executive, announced his intention to retire in January 2024. The process to appoint a replacement has already started and will require careful consideration around the future strategic direction of the Council.

109. In addition to a Management Development programme for all managers, the Council developed and launched a leadership challenge programme in 2021/22 to develop 'rising stars' identified by the CMT and assist with succession planning. As part of the Best Value thematic work for 2023/24 the topic will be looking at workforce challenges.

A comprehensive induction training programme was delivered. Officers should continue to work with elected members to support their training and development requirements

110. Following the local government elections in May 2022, newly elected and returning members have taken part in a number of training courses, including a comprehensive induction programme. This comprised of welcome sessions, outlining members' key roles and responsibilities as councillors together with specific training on areas such as risk and audit awareness training. The Council has put in place an ongoing training plan with this updated as required during the year. The plan includes access to a library of Learn online material which cover a wide range and variety of courses to help develop members skills. Officers advised that a needs-based approach is taken to training for members, including specific training for committees such as recruitment, appeals, planning and licencing.

111. Members have a responsibility to take advantage of the training opportunities provided to ensure that they have the skills required to effectively fulfil their scrutiny and challenge roles. Members we spoke to recognise the training available to them including the online learning material but said it might be helpful to establish formalised personal development plans for members.

112. Discussions with elected members identified that they felt working relationships between officers and elected members were good and

communication worked well. Council officers have also provided a number of relevant members briefing sessions on key topics.

113. Members who were chairs or vice chairs of committees said they felt supported in their role, receiving detailed explanations from officers in relation to committee papers. However other committee members felt overwhelmed by the volume, complexity and technical nature of some committee papers, and this impacted on their ability to undertake their scrutiny role effectively.

114. Elected members who were newly elected in May 2022, reflected that now they better understand their role it would be helpful to have refresher training in some of the induction sessions provided after the elections.

Tackling Climate change

115. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

116. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic.

117. The Climate Change Act 2019 committed Scotland to Net Zero by 2045. The Public Bodies Climate Change Reporting Duties place a legal requirement on public bodies to set target dates for zero direct emissions and indirect emission reductions. They must also report on how spending and resources will contribute to these targets, and report on the body's contribution to Scotland's Climate Change Adaptation Programme.

The Council clearly reflects sustainability of the environment, and in particular climate change, in its vision and priorities

118. One of the three Council priorities is Planet which is specifically about working towards a sustainable future and sustainable places. Residents' feedback identified climate change as a key concern with young people specifically asking to be involved in shaping and influencing actions. The Plan also refers to the Council's Sustainable Development and Climate Change Strategy and to reducing carbon emissions and seeing more energy efficient homes in terms of outcomes.

119. The Council's plan recognises the importance of addressing the climate emergency and setting actions to achieve net zero. As reported in the Accounts Commission's [Local Government in Scotland: Overview 2022](#) report, commitments such as this will contribute to councils' overall recovery and renewal from the pandemic.

120. The Council approved its new Sustainable Development and Climate Change Strategy 2022-2027 in June 2022. It was developed using the principles of the United Nation's Sustainable Development Goals and to reduce the Council's contribution to global warming. The new strategy aims to tackle climate change over the medium-term and provides a broad strategic direction for longer-term planning.

121. The Council sought views from a range of stakeholders to help it shape the strategy. The strategy contains 13 priorities with one of these being the achievement of net zero by 2045. The Council is working on an action plan which will look at longer term objectives as well as detailing annual measures.

Exhibit 9

Sustainable Development and Climate Change Strategy 2022-2027 key themes



Source: South Lanarkshire Council: Sustainable Development and Climate Change Strategy 2022-2027

122. The failure to meet sustainable development and climate change objectives as one of the highest risks identified by the Council. It has established a separate Committee to scrutinise progress in this area ensure the climate change agenda has prominence and focus within the Council.

123. The Council's Climate Change and Sustainability Committee is responsible for overseeing the progress with the strategy, including consideration and scrutiny of the action plan measures aligned to it. These will be reported twice each year to the committee and performance information on the reduction in the Council's carbon emissions is also reported to the Performance and Review Scrutiny Forum.

124. In 2021/22 the Council's internal audit function undertook a review of the work to develop this new strategy. Following the review, the Council has reported a one year interim Sustainable Development and Climate Change Strategy Action Plan was being implemented for 2022/2023. Progress on the interim action plan, together with a full action plan covering the five year period

of the strategy was approved by the Climate Change and Sustainability Committee in February 2023. A further progress report on the 2022/23 action plan was reported to the Committee on 20 September 2023.

125. The Council recognises the need to build on its strategy. It has committed to the preparation of an action plan that will detail how the statutory requirements, including net-zero will be achieved. It has also committed to working with stakeholders to establish a more joined up and collaborative approach to tackling climate change.

126. In June 2023 the Climate Change and Sustainability Committee considered a report by Aether Ltd, to identify actions to help the Council meet its long-term targets. The report proposed the following four next steps which the Committee approved:

- to agree how to engage with key stakeholders and involve them in area wide emissions reduction
- to agree, along with key stakeholders to set targets for area wide emissions reduction
- to consider how to link area wide emissions reduction with the Net Zero Town project and Town Centre Visioning project, and other key Council strategies/policies/projects
- to ensure due consideration is given to climate justice and ensuring the transition to net-zero does not exacerbate poverty or inequalities.

127. The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

6. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Conclusions

Elected members and officers have worked with communities to identify priorities that respond to their needs and has provided opportunities for more local participation in decision making.

The Council's Covid-19 recovery and renewal plans support those most affected and address inequalities.

The Performance Management Framework supports the delivery of the Council Plan. The Council is on track to achieve most of its performance measures however household waste recycling continues to miss target.

128. Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

129. Recovery from the pandemic requires councils to work alongside their local communities. Councils, with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives.

130. Early and meaningful engagement and effective collaboration with communities should be a core part of determining a council's vision and priorities. This is essential both to identify and understand local needs, and to inform decisions that affect the planning and delivery of services.

Elected members and officers have worked with communities to identify priorities that respond to their needs

131. The Council is part of the **South Lanarkshire Community Planning Partnership** (CPP) and the **Community Planning Partnership Board** (CPPB) which has a key role in progressing Community Planning.

132. The CPPB's remit is to provide collective strategic leadership, direction, governance and oversight of partnership activity with local communities to support the delivery of its agreed vision and outcomes.

133. In June 2018, the Council's Executive Committee agreed to develop a new approach to community participation and empowerment. This included establishing a new Community Participation and Empowerment team, now called the Community Engagement Team. This team sits within the Communications and Strategy service within Finance and Corporate Resources. The team provides support to the CPPB as well as being the main interface for community engagement including neighbourhood planning. The CPPB also employs a Community Planning Development Officer who works within the Community Engagement Team.

134. In April 2019 the CPPB agreed to create a new **Lived Experience Fund** with the purpose to support partners and organisations in capturing lived experience of local residents to inform service delivery and help identify any policy issues and gaps in service provision.

135. At the CPPB meeting in March 2023 it was agreed each of the four Community Partnerships would be allocated £2,000 Lived Experience Funding in 2023/24 to help them gather local people's experiences to inform a better understanding of inequalities and local needs. The Community Engagement Team works with these organisations to support them in gathering feedback information and presenting it to the CPP Board.

136. The Council has demonstrated its commitment to tackling poverty and inequalities by establishing a cross-party Tackling Poverty working group in February 2019. This was an internal short life working group with the remit of taking a strategic overview of initiatives relating to poverty prevention and reduction and considering and agreeing a workplan.

137. There were a total of seven meetings where the group considered the contributions each resource department was making to address poverty, considered feedback from various groups involved in the lived experience consultation and the effects on poverty and examined the work of community planning partnership groups. The final meeting was held on 11 January 2022 and a final progress report went to the Executive Committee on 2 February 2022 with four recommendations:

- how the Council builds an understanding of the most effective approaches to tackling poverty
- how it uses information on impact and lived experience to determine the best solutions to address poverty related issues
- make use of the Fairer Scotland Duty to hold council services to account
- develop an action plan that would focus on how to co-ordinate the work and integrate it with the work of the Council and other partners.

138. In September 2020, the Council established an Equity cross-party working group. This was a short-life internal working group established to consider

equalities in recruitment and investigate and identify sources of inequity and to develop a consensus on how to address any inequity identified or referred to it. Following the May 2022 election, the work of the Equity group was absorbed by the Equal Opportunities Forum.

139. The CPP has also been committed to reducing inequalities and poverty and has a Children's Services thematic partnership that includes a commitment to tackling inequality, discrimination and poverty. The CPP is also undertaking research into lived experience in two communities to help tackle poverty as part of its Child Poverty Action Plan.

The Council has provided opportunities for more local participation in decision making

140. As part of the Council decision making structure there are four Area Committees. The Council has regularly adopted a Participatory Budgeting (PB) approach and routinely reports on PB exercises to elected members at each of the four Area Committees. During 2022/23 and 2023/24 PB reports included the;

- Pupil Equity Fund
- Estate Improvement Budget
- Environmental Programme within the Housing Investment Programme
- Footway improvements within the Roads Capital Programme

141. Elected Members on the four Area Committees will also be taking decisions on applications to a new Community Challenge Fund that was launched in August 2023. The fund is not available for communities that have access to the participatory budgeting process but is aimed at community organisations in other local areas. The aim of the fund is to address community needs identified through local consultation.

142. In the Finance and Corporate resource plan for 2023-24 **involving our communities** is one of the eight areas of focus for the year. The Community Engagement Team is responsible for one of the actions listed under the Resource Outcome - **'Individuals and communities in South Lanarkshire are engaged and able to participate in decision-making processes'**.

143. The Finance and Corporate resource action plan also refers to increasing activity around the Participatory Budgeting programme, and for more community led neighbourhood plans to be developed as well as new approaches to community involvement, specifically the community wish list and shaping places for wellbeing project.

The Council's Covid-19 recovery and renewal plans support those most affected and address inequalities

144. Following the pandemic the concept of community wealth building has gained momentum and received support from the Scottish Government and COSLA as a model for local economic development.

145. The Council's approach to Covid-recovery was embedded into the new Council Plan 2022-27 under the priority; Progress – we need to recover, progress and improve. Recovery from the pandemic is also embedded into the Community Plan, the Community Wealth Building strategy and the Economic Strategy 2022-2027.

146. The Council approved the Community Wealth Building (CWB) Strategy in March 2021 and subsequently the CWB Commission was set up to engage a wide range of partners and stakeholders in the CWB agenda. A community wealth building action plan for the delivery of the CWB strategy was first approved by the Community wealth building Commission in August 2021 with annual reports providing progress updates.

147. The Commission for South Lanarkshire includes the Council, NHS Lanarkshire, third sector representatives VASLan, the University of the West of Scotland and the Federation of Small Businesses. The Commission also includes representation from senior elected members, and community representation through the involvement of the CPP locality groups.

148. In August 2021, the Commission approved an action plan for delivery of the CWB strategy which contained a range of actions over a three-to-five-year timeframe, setting out how the aspirations of the strategy could be progressed for each of the five key areas of CWB:

- Spending
- Workforce
- Land and property
- Finance and building
- Generative economy.

149. The draft 2022/23 annual report was presented to the CWB commission in September 2023 for approval. This highlights the progress over the second year and provides examples of significant work under each of the five key areas:

- the Council co-hosted seven specific events with the Supplier Development Programme between June 2022 and January 2023 and a Meet the Real Buyer event in February 2023
- the Council developed an employability pipeline which creates opportunities for residents and local communities. Two Recruitment Fairs were held in August 2022 and February 2023 respectively

- during 2022/23, the Council delivered 176 new build council homes as part of its ongoing Affordable Housing Supply Programme
- The South Lanarkshire Credit Union Network has been re-established and regular meetings held to link credit union activity to CWB process
- A South Lanarkshire Social Enterprise Strategy 2023 to 2027 was developed in consultation with the social enterprise sector, wider partners and stakeholders. It was approved by the Executive Committee in June 2023.

150. The Accounts Commissions [Local Government in Scotland: Overview 2022](#) highlights that those experiencing inequality have felt the impacts of both the pandemic and service disruption most strongly over the past two years. Initiatives such as CWB are recognised as being a good example of new ways in which councils can support local economic development and tackle poverty.

The Council is on track to achieve most of its performance measures however household waste recycling continues to miss target

151. The Council reviews its performance using a number of measures that are aligned to the priorities and outcomes set out in the Council Plan. A total of 234 measures were identified within Resource Plans for 2022/2023. Of those 66 are linked to the achievement of the Connect Outcomes detailed in the Council Plan. The measures are detailed within the individual Resource Plans and bi-annual progress reports are publicly reported on the performance pages of the Council's website.

152. In addition, the Connect 2022-27 Quarter 4 Progress Report 2022/2023 was reported to the Performance and Review Scrutiny Forum on 8 August 2023. The progress reports include a summary of performance against measures for each of the Council's Connect Plan objectives, along with details of the main achievements for that objective.

153. The Connect quarter four progress report for 2022/23 reports that of the Council's 66 strategic performance measures, eight projects had been completed (12 per cent); 45 projects, the timescale or target had been met (68 per cent); eight projects where there was minor slippage in timescale or target (12 per cent) and three where the information was not yet available and would be reported at a later date (five percent). Of the remaining measures, two experienced significant issues (three percent). These were:

- **The percentage of total household waste that was recycled:** The target was 50%. The actual achieved was 41.2 per cent (41.5 per cent in 2021/22). The majority of the material at flatted properties tends to be too badly contaminated to recycle and therefore is landfilled as residual waste. The service has recruited additional Waste Education Officers to rollout a new service change for flatted properties to improve the recycling rates.
- **Percentage of our road network that should be considered for maintenance treatment** This figure is derived from the Society of Chief

Officers of Transportation in Scotland (SCOTS) Road Condition Index (RCI) survey. The survey has now been completed and the overall RCI is 30.8 per cent for the period 2021-2023. Officers report that: *This falls short of the target of 29.7 per cent and is a depreciation of 1.1 per cent in the overall condition of the road network. Individual road categories are generally also showing a concerning regression in condition.*

154. Performance management and reporting is well established within the Council. This provides members the opportunity to scrutinise the Council's performance against its strategic objectives. Despite the ongoing service pressures the Council has achieved or is on track to achieve most of its performance measures as set out in its Connect Plan.

The Council's overall performance per national benchmarking has declined slightly compared to its prior year results but has improved compared with the Scottish average

155. The Council participates in the [Local Government Benchmarking Framework](#) (LGBF). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them. The Council notes that the use of the LGBF allows it to self-assess its performance across years, and to compare performance with peers against an agreed suite of performance indicators, which will assist in achieving best practice and efficiencies.

156. The most recent [National Benchmarking Overview Report 2021-22](#) (improvementservice.org.uk) by the Improvement Service was submitted to the Council's Performance and Review Scrutiny Forum in March 2023 along with a Council specific action plan. When comparing the indicator's reported, the Council's overall performance has declined with its own prior year performance. Details of the Council's trend over the past four years against these performance indicators can be seen at [exhibit 10](#).

157. Across the 99 indicators in 2021/22, the Council's performance has improved against 35 (35 per cent) and declined against 39 (40 per cent). In terms of the Council's figures relative to the Scottish average, performance was better than Scottish average for 41 (42 per cent) indicators. This is an increase on the prior year results of 39 per cent.

Exhibit 10

South Lanarkshire Council analysis of LGBF results

	Number of indicators (%) 2018/19	Number of indicators (%) 2019/20	Number of indicators (%) 2020/21	Number of indicators (%) 2021/22
Performance				
Improving performance	34 (38%)	35 (39%)	36 (38%)	35 (35%)
Declining performance	34 (38%)	45 (49%)	36 (38%)	39 (40%)

No change in performance	3 (3%)	1 (1%)	2 (2%)	3 (3%)
Information not available	18 (21%)	10 (11%)	21 (22%)	22 (22%)
Comparison with Scottish Average				
Better than Scottish average	44 (49%)	42 (46%)	37 (39%)	41 (42%)
Worse than Scottish average	28 (32%)	39 (43%)	37 (39%)	34 (34%)
Same as Scottish average	3 (3%)	0 (0%)	0 (0%)	2 (2%)
Information not available	14 (16%)	10 (11%)	21 (22%)	22 (22%)

Source: Performance and Review Scrutiny Forum June 2023 and LGBF 2021/22

158. The Council has an improvement action plan for all the indicators, including those reported as being below the Scottish average. The Council also undertakes family group analysis, which focuses on those indicators performing worse than the Scottish average. This aims to group councils into a “family group” of councils with similar levels of deprivation and urban profiles, providing better context to the results.

159. In addition to the annual reporting on LGBF performance, the Council engaged with the Improvement Service in 2021/22 to look at how it uses and reports on the Local Government Benchmarking Framework (LGBF). This aimed to produce a suite of refined indicators that the Council could use to better reflect its priorities and allow for scrutiny on its identified improvement areas.

160. Of the 95 LGBF indicators, 33 have been identified as aligning with the outcomes of the Council's Connect Plan. These are now embedded within the Connect Plan's reporting to focus attention on how well the Council is performing in achieving its strategic outcomes.

Service performance is reported in line with the expectations of the statutory performance indicators (SPIs)

161. The Accounts Commission issued a new [Statutory Performance Information Direction](#) in December 2021 which applies for the three years from 2022/23. It requires a council to report its:

- performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing

on Local Government Benchmarking Framework and/or other benchmarking activities)

- own assessment and audit, scrutiny, and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

162. Our work in 2022/23 has confirmed that the Council's performance reporting arrangements were satisfactory. The Council's website covers all the requirements set out in the SPI direction issued by the Accounts Commission. The Council continues to improve its public reporting of performance information through clear alignment of performance information with its key strategic outcomes. Alongside overarching and service level performance report the Council publishes Annual Performance Spotlights, 'bite-sized' performance information, per Connect Outcome.

Appendix 1. Action plan 2022/23

2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Capital programme</p> <p>At the June 2023 Executive Committee, the general services outturn capital programme spend was reported as £65.736 million for 2022/23, against original budget representing a slippage of 20 per cent.</p> <p>The housing capital programme outturn was reported as £60.695 million for 2022/23, against the revised budget of £66.361 million. This represents slippage of nine per cent against the revised budget</p> <p>Risk – Delayed investment can lead to inefficiencies in the existing estate with adverse impact on service delivery.</p>	<p>The Council should review the underlying reasons for recurring slippage within the capital programmes to identify opportunities to review project management and budget setting procedures in place.</p> <p>Paragraph 49</p>	<p>Management Response:</p> <p>The Council has reviewed the reasons for slippage in year and we report movements to members on a monthly basis. We are satisfied that there has been no significant risk realised from this slippage, however, we will work with the officers delivering projects to set realistic budgets for capital expenditure.</p> <p>Responsible officer:</p> <p>Head of Finance</p> <p>Agreed date:</p> <p>31 March 2024</p>
<p>2. Asset valuation</p> <p>The Council adopt a five year rolling programme for the valuation of other land and buildings. The valuation of these assets for 2022/23 has taken place as at 1 April 2022.</p> <p>Although the Council were able to provide the required information and supporting documentation to support</p>	<p>The Council should consider their approach to the valuation of land and buildings to ensure this is appropriate to assess whether asset values have moved materially in year and as at 31 March.</p> <p>The valuer should also issue a formal year end valuation report to provide the required management assurances enabling greater oversight and</p>	<p>Management Response:</p> <p>The Council's valuation team will produce a formal year end valuation report.</p> <p>The council has assessed in 2022/23 that the asset values have not materially moved in year and will continue to consider valuation dates.</p> <p>Responsible officer:</p>

Issue/risk	Recommendation	Agreed management action/timing
the valuations undertaken during the year, the valuer does not produce a formal year end valuation report.	scrutiny by management of the suitability of the key assumptions and approach adopted by the valuer. Paragraph 53	Head of Property / Head of Finance Agreed date: 31 March 2024
3. Payroll reconciliations The Council's internal guidance requires that all payroll must be reconciled at least once a month. Payroll reconciliations were not carried out on a regular basis during 2022/23.	The Council should ensure payroll reconciliations are undertaken in line with internal guidance. Paragraph 61	Management Response: The payroll reconciliations are up to date for 2023/24 Responsible officer: Head of Finance Agreed date: October 2023
4. Transformational change The Council should continue to identify where it can progress transformational change in how its services are delivered. This should identify where recurring savings, rather than temporary solutions, can be made together with proposals to reduce costs.	The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces. Paragraph 77	Management Response: The Council has a programme of reviews that have and will continue to contribute towards, addressing financial pressures. Responsible officer: Executive Director, Finance and Corporate Resources Agreed date: Ongoing
5. Financial resilience Given the scale of the challenges there is an opportunity to enhance its focus on financial resilience, including greater emphasis on its reserves position; clear financial resilience indicators and measures; and alignment to risks ensuring there is a clear financial strategy to support a resilient council.	Given the scale of the financial challenges facing the Council it should ensure that in developing its financial strategy and annual budget there is a clear consideration around its financial resilience, including the level of reserves to allow the Council to meet unforeseen costs and pressures. The Council should also enhance the level of monitoring around financial resilience indicators and risks.	Management Response: Through consideration of level of reserves, specific resilience indicators, and financial planning and management, we already understand and mitigate as much as we can against unforeseen costs and pressures. We will look to further develop the Council's approach to monitoring and reporting on resilience.

Issue/risk	Recommendation	Agreed management action/timing
	Paragraph 81	Responsible officer: Head of Finance Agreed date: 31 March 2024

2022/23 recommendations from the BV thematic report

Issue/risk	Recommendation	Agreed management action/timing
1. Fairer Scotland Assessment <p>The Fairer Scotland Duty came into force from 1 April 2018. It places a legal responsibility on local authorities to actively consider how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>Risk – There is a risk that the Council is not fully complying with the Fairer Scotland Duty.</p>	<p>The Council should continue its work to embed its Fairer Scotland duties by completing and referencing Fairer Scotland assessments in council papers, strategies and plans. It should also check all assessments are listed online.</p>	<p>Management Response:</p> <p>We will continue to embed Fairer Scotland duties, and remind all officers on the Council's Fairer Scotland Duties and the use of Fairer Scotland Assessments by reissuing the guidance and arranging further training as appropriate. We will ensure that reference to Fairer Scotland assessments are made in committee reports (where carried out). All Fairer Scotland Assessments will be posted online.</p> <p>Responsible Officer:</p> <p>Head of Administration and Legal Services</p> <p>Date:</p> <p>31 December 2023</p>
2. Ongoing support for Elected Members <p>In May 2022, the Council put in place a comprehensive induction programme. Committee members feel overwhelmed by the volume, complexity and technical nature of some committee papers.</p> <p>Risk – There is a risk that the current suite of training is not</p>	<p>Officers should continue to engage with elected members to support their training and development requirements, including specific training to build confidence and allow scrutiny.</p>	<p>Management Response:</p> <p>The programme of engagement with members on training requirements will continue. The annual needs assessments will be carried out to inform ongoing training plans.</p> <p>Responsible Officer:</p> <p>Head of Personnel</p>

Issue/risk	Recommendation	Agreed management action/timing
tailored to the individual needs of Elected members.		Date: 31 March 2024

Follow-up of prior year recommendations 2021/22

Issue/risk	Recommendation	Agreed management action/timing
1. Accounting for non-current assets We identified a significant error in the processing of council dwellings revaluations. Risk: If the accounting for non-current assets is not improved future accounts could be materially misstated.	There should be second officer checks of significant non-current asset accounting entries. This will help to verify the accuracy of the asset figures in the 2022/23 annual accounts prior to these being submitted to audit. Paragraph 44	Action Second officer checks on non-current asset accounting will be implemented with immediate effect. Responsible officer Head of Property Services Agreed date 30 September 2022 Complete
2. Long-term financial pressures The council's 2022/23 budget is balanced. However, the council has identified £100.192 million of required savings between 2023/24 to 2027/28. Risk: The longer-term financial pressures of the council are not addressed.	The council should identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces. Paragraph 126	Action The council has an ongoing programme of Transformational reviews which consider service delivery models, with a view to identifying efficiency savings. These will continue to feed into future budget strategies Responsible officer Executive Director Finance and Corporate Resources Agreed date Ongoing see point 2 above

2021/22 charities recommendation

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Dormant trust</p> <p>The East Kilbride Information Technology Centre Trust has been dormant for several years.</p> <p>Risk: Funds are lying dormant and do not provide public benefit.</p>	<p>The trustees of the East Kilbride Information Technology Centre Trust should consider the future of the trust and decide how this will be used going forward. This would include consideration of whether steps should now be taken, in coordination with the Office of the Scottish Charity Regulator, to wind it up if it is no longer being used for its intended purpose.</p> <p>Paragraph 32</p>	<p>Action</p> <p>A decision will be taken by trustees regarding the future of the Trust at a meeting on 3 October 2022.</p> <p>Responsible officer</p> <p>Head of Personnel</p> <p>Agreed date</p> <p>3 October 2022</p> <p>Complete</p>

Appendix 2. Summary of corrected misstatements

We report all corrected and uncorrected misstatements in the annual accounts that are individually greater than our reporting threshold of £250,000.

The table below summarises misstatements that were corrected in the financial statements.

Narrative	Account areas	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr	Cr	Dr	Cr
Single Entity		£000	£000	£000	£000
Transaction incorrectly treated as a payable instead of a receivable.	Payables				2,146
	Receivables			2,146	
Job Evaluation Scheme	Expenditure	10,500			
	Payables				10,500
Group accounts					
Job Evaluation Scheme – IJB impact	Group – reserves			3,750	
	Group – net assets				3,750
South Lanarkshire Leisure and Culture – pension cap adjustment	Group – income	62,733			
	Group – pension asset				62,733
Strathclyde Partnership for Transport – asset adjustment	Group – expenditure	747			
	Group – PPE				747

South Lanarkshire Council

Proposed 2022/23 Annual Audit Report

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www.audit-scotland.gov.uk

Risk and Audit Scrutiny Committee

31 October 2023

South Lanarkshire Council Educational Trusts (SC028135) Audit of 2022/23 annual accounts

Independent auditor's report

1. Our audit work on the 2022/23 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 31 October 2023 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the trustees' consideration our draft annual audit report for South Lanarkshire Council on the 2022/23 audit which incorporates our findings from the audit of the Educational Trusts administered by the Council. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Risk and Audit Scrutiny Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Executive Director of Finance and Corporate Resources, as Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the trustees of South Lanarkshire Council Educational Trusts (SC028135) and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of South Lanarkshire Council Educational Trusts (SC028135) for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances, and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2023 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris FCCA
Senior Audit Manager
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Mark Ferris is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix B: Letter of Representation (ISA 580)

Mark Ferris, Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Mark

South Lanarkshire Council Educational Trusts (SC028135) Annual Accounts 2022/23

1. This representation letter is provided about your audit of the annual accounts of South Lanarkshire Council Educational Trusts for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the other information within the annual report and financial statements.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees of the registered charities where South Lanarkshire Council is the sole trustee, the following representations given to you in connection with your audit of your annual accounts for the year ended 31 March 2023.

General

3. I have fulfilled our statutory responsibilities for the preparation of the 2022/23 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by South Lanarkshire Council Educational Trusts have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Accounting Policies

6. The annual accounts have been prepared on a receipts and payments basis in accordance with applicable regulations and the founding documents of the charitable trust.

Going Concern Basis of Accounting

7. I have assessed South Lanarkshire Council Educational Trusts' ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on South Lanarkshire Council Educational Trusts' ability to continue as a going concern.

Fraud

8. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

9. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

10. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all South Lanarkshire Council Educational Trusts' related parties and all the related party relationships and transactions of which I am aware.

Corporate Governance

11. The business of the charitable trust is recorded in the systems of South Lanarkshire Council. As section 95 officer for South Lanarkshire Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the annual accounts of the charitable trust.

Events Subsequent to the Date of the Balance Sheet

12. All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Paul Manning

Executive Director of Finance and Corporate Resources, South Lanarkshire Council, for and on behalf of the trustees of South Lanarkshire Council Educational Trusts.

Risk and Audit Scrutiny Committee

31 October 2023

South Lanarkshire Council Charitable Trusts (SC025089) Audit of 2022/23 annual accounts

Independent auditor's report

1. Our audit work on the 2022/23 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 31 October 2023 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the trustees' consideration our draft annual audit report for South Lanarkshire Council on the 2022/23 audit which incorporates our findings from the audit of the Charitable Trusts administered by the Council. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Risk and Audit Scrutiny Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Executive Director of Finance and Corporate Resources, as Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the trustees of South Lanarkshire Council Charitable Trusts (SC025089) and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of South Lanarkshire Council Charitable Trusts (SC025089) for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances, and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2023 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris FCCA
Senior Audit Manager
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Mark Ferris is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix B: Letter of Representation (ISA 580)

Mark Ferris, Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Mark

South Lanarkshire Council Charitable Trusts (SC025089) Annual Accounts 2022/23

1. This representation letter is provided about your audit of the annual accounts of South Lanarkshire Council Charitable Trusts for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the other information within the annual report and financial statements.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees of the registered charities where South Lanarkshire Council is the sole trustee, the following representations given to you in connection with your audit of your annual accounts for the year ended 31 March 2023.

General

3. I have fulfilled our statutory responsibilities for the preparation of the 2022/23 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by South Lanarkshire Council Charitable Trusts have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Accounting Policies

6. The annual accounts have been prepared on a receipts and payments basis in accordance with applicable regulations and the founding documents of the charitable trust.

Going Concern Basis of Accounting

7. I have assessed South Lanarkshire Council Charitable Trusts' ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on South Lanarkshire Council Charitable Trusts' ability to continue as a going concern.

Fraud

8. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

9. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

10. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all South Lanarkshire Council Charitable Trusts' related parties and all the related party relationships and transactions of which I am aware.

Corporate Governance

11. The business of the charitable trust is recorded in the systems of South Lanarkshire Council. As section 95 officer for South Lanarkshire Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the annual accounts of the charitable trust.

Events Subsequent to the Date of the Balance Sheet

12. All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Paul Manning

Executive Director of Finance and Corporate Resources, South Lanarkshire Council, for and on behalf of the trustees of South Lanarkshire Council Charitable Trusts.

Risk and Audit Scrutiny Committee

31 October 2023

East Kilbride Information Technology Centre Trust (SC015221) Audit of 2022/23 annual accounts

Independent auditor's report

1. Our audit work on the 2022/23 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 31 October 2023 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the trustees' consideration our draft annual audit report for South Lanarkshire Council on the 2022/23 audit which incorporates our findings from the audit of East Kilbride Information Technology Centre Trust administered by the Council. The section headed "Significant findings and key audit matters" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Risk and Audit Scrutiny Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

8. As part of the completion of our audit, we are seeking written representations from the Executive Director of Finance and Corporate Resources, as Section 95 Officer on aspects of the annual accounts, including the judgements and estimates made.

9. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the trustees of East Kilbride Information Technology Centre Trust (SC015221) and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of East Kilbride Information Technology Centre Trust (SC015221) for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances, and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2023 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charity Accounts (Scotland) Regulations 2006.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris FCCA
Senior Audit Manager
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place

Glasgow
G2 1BT

Mark Ferris is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

Appendix B: Letter of Representation (ISA 580)

Mark Ferris, Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Mark,

East Kilbride Information Technology Centre Trust (SC015221) Annual Accounts 2022/23

1. This representation letter is provided about your audit of the annual accounts of East Kilbride Information Technology Centre Trust for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the other information within the annual report and financial statements.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees of the registered charities where South Lanarkshire Council is the sole trustee, the following representations given to you in connection with your audit of your annual accounts for the year ended 31 March 2023.

General

3. I have fulfilled our statutory responsibilities for the preparation of the 2022/23 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by East Kilbride Information Technology Centre Trust have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Accounting Policies

6. The annual accounts have been prepared on a receipts and payments basis in accordance with applicable regulations and the founding documents of the charitable trust.

Fraud

7. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements

- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

8. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

9. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all East Kilbride Information Technology Centre Trust's related parties and all the related party relationships and transactions of which I am aware.

Corporate Governance

10. The business of the charitable trust is recorded in the systems of South Lanarkshire Council. As section 95 officer for South Lanarkshire Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the annual accounts of the charitable trust.

Events Subsequent to the Date of the Balance Sheet

11. All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

12. The East Kilbride Information Technology Centre Trust was removed from Scottish Charity Register on the 7 August 2023 following the charity, which was dormant, being wound up.

Yours sincerely

Paul Manning
Executive Director of Finance and Corporate Resources, South Lanarkshire Council, for and on behalf of the trustees of East Kilbride Information Technology Centre Trust.

Report

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Report to: **Risk and Audit Scrutiny Committee**
 Date of Meeting: **31 October 2023**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Audited Annual Accounts 2022/2023**

1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ advise members of the requirement to approve the Annual Accounts 2022/2023 for signature, both Council and related Charitable Trusts

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that it be noted that the South Lanarkshire Council Accounts 2022/2023 and the Charitable Trusts' Accounts have received a clean audit certificate;
- (2) that the audited South Lanarkshire Council Accounts 2022/2023 and the Charitable Trusts' Accounts be approved for signature;
- (3) that it be noted that the External Auditor's Report will be referred to South Lanarkshire Council for information; and
- (4) that it be noted that the Audited Accounts 2022/2023 will be available on the Council's website (section 3.7).

3. Background

- 3.1. Following the publication of The Local Authority Accounts (Scotland) Regulations 2014, the members of the Committee are required to meet to consider approval of the Audited Accounts for signature.
- 3.2. The submission date for local government is generally set to be consistent with the date specified in accounts regulations by which a body is required to approve its audited annual accounts. The Coronavirus (Scotland) Act 2020 permitted a deferral in 2019/2020 and 2020/2021 (to 30 November), and a temporary amendment to the accounts' regulations allowed a submission date of 31 October for 2021/2022.
- 3.3. For 2022/2023, the submission date is returning to the pre-pandemic date of 30 September. However, the Auditor General and Accounts Commission require audit providers, (in the Council's case, Audit Scotland), to prioritise the delivery of high-quality audits and the wellbeing of audit staff over meeting the above dates. In this instance, the accounts have been made available at the earliest date possible to ensure that the audit quality was not compromised.
- 3.4. The members are also required to have regard to any report made or advice provided on the Annual Accounts by the External Auditor.

- 3.5. The External Auditor's Report was included as an earlier report to this meeting and will be referred to a meeting of South Lanarkshire Council for information.
- 3.6. Copies of the (unsigned) Audited Accounts 2022/2023, for both the Council and Related Charities, are being emailed to members of this Committee under separate cover. Copies of the Council's Audited Accounts, the Charitable Trusts' Audited Accounts and the External Auditor's Report, will be issued to all Elected Members for their information.
- 3.7. Once signed, the Audited Accounts will be available to the general public on the Council's website and we can arrange to send a copy out to anyone who requests them.

4. Audited Accounts – South Lanarkshire Council

- 4.1. As noted in section 3.1, members of the Committee are required to approve the Audited Accounts for signature. A copy of the Audited Accounts for 2022/2023 are being emailed to members of this Committee under separate cover.
- 4.2. As detailed in a previous report, the Council's External Auditors, Audit Scotland, have completed an audit which extends across the 2022/2023 Accounts and related matters.
- 4.3. The report notes that the External Auditor has provided a clear Audit Certificate with no qualifications on the Council's Accounts.
- 4.4. The External Auditor's Report also includes an agreed action plan at Appendix 1. Officers of the Council will work to ensure that these actions are implemented during 2022/2023.

5. Audited Accounts – Charitable Trusts

- 5.1. Members of the Committee are required to approve the Charitable Trusts' Audited Accounts for signature. A copy of the Audited Accounts for 2022/2023 have been emailed to members of this Committee under separate cover.
- 5.2. The External Auditor also reports on the 3 Charitable Trusts managed by the Council: South Lanarkshire Council Educational Trust, South Lanarkshire Council Charitable Trust and the East Kilbride Information Technology Trust.
- 5.3. The External Auditor's report shows a clear audit certificate for each Trust.

6. Employee Implications

- 6.1. There are no direct employee implications from this report.

7. Financial Implications

- 7.1. There are no direct financial implications arising from this report. The Annual Accounts received a clear audit certificate. The main changes to the Council's Accounts 2022/2023 are detailed in the External Auditor's report. All changes identified in the External Auditor's report have been made and the impact on the Council's outturn reflected in the Audited Accounts.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

9. Other Implications

- 9.1. The main risk associated with the Council and Charitable Annual Accounts is a qualified audit report. The risk has been assessed as low due to the detailed preparation in relation to the year end process, technical training undertaken by key finance staff and the roll out of this to Resource finance staff as appropriate. Finance and Resources work together to achieve key deadlines and actions set from timetables.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 10.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

12 October 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ South Lanarkshire Council Annual Accounts 2022/2023 and External Auditor's Report
- ◆ Charitable Trusts' Annual Accounts 2022/2023 and External Auditor's Report
- ◆ Financial Ledger 2022/2023 and associated working papers

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Jackie Taylor, Head of Finance

Ext:- 5637 (Tel: 01698 455637)

E-mail:- jackie.taylor@southlanarkshire.gov.uk

Report

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Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	31 October 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	2022/2023 External Quality Assessment of Internal Audit Service
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ present the 2022/2023 External Quality Assessment of South Lanarkshire Council's Internal Audit Service

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the contents of the report be noted

3. Background

- 3.1. The internal audit service within South Lanarkshire Council is delivered within the context of the Public Sector Internal Audit Standards (PSIAS). These standards require that a Quality Assurance and Improvement Programme (QAIP) is developed to provide assurance that internal audit activity is conducted in accordance with its Internal Audit Charter, that it operates in an efficient and effective manner and that it is perceived to be adding value and improving operations. This Programme includes periodic and ongoing internal assessments as well as an external inspection, once in each 5-year period, to confirm compliance with PSIAS.
- 3.2. To deliver the requirement of an external inspection, the Chief Internal Auditors Group within Scotland facilitate an arrangement whereby reviews are undertaken by Local Authorities on a reciprocal, no-fee basis. The allocation of the reviews is undertaken by the Chief Internal Auditors Group and, in 2022/2023, East Lothian Council were nominated as the reviewer for South Lanarkshire Council.
- 3.3. The requirement for a formal, external inspection was intimated to the Risk and Audit Scrutiny Committee in September 2022 in line with the 5-year time period that had elapsed since the last review in 2017/2018. In preparation for the inspection, a self-assessment checklist was completed by the Audit and Compliance Manager and shared with East Lothian Council along with evidence that had been collated to substantiate responses within the checklist. The external inspection included a review of this checklist and evidence as well as interviews with key stakeholders and members of the Internal Audit team.

4. Executive Summary

- 4.1. The review exercise has now concluded and a copy of the final report is attached at Appendix 1. The overall assessment is that South Lanarkshire Council's Internal

Audit function, 'fully conforms¹' with 7 standards and 'generally conforms²' in the remaining 7 areas. This is considered to be a positive outcome with no significant areas of improvement identified.

4.2. These areas for improvement are highlighted within the report and summarised in an action plan attached to the report. The main areas for improvement are highlighted as being as follows:-

- ◆ the Chief Audit Executive (Audit and Compliance Manager) should report in their own name to the Risk and Audit Scrutiny Committee, enhancing the clarity of independence
- ◆ job profiles/descriptions should be refreshed for all Internal Audit staff to provide a clear expectation of the requirements of each role
- ◆ consideration should be given to developing a formal questionnaire or feedback mechanism from clients to obtain quantifiable client feedback
- ◆ the Audit and Compliance Manager should complete the assurance mapping exercise that is currently underway and report the findings to the Risk and Audit Scrutiny Committee.

4.3. The Committee is asked to note the contents of the report and the agreed action plan, responsibilities and timeline for delivery. Further updates will be provided to the Committee to confirm actions have been implemented with all recommendations anticipated to be delivered by March 2024.

5. Employee Implications

5.1. There are no employee implications.

6. Financial Implications

6.1. There are no financial implications.

7. Climate Change, Sustainability and Environmental Implications

7.1. There are no climate change, sustainability and environmental implications associated with this report.

8. Other Implications

8.1. There are no implications for sustainability in terms of the information contained in this report.

9. Equality Impact Assessment and Consultation Arrangements

9.1. There is no requirement to equality assess the contents of this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

13 October 2023

¹ 'Fully conforms' is defined as "internal audit activity fully complies with all aspects of the PSIAS and the Application Note. All tests have been concluded as satisfactory and areas of good practice identified".

² 'Generally conforms' is defined as "internal audit activity has the relevant structures, policies, and procedures in place and these are applied in practice in all material respects. The majority of tests have been concluded as satisfactory and there is at least partial conformance in others. General conformance does not require complete / perfect conformance. Some areas of good practice and some minor areas of improvement have been identified".

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Risk and Audit Scrutiny Forum - External Quality Assessment of Internal Audit Service, 21 March 2018
- ◆ Risk and Audit Scrutiny Committee -Internal Audit Activity as at 9 September 2022, 27 September 2022

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit and Compliance Manager

Tel: 01698 452618

E-mail:- yvonne.douglas@southlanarkshire.gov.uk

**EXTERNAL QUALITY
ASSESSMENT 2
OF
SOUTH LANARKSHIRE
COUNCIL'S
INTERNAL AUDIT FUNCTION**



1. INTRODUCTION

- 1.1 The mandatory Public Sector Internal Audit Standards (PSIAS), published initially in April 2013 and updated most recently in March 2017, apply to all internal audit service providers in the UK public sector, whether in-house, provided via a shared service arrangement or outsourced. To supplement the PSIAS, and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, which was last updated in 2019.
- 1.2 The objectives of the PSIAS are to define the nature of internal auditing within the UK public sector; set basic principles for carrying out internal audit; establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; establish the basis for the evaluation of internal audit performance and drive improvement planning.
- 1.3 The PSIAS require the Chief Audit Executive (the Audit and Compliance Manager in South Lanarkshire Council) to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation, and enable evaluation of the internal audit activity's conformance with the PSIAS, including the Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- 1.4 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) established a collaborative system of formal peer reviews. This approach not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally. The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process. East Lothian Council was selected to carry out the external assessment in South Lanarkshire Council.
- 1.5 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma. The external assessment of South Lanarkshire Council's Internal Audit function has been carried out by East Lothian Council's, Service Manager Internal Audit utilising this framework.
- 1.6 This report provides a high level summary of requirements for each standard per the PSIAS and CIPFA Local Government Application Note and sets out the findings, conclusions and recommendations from the external assessment, which involved discussions with key members of staff, including the Chief Audit Executive, review of the most recent self-assessment carried out utilising the EQA Checklist and consideration of other relevant supporting documentation / information (Evidence Pack) including working paper files and completed

stakeholder questionnaires. A comprehensive list of supporting documentation / information and completed stakeholder questionnaires considered as part of the assessment can be found at appendices B and C respectively.

2. OVERALL CONCLUSION

- 2.1 The overall conclusion of the external assessment is that South Lanarkshire Council's Internal Audit function **generally conform(s)** to the PSIAS. None of the standards have been assessed as partially or not conforming with PSIAS, however, some improvements have been recommended to assist in bringing the Internal Audit Function closer to fully conforming in relation to the seven standards assessed as generally conforming. A full summary of assessment, per assessment area, can be found at Appendix A. A summary of totals is as follows:

	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
TOTALS	7	7	0	0

- 2.2 The main areas for improvement highlighted in the report are as follows:

- The Chief Audit Executive (Audit and Compliance Manager) reports in their own name to the Risk and Audit Scrutiny Committee, enhancing the clarity of independence.
- Job Profiles/Descriptions should be refreshed for all Internal Audit staff to provide a clear expectation of what each role requirements are.
- Consideration should be given to developing a formal questionnaire or feedback mechanism from clients to obtain quantifiable client feedback.
- The Audit and Compliance Manager should complete the assurance mapping exercise that is currently underway and report the findings to the Risk and Audit Scrutiny Committee.

- 2.3 Full details of the assessment recommendations and management responses can be found in the Action Plan at Appendix D.

3. SECTION A – MISSION OF INTERNAL AUDIT AND CORE PRINCIPLES

The PSIAS state that the Mission of Internal Audit articulates what internal audit aspires to accomplish within an organisation, which is ‘to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’.

Taken as a whole, the Core Principles for the Professional Practice of Internal Auditing, as set out in the PSIAS, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Core Principles should be present and operating effectively. Failure to achieve any of the Core Principles would imply that an internal audit activity was not as effective as it could be in achieving the Mission of Internal Audit.

- 3.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used, along with specific consideration surrounding the achievement of the Core Principles, to conclude that the Internal Audit Function at South Lanarkshire Council **fully conforms** to accomplishing the Mission of Internal Audit as detailed above.

4. SECTION B – DEFINITION OF INTERNAL AUDITING

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

- 4.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used to conclude that the Internal Audit Function at South Lanarkshire **fully conforms** to the definition of Internal Auditing as detailed above. The main reasons for this assessment are that in addition to this definition being included in the Internal Audit Charter, interviews with the Chair of the Risk and Audit Scrutiny Committee and Senior Council Management demonstrated that the Internal Audit Function are providing this independent, objective assurance and when required consulting activity to South Lanarkshire Council.

5. SECTION C – CODE OF ETHICS

The PSIAS state that the purpose of the Institute of Internal Auditor’s Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out in the PSIAS. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

- 5.1 Evidence obtained from assessing conformance with other standards in the PSIAS, in particular the Attribute Standards 1000 – Purpose Authority and Responsibility, 1100 – Independence and Objectivity, 1200 – Proficiency and Due Professional Care and Professional Standards 2000 – Managing the Internal Audit Activity and 2300 – Performing the Engagement, has been used

to conclude that South Lanarkshire Council's Internal Audit Function **generally conforms** with the requirement to comply with the Code of Ethics. This is as a result of there being a small number of minor improvements, that are documented in section 6.2,6.3,7.1,and 7.3 of this report, in relation to the attribute standards highlighted, that will provide even greater assurance in relation to continued compliance with the code of ethics. Interviews with the Chair of the Risk and Audit Scrutiny Committee, Senior Council Management and members of the Internal Audit Function provided good evidence that the appropriate ethical culture is embedded in the Internal Audit Function.

6. SECTION D – ATTRIBUTE STANDARDS

Attribute Standards apply to organisations and individual internal auditors providing the internal audit services in a local authority.

6.1 1000 - Purpose, Authority and Responsibility

The PSIAS state that the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval. The internal audit charter must also:

- define the terms 'board' and 'senior management' for the purposes of internal audit activity;*
- cover the arrangements for appropriate resourcing;*
- define the role of internal audit in any fraud-related work; and*
- describe safeguards to limit impairments of independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.*

6.1.1 South Lanarkshire Council's Internal Audit Charter is reviewed annually with the most recent review taking place in February 2023, following publication of the most up to date PSIAS. The Internal Audit Charter was approved by the Risk and Audit Scrutiny Committee (RASC) on 7 March 2023 as appendix 2 to the 2023/2024 Internal Audit Plan.

6.1.2 Whilst the Internal Audit Charter identifies the relationship of the Audit and Compliance Manager as the Chief Internal Auditor with the Executive Director Finance and Corporate Resources and the chair of the RASC as good practice, the Internal Audit Charter does not provide the detail of the relationship with the Council Monitoring officer that is covered as recommended good practice under this standard.

6.1.3 **Recommendation 1** That the relationship between the Chief Internal Auditor and the Monitoring Officer is clarified in the next update to the Internal Audit Charter.

6.1.4 Having considered the findings above, it has been concluded that the Internal Audit Function at South Lanarkshire Council **generally conforms** to Standard 1000 on Purpose, Authority and Responsibility.

6.2 1100 - Independence and Objectivity

The internal audit activity must be independent and internal auditors must be objective in performing their work. Various aspects of independence and objectivity are covered in this standard as well as 1200, including reporting functional lines of the CAE, the relationship between the CAE and the board and any impairment to individual internal auditors' objectivity or independence. Reporting and management arrangements must be put in place that preserve

the CAE's independence and objectivity, in particular with regard to the principle that the CAE must be independent of the audited activities.

- 6.2.1 The South Lanarkshire Council Chief Internal Auditor (Audit and Compliance Manager) reports functionally to the Risk and Audit Scrutiny Committee and administratively to the Executive Director Finance and Corporate Resources, who is a member of the Council Management Function. The Chief Internal Auditor has direct and unrestricted access to the Chief Executive and the Chair of the Risk and Audit Scrutiny Committee and this has been confirmed through the completed Stakeholder Questionnaires and interviews. These reporting and access arrangements are clearly defined in the Internal Audit Charter as are safeguards to limit impairment of independence or objectivity.
- 6.2.2 In support of organisational independence, the Audit and Compliance Manager attends the Audit and Risk Scrutiny Committee meetings to present all internal audit reports (including, for example, the Internal Audit Charter, Annual Report, Internal Audit Plan and executive summaries from the planned audits) to Elected Members. The reports are all submitted not in the Audit and Compliance Managers name but in the name of the Executive Director Finance and Corporate Resources. It is considered best practice for the Chief Internal Auditor to present all reports in their own name.
- 6.2.3 **Recommendation 2** That the Chief Internal Auditor (Audit and Compliance Manager) reports in their own name to the Risk and Audit Scrutiny Committee.
- 6.2.4 The Audit and Compliance Manager has operational management responsibilities outwith Internal Audit for Funding and Compliance Services. The Internal Audit Charter states that; "it is recognised that arrangements are required to be in place for any audit work in this area to allow this to be managed independently of the Audit and Compliance Manager. The specific nature of these arrangements will be reported to the RASC when audit activity in this area is planned." Whilst best practice would be for the Chief Internal Auditor to have no operational management responsibility; in this case the potential impairment to independence has been identified for the Risk and Audit Scrutiny Committee to provide assurance that independence is maintained.
- 6.2.5 Best practice would be that the annual appraisal of the Chief Internal Auditor is subject to independent scrutiny and would be most likely countersigned by the Chief Executive. The Audit and Compliance Manager is subject to an annual appraisal as part of the overall South Lanarkshire Council appraisal process and completion of an Employee Performance Appraisal Form. This form is signed on annual basis by the Executive Director Finance and Corporate Resources, there is no requirement in the Council process for a counter signatory on this form.
- 6.2.6 **Recommendation 3** Consideration should be given to the annual appraisal of the Audit and Compliance Manager being countersigned by another council officer ideally the Chief Executive.
- 6.2.7 All staff within the Internal Audit Function are required to complete a staff confirmation of independence form on an annual basis and from a sample this is completed.
- 6.2.8 South Lanarkshire Council's Internal Audit Function **generally conforms** to Standard 1100 on Independence and Objectivity.

6.3 1200 - Proficiency and Due Professional Care

The CAE must be professionally qualified, suitably experienced and responsible, in accordance with the organisation's human resources processes, for recruiting appropriate staff. He or she is responsible for ensuring that up-to-date job descriptions exist, reflecting roles and responsibilities, and that person

specifications define the required qualifications, competencies, skills, experience and personal attributes.

The CAE should periodically assess individual auditors' skills and competencies against those set out in the relevant job descriptions and person specifications. Any training or development needs identified should be included in an appropriate ongoing development programme that is recorded and regularly reviewed and monitored. In addition, all internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This may be fulfilled through requirements set by professional bodies or through the organisation's own appraisal and development programme. Auditors should maintain a record of such professional training and development activities.

The internal audit activity should be appropriately resourced to meet its objectives. It should have appropriate numbers of staff in terms of grades, qualifications, personal attributes and experience or have access to appropriate resources in order to meet its objectives and to comply with these standards. The PSIAS states that the CAE must obtain competent advice and assistance if the activity is unable to perform all or part of an engagement.

- 6.3.1 The Audit and Compliance Manager holds a relevant professional qualification with **22** years internal audit experience within a Scottish Local Government. The Audit and Compliance Manager is a member of SLACIAG and regularly attends and contributes to meetings. In relation to the two SLACIAG Sub-groups, the Computer Audit Sub-Group (CASG) and the Scottish Local Authorities Investigators Group (SLAIG), South Lanarkshire Council's Internal Audit is **represented on both**.
- 6.3.2 To support the Audit and Compliance Manager in South Lanarkshire Council's Internal Audit Function there are 3 Audit Advisors who all hold appropriate professional qualifications. There are a total of ten members of staff in the Internal Audit Function, including the Audit and Compliance Manager and 3 Audit Advisors. The Internal Audit Function delivers internal audit services to South Lanarkshire Council, Lanarkshire Valuation Joint Board, South Lanarkshire Integration Joint Board, South Lanarkshire Leisure and Culture and SEEMIS Group LLP.
- 6.3.3 All internal audit have annual Employee Performance & Development Appraisal through the South Lanarkshire Council process, competency is assessed for each individual through this process.
- 6.3.4 The Audit and Compliance Manager and the 3 Audit Advisors have specific CPD requirements to adhere to. Each staff member maintains their own CPD records and is encouraged through the Annual Appraisal process and training plan development to put forward their training needs. Examples of completed CPD certification have been provided.
- 6.3.5 A job profile was only available for the Audit Advisor role as it was advised that Job Profiles have not been updated on other Internal Audit roles since 2011 as there has been limited turnover of staff. Given the length of time since the job profiles were last updated it would be best practice to update the profiles for all of the Internal Audit positions.
- 6.3.6 **Recommendation 4** Job Profiles/Descriptions should be refreshed for all Internal Audit staff to provide a clear expectation of what each role requirements are.
- 6.3.7 The Stakeholder Questionnaires confirm that the Audit and Compliance Manager demonstrates sufficient knowledge and experience and that all members of the Internal Audit Function exercise due professional care.

6.3.8 South Lanarkshire Council's Internal Audit Function **generally conforms** to standard 1200 on Proficiency and Due Professional Care.

6.4 1300 - Quality Assurance and Improvement Programme

The PSIAS state that the Chief Audit Executive must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity.

The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outside the organisation, and enable evaluation of the internal audit activity's conformance with the PSIAS, including the Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The public sector requirement in the PSIAS states that results of the QAIP and progress against any improvement plans must be reported in the annual report.

6.4.1 Internal audit reports are reviewed by the Audit and Compliance Manager prior to issue and working papers and draft reports are, in general, reviewed by one of the Audit Advisors. Where the assignment is carried out by the Audit Advisors, the Audit and Compliance Manager will review the working paper file.

6.4.2 Client feedback is informally collected by the Audit and Compliance Manager and Audit Advisors, however, there is no formal framework to collect the feedback which would provide an objective method of analysis.

6.4.3 **Recommendation 5** Consideration should be given to developing a formal questionnaire or feedback mechanism from clients to obtain quantifiable client feedback.

6.4.4 Key Performance Indicators are in place covering quality, time and budget monitoring against audit assignments to monitor the performance of the Internal Audit Function with the results being reported both within regular Activity reports and annually to the Risk and Audit Scrutiny Committee.

6.4.5 A formal self-assessment of conformance with the PSIAS is carried out by the Audit and Compliance Manager on an annual basis and is reported to the Risk and Audit Scrutiny Committee as part of the Internal Audit Annual Assurance Report, which was last reported to the June 2023 Committee confirming that the Internal Audit function continues to generally conform to the PSIAS. The report also confirms that there are no significant areas of non-compliance identified, however, does not identify the areas of non-conformance that have been identified.

6.4.6 **Recommendation 6** Consideration should be given to providing the Risk and Audit Scrutiny Committee with summary details of the areas of non-conformance identified in the annual QAIP self-assessment.

6.4.7 South Lanarkshire Council's Internal Audit function **generally conforms** to Standard 1300 on Quality Assurance and Improvement Programme.

7. SECTION E – PERFORMANCE STANDARDS

Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.

7.1 2000 - Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation. The internal audit activity is effectively managed when it achieves the purpose and responsibility included in the internal audit charter, it conforms with the PSIAS, its individual members conform with the Code of Ethics and the PSIAS and it considers trends and emerging issues that could impact the organisation. The internal audit activity adds value to the organisation and its stakeholders when it considers strategies, objectives and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.

- 7.1.1 An annual Internal Audit Plan is compiled by the Audit and Compliance Manager outlining the planned programme of work to be undertaken. The planning process includes consideration of the Council Risk Registers, previous audit activity undertaken and discussions with senior management and external audit.
- 7.1.2 The Audit Plan is formally approved by the Risk and Audit Scrutiny Committee on an annual basis at the March Committee meeting. Progress against the Internal Audit Plan is then reported at each subsequent Risk and Audit Scrutiny Committee. The Internal Audit plan does not currently prioritise the assignments within the plan and this would be recommended good practice to provide assurance that core assurance tasks are undertaken in any year that the complete audit plan is not undertaken.
- 7.1.3 **Recommendation 7** Audit Activities should be prioritised as part of the South Lanarkshire Annual Audit Plan.
- 7.1.4 Stakeholder questionnaires completed for this review identified that in all cases the stakeholders believed that Internal Audit adds value to the Council, contributes to the efficiency and effectiveness of the council's arrangements for governance risk management and internal control and takes account of the council's risk management framework.
- 7.1.5 The Audit and Compliance Manager is currently undertaking an assurance mapping process to establish where assurance is provided to the Council across the 3 lines of defence. The development of a Strategic Risk Assessment map was reported to the Risk and Audit Scrutiny Committee in October 2022. Completion of this work will provide added assurance that Internal Audit coverage provides adequate assurance coverage.
- 7.1.6 **Recommendation 8** The Audit and Compliance Manager should complete the assurance mapping exercise and report the findings to the Risk and Audit Scrutiny Committee.
- 7.1.7 South Lanarkshire Council's Internal Audit function **generally conforms** to Standard 2000 on Managing the Internal Audit Activity.

7.2 2100 - Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new

insights and consider future impact.

More specifically, the internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes, evaluate the effectiveness and contribute to the improvement of risk management processes and assist the organisation in maintaining effective controls by evaluating their efficiency and effectiveness and promoting continuous improvement.

7.2.1 Internal Audit work has adequate coverage across Governance Risk Management and Control across the Internal Audit functions processes. Stakeholder questionnaires completed for this review identified that in all cases the stakeholders believed that Internal Audit adds value to the Council, contributes to the efficiency and effectiveness of the council's arrangements for governance risk management and internal control.

7.2.2 South Lanarkshire Council's Internal Audit function **fully conforms** to Standard 2100 on Nature of Work.

7.3 2200 - Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives and risks relevant to the engagement.

The CIPFA Local Government Application note states that for each engagement, a brief should be prepared, discussed and agreed with relevant managers. The brief should establish the objectives, scope and timing for the assignment and its resource and reporting requirements. Audit work should be undertaken using a risk-based audit approach.

7.3.1 A review of a sample of electronic audit files established that engagement planning resulted in Audit Briefs that contained detailed scope and objectives of audit activity linking back to the Annual Audit Plan. Consultation with the client was completed and agreement of the brief was provided through emails that had not been maintained in all cases on the audit file. Compilation of audit programme documented the tests to be carried out to conclusion on each of the specific objectives in the brief.

7.3.2 **Recommendation 9** Client approval of audit briefs and the factual accuracy of reports by email should be stored on the audit file and not in SLC email accounts.

7.3.3 South Lanarkshire Council's Internal Audit function **generally conforms** to Standard 2200 on Engagement Planning.

7.4 2300 - Performing the Engagement

Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.

At each stage of the audit, auditors should consider what specific work needs to be conducted and evidence needs to be gathered to achieve the engagement objectives and support an independent and objective audit opinion. Systems should be in place to ensure that auditors obtain and record, within the working papers, sufficient evidence to support their conclusions, professional judgements and recommendations. Working papers should always be sufficiently complete and detailed to enable an experienced internal auditor with no previous connection with the audit to ascertain what work was performed, re-perform it if necessary and support the conclusions reached. The CAE should also specify how long all audit documentation should be retained, whether held on paper or electronically. All audit work should be subject to an

appropriate internal quality review process.

Internal auditors must be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest when performing their individual audits. They must also have sufficient knowledge to identify indicators that fraud or corruption may have been committed.

- 7.4.1 The Internal Audit Manual sets out the procedure in relation to undertaking a planned audit, further procedures notes and processes provide more detailed guidance on parts of the Internal audit process. Standard procedures are in place for other types of work e.g. investigating financial irregularities and for data protection and records management.
- 7.4.2 Sample testing on Internal Audit files established that the Internal Audit Manual is adhered to in completing the Audit work and the supervisory and review processes are in place and operating for both audit files and the drafting and completion of final reports.
- 7.4.3 Standard working paper proforma are utilised for audit file completion and are utilised in most cases, however, divergence from these standard working papers will be agreed through the supervisory processes when appropriate.
- 7.4.4 The Working paper files reviewed demonstrated appropriate review processes are in place and are being operated.
- 7.4.5 South Lanarkshire Council's Internal Audit function **fully conforms** to Standard 2300 on Performing the Engagement.

7.5 2400 - Communicating Results

The basic aims of every internal audit report should be to:

- *give an opinion on the risk and controls of the area under review, building up to the annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;*
- *prompt management to implement the agreed actions for change leading to improvement in the control environment and performance; and*
- *provide a formal record of points arising from the audit and, where appropriate, of agreements reached with management, together with appropriate timescales.*

Each report should include the scope and purpose of the audit to help the reader to understand the extent, or limitations, of the assurance(s) provided by the report. During the course of the audit, key issues should be brought to the attention of the relevant manager to enable them to take corrective action and to avoid surprises at the closure stage. Before issuing the final report, the internal auditor should normally discuss the contents with the appropriate levels of management to confirm the factual accuracy, to seek comments and to confirm the agreed management actions. A draft report is useful for this purpose. Recommendations should be prioritised according to risk. The recommendations and the resultant management action plans should be agreed prior to the issue of the final report. Any areas of disagreement between the internal auditor and management that cannot be resolved by discussion should be recorded in the action plan and the residual risk highlighted. Those weaknesses giving rise to significant risks that are not agreed should be brought to the attention of a more senior level of management and the board.

As set out in the PSIAS, the CAE must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement. This must include the annual internal audit opinion concluding on the overall adequacy and effectiveness of the organisation's governance, risk and control framework, a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and a statement of conformance with the PSIAS and the results of the internal audit QAIP.

- 7.5.1 All Internal Audit Reports are developed in draft and the draft having been reviewed and then approved by the Audit and Compliance Manager, the auditor will issue the draft report to the client and hold a closing meeting whereby the client has the opportunity to comment on the draft report. Each report and each recommendation is graded using an appropriate grading structure.
- 7.5.2 Clients provide management responses to every recommendations with implementation dates and details of responsible officers.
- 7.5.3 Individual audit report findings are then assessed against the three areas of Governance, Risk Management and Internal Control and presented to provide the annual opinion based on the findings in these three areas.
- 7.5.4 All of the stakeholder questionnaires highlighted that Internal Audit reports are accurate, objective, clear, constructive, complete and timely and that the reports include all significant and relevant information and observations to support the conclusions and recommendations.

7.5.5 South Lanarkshire Council's Internal Audit function **fully conforms** to Standard 2400 on Communicating Results.

7.6 2500 - Monitoring Progress

The PSIAS place responsibility for monitoring progress with the CAE to ensure that management actions have been effectively implemented or, if not, that senior management have accepted the risk of not taking action. The CAE must, therefore, implement a follow-up process for ensuring the effective implementation of audit results or ensuring senior management are aware of the consequences of not implementing an action point and are prepared to accept the risk of such consequences occurring. The results of this process should be communicated to the board. The CAE should develop escalation procedures for cases where agreed actions have not been effectively implemented by the date agreed. These procedures should ensure that the risks of not taking action have been understood and accepted at a sufficiently senior management level. The effective involvement of the board in the follow-up process is critical to ensuring that it works. The CAE should consider revising the internal audit opinion in light of findings from the follow-up process. The findings of follow-up reviews should inform the planning of future audit work.

7.6.1 All high risk recommendations and specific reviews are followed up on a risk assessed basis to ensure that the recommendations have been implemented. Internal Audit report back the findings of these follow up reviews to the Risk and Audit Scrutiny Committee at each meeting.

7.6.2 South Lanarkshire Council's Internal Audit function **fully conforms** to Standard 2500 on Monitoring Progress.

7.7 2600 - Communicating the Acceptance of Risks

When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, they must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, they must communicate the matter to the board. It is not the responsibility of the chief audit executive to resolve the risk.

7.7.1 Where a recommendation is made in a report to mitigate a risk and it is not agreed with by management the risk that is being accepted will be clearly identified to management and will be included within the final report.





7.7.2 The Audit and Compliance Manager has direct access to the Chief Executive and regularly meets the S95 Officer and the Chair of the Risk and Audit Scrutiny Committee to discuss any assurance issues that need to be brought to the attention of those officers.

7.7.3 The full scope of internal audit responsibilities are covered in the annual report to the Risk and Audit Scrutiny Committee, including full reporting on work in relation to governance, risk management and control.

7.7.4 South Lanarkshire Council's Internal Audit function **fully conforms** to Standard 2600 on Communicating the Acceptance of Risk.

Duncan Stainbank
Service Manager - Internal Audit
East Lothian Council
October 2023

APPENDIX A – SUMMARY OF ASSESSMENT

REF	PAGE No.	ASSESSMENT AREA	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
Section A		Mission of Internal Audit and Core Principles	Y			
Section B		Definition of Internal Auditing	Y			
Section C		Code of Ethics		Y		
Section D		ATTRIBUTE STANDARDS				
1000		Purpose, Authority and Responsibility		Y		
1100		Independence and Objectivity		Y		
1200		Proficiency and Due Professional Care		Y		
1300		Quality Assurance and Improvement Programme		Y		
Section E		PERFORMANCE STANDARDS				
2000		Managing the Internal Audit Activity		Y		
2100		Nature of Work	Y			
2200		Engagement Planning		Y		
2300		Performing the Engagement	Y			
2400		Communicating Results	Y			
2500		Monitoring Progress	Y			
2600		Communicating the Acceptance of Risks	Y			
TOTALS			7	7		

APPENDIX B – EVIDENCE PACK

- Terms of reference for RASC
- Reports to RASC – approval of 2021/2022 Audit Plan
- Report to RASC – approval of 2022/2023 Audit Plan
- Report to RASC, LVJB, SLC IJB, SLLC and SEEMIS – 2021/22 Annual Report
- Report to RASC, LVJB, SLC IJB, SLLC and SEEMIS – 2022/23 Annual Report
- Examples of reports provided to RASC:
 - An activity report
 - Six monthly fraud
 - Annual fraud
 - Various NFI reports
- Schedule of meetings with RASC Chair
- Extract from Financial Regulations re Internal Audit
- An organisation chart for the South Lanarkshire Council Internal Audit team
- IA Activity Reports to RASC
- Final Annual Governance Statement to RASC 2021/2022 and 2022/2023
- Copy of last PSIAS inspection report to RASC (March 2018)
- Conflict of Interest Policy
- Conflict of Interest Declarations (Template and completed examples)
- Employee Code of Conduct
- Examples of Internal Audit Team Brief Agendas 2023
- PDR Template and Sample of completed Internal Audit team PDR's
- FCR Resource Plan
- Assurance mapping documents
 - Top Risk Report (RASC)
 - Summary doc – 3 lines analysis (this is work in progress continuing into 2023/24)
- Internal Audit Annual Capacity Plan 2022/23
- South Lanarkshire Council Recruitment and Disciplinary Policies
- Sample Team Member CPD submissions
- South Lanarkshire Council Internal Audit Manual
- Audit Planning Meeting Notes with Senior Management
- Audit Planning Documentation
- LVJB Service Level Agreement
- Internal Audit Archiving policy
- Lanarkshire Valuation Joint Board Follow Up report 2021/22
- Audit Advisor Job Profile

APPENDIX C – STAKEHOLDER QUESTIONNAIRES

Stakeholder questionnaires were completed by the following key members of staff and Elected Members:

- Cleland Sneddon, Chief Executive
- Paul Manning, Executive Director Finance and Corporate Resources
- Cllr Elaine McDougall, Chair, Risk and Audit Scrutiny Committee

SOUTH LANARKSHIRE COUNCIL: EXTERNAL REVIEW OF PSIAS CONFORMANCE SELF-ASSESSMENT

APPENDIX D – ACTION PLAN

No.	Para	Recommendation	Management Response	Responsible Officer / Agreed Completion Date
1	6.1.3	That the relationship between the Chief Internal Auditor and the Monitoring Officer is clarified in the next update to the Internal Audit Charter.	Agreed. Will update and present with the 24/25 IA Plan.	Yvonne Douglas, March 2024
2	6.2.3	That the Chief Internal Auditor (Audit and Compliance Manager) reports in their own name to the Risk and Audit Scrutiny Committee.	Annual Report will continue to be in the name of the Chief Internal Auditor. In compliance with South Lanarkshire Council protocol other reports will be in the name of the Executive Director. This is not considered to impair independence.	Not applicable.
3	6.2.6	Consideration should be given to the annual appraisal of the Audit and Compliance Manager being countersigned by another council officer ideally the Chief Executive.	Agreed. PDR is currently signed by direct line manager (and the one best placed to appraise performance). To demonstrate strict compliance, PDR will be countersigned.	Yvonne Douglas, March 2024
4	6.3.6	Job Profiles/Descriptions should be refreshed for all Internal Audit staff to provide a clear expectation of what each role requirements are.	Agreed.	Yvonne Douglas, December 2023
5	6.4.3	Consideration should be given to developing a formal questionnaire or feedback mechanism from clients to obtain quantifiable client feedback.	Agreed. Annual process will be devised.	Yvonne Douglas, December 2023
6	6.4.6	Consideration should be given to providing the Risk and Audit Scrutiny Committee with summary details of the areas of non-conformance identified in the annual QAIP self-assessment.	Agreed. Areas of non-compliance are not significant but to demonstrate strict compliance, these areas will now be detailed within the annual report.	Yvonne Douglas, March 2024

SOUTH LANARKSHIRE COUNCIL: EXTERNAL REVIEW OF PSIAS CONFORMANCE SELF-ASSESSMENT

7	7.1.3	Audit Activities should be prioritised as part of the South Lanarkshire Annual Audit Plan.	Agreed. Audit activities are prioritised in practice but this is not visible within the Plan. Will revise format of the 24/25 IA Plan to evidence.	Yvonne Douglas, March 2024
8	7.1.6	The Audit and Compliance Manager should complete the assurance mapping exercise and report the findings to the Risk and Audit Scrutiny Committee.	Agreed. Programmed to complete and report in 23/24.	Yvonne Douglas, March 2024
9	7.3.2	Client approval of audit briefs and the factual accuracy of reports by email should be stored on the audit file and not in SLC email accounts.	Agreed, although not routinely stored in email accounts. Reminder to be issued.	Yvonne Douglas, September 2023

	Critical
	Significant
	Routine

Report

7

Report to: **Risk and Audit Scrutiny Committee**
 Date of Meeting: **31 October 2023**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Internal Audit Activity as at 13 October 2023**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Risk and Audit Scrutiny Committee (RASC) on progress of the Internal Audit service in the period 5 August to 13 October 2023

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that progress be noted.

3. Background

3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in August 2023 and reported on work completed in the period 10 June to 4 August 2023. This report covers all work completed in the period 5 August to 13 October 2023. Performance information is also included.

4. Delivery of the Internal Audit Plan: Progress

4.1. As at 30 September 2023, 9% of the 2023/2024 Audit Plan was complete to draft report stage with a further 26 assignments in progress.

4.2. In the reporting period, all elements of the Audit Plan have been progressed with a specific focus on the National Fraud Initiative, investigative activities and External Client audit plans. Alongside this, there has been a significant time commitment to the implementation of Oracle Fusion, a cloud based human resources and financial management system, within South Lanarkshire Council.

4.3. Internal Audit resources to date have mainly involved the deployment of one auditor to attend and contribute to all aspects of implementation, one Adviser to assist with more technical and complex issues and time, across the team, to attend programme implementation working groups and meetings. These roles will continue with an additional requirement to now move to the testing of a number of processes. Given limited resources and time constraints, priority areas will be selected for audit review to run in parallel with User Acceptance Testing.

4.4. The detailed scope of work in each area will be approved, in advance, by Fusion's Project Review Board and summary findings reported as each element of testing is concluded.

- 4.5. Internal Audit has also contributed to a review of controls around the unmasking of bank account details and are reviewing 'view only' access to ensure a cost-efficient option is identified that retains key controls around restricting the ability to amend records. Testing of expected controls will follow to provide assurance that risks are mitigated. Internal Audit will provide resources to assist with the implementation of Fusion through to 31 March 2024 and activity reports to Committee will continue to include updates.
- 4.6. Key performance indicators reflecting quality, on time and within budget for the 2023/2024 Internal Audit Plan (at 30 September 2023) are summarised in Appendix 1 together with explanations. Performance across all indicators is satisfactory.
- 4.7. Appendix 2 lists all assignments completed in the period 5 August to 13 October 2023. All of these assignments related to South Lanarkshire Leisure and Culture (SLLC) and were reported to their Audit Committee.
- 4.8. Members are asked to note progress.
- 5. Public Sector Internal Audit Standards – External Review**
- 5.1. The external review has concluded and a final report is being presented to the Committee as a separate item on this meeting's agenda.
- 6. Progress against Strategy**
- 6.1. The Public Sector Internal Audit Standards (PSIAS) require progress against the audit strategy to be monitored and reported to the Committee as part of regular monitoring reports that are presented at each meeting.
- 6.2. Delivery of the strategy in 2023/2024 will be evidenced by the completion of the Internal Audit Plan in-year and will be monitored through the performance indicators regularly reported to the Committee.
- 7. Employee Implications**
- 7.1. There are no employee issues.
- 8. Financial Implications**
- 8.1. A breakeven position for 2023/2024 is forecast at the end of the financial year for the Internal Audit section.
- 9. Climate Change, Sustainability, and the Environmental Implications**
- 9.1. There are no climate or sustainability implications associated with this report.
- 10. Other Implications**
- 10.1. The main risks to the delivery of the Audit Plan are, generally, vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. These are mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan. The risk of significant, subsequent amendments to the Plan, arising from a change in the Council's priorities or risks, are mitigated by regular re-assessment of capacity and Audit Plan content to allow incremental adjustments as the year progresses.
- 10.2. There are no implications for sustainability in terms of the information contained in this report.
- 11. Equality Impact Assessment and Consultation Arrangements**
- 11.1. There is no requirement to equality assess the contents of this report.

11.2. Heads of Service are consulted on each and every audit assignment.

Paul Manning
Executive Director (Finance and Corporate Resources)

13 October 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Risk and Audit Scrutiny Committee - Internal Audit Activity as at 4 August 2023, 22 August 2023

List of Background Papers

- ◆ Figtree extracts of Action Plans

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit and Compliance Manager

Tel:- 01698 452618

E-mail:- yvonne.douglas@southlanarkshire.gov.uk

Key audit performance indicators as at 30 September 2023

Appendix 1

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	5/5	100%	80%	
Draft reports delivered within 6 weeks of file review	7/7	100%	80%	
2023/2024 Audit Plan completed to draft by 30 April 2024	3/32	9%	100%	29/32 (91%) of 2023/2024 Audit Plan to draft stage or in progress at 30 September 2023.
Internal Audit recommendations delivered on time	n/a	n/a	90%	No audit actions have fallen due in the period to 30 September 2023.
Client to agree findings and actions within 4 weeks of draft issue	4/4	100%	80%	

Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
External Clients				
I911193	SLLC 2023/2024 Audit Plan	21/06/2023	02/10/2023	Reported to SLLC.
I914196	SLLC Follow Up	05/07/2023	02/10/2023	Reported to SLLC.
I913200	SLLC Data Protection Facility Testing	05/07/2023	02/10/2023	Reported to SLLC.
I913202	SLLC Conflict of Interest	05/07/2023	02/10/2023	Reported to SLLC.
I918231	SLLC 2022/2023 Annual Report	05/07/2023	02/10/2023	Reported to SLLC.

Report

8

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	31 October 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Year End Risk Management Report (2022/2023) and Review of Council's Top Risks (2023/2024)
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Risk and Audit Scrutiny Committee (RASC) with an update on progress with risk management activity undertaken during 2022/2023
- ◆ provide an update on the council's top risk register following the review and consultation process

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that Resource compliance with the requirements of the Risk Management Strategy be noted;
- (2) that the progress being made in delivering actions to mitigate top Council risks be noted; and
- (3) that the updated Council's top risks be noted.

3. Background

3.1. Annual reviews of the Council's top risks are undertaken, with the findings of the last review reported to the Committee on 25 October 2022. This year's full review commenced in April 2023. The consultation involved views being sought from Heads of Service, elected members and trades unions on new areas of risk.

3.2. The results of the work undertaken was considered and used to inform proposals for a refined set of top risks. The feedback was used to review risk descriptions, as required.

3.3. The content of this report provides the Committee with recommendations in respect of the review these risks.

4. Resource compliance with the Risk Management Strategy

4.1. Risk Sponsors are required on an annual basis to assess Resource compliance with the Risk Management Strategy and provide supporting evidence. The information for 2022/2023 is summarised in the end of year compliance statement which is attached at Appendix 1.

4.2. Appendix 1 shows that Resources continue to demonstrate full compliance with the Strategy, having scored 45 out of 45.

- 4.3. It is important that the current level of compliance is maintained to demonstrate effective risk management which contributes to robust service planning and improved decision making.

5. Progress made in delivering actions to control the Council's top risks

- 5.1. As at 31 March 2023, the percentage of actions completed on the 2022/2023 risk control plan was 60 per cent against an overall target of 90 per cent. Remaining actions have been carried forward.
- 5.2. Table 1 below shows the overall status as at 31 March 2023 for all actions relating to the council's top risk register.

Table 1 – Completion of top risk control actions

Action status	Number of actions	Percentage of actions
Complete	9	60%
Carried forward to 2023/2024	6	40%
Total	15	100%

- 5.3. Actions identified during this year's review have been included within the 2023/2024 top risk control plan. This contains a total of 18 actions.

6. Results of the review of the Council's top risks

- 6.1. To assist the review process, the following broad criteria were recommended as a guide to concluding what constitutes a top risk:-

- ◆ it threatens delivery of corporate objectives
- ◆ it impacts on other services or partnerships
- ◆ there are financial impacts or it impacts on other key priority strategies
- ◆ there are impacts of a social or demographic context

- 6.2. Risks from last year's review, as detailed in the report to the Committee on 25 October 2022, were mostly deemed to be still valid. The main changes to the top risks are summarised below:-

- ◆ 5 new risks have been added:-
 - ◆ the Council fails to deliver the outcomes of the Economic Strategy
 - ◆ implications of the Scottish Fire and Rescue Service Unwanted Fire Alarm Signals Policy within the Council's non-domestic estate
 - ◆ failure to comply with or meet the expected standards, scrutiny levels, or improvement as identified by regulatory bodies
 - ◆ third and private sector market capacity. The market has a level of fragility which means that there may be reduced choice to meet demand for services. Providers are potentially unable to sustain their business models, which could result in a deterioration in service standards and provider closures, with the council requiring to source alternative service provision. Examples include private sector care homes, care at home services, nurseries and housing providers
 - ◆ inability to maintain infrastructure, assets and properties in a safe and well-maintained condition due to budget constraints and failure to achieve objectives of asset and property reviews
- ◆ the risk description on 'Funding' has been updated, to highlight that there will be continued pressures, which will require significant change and consideration of

risk appetite, if we are required to manage services and demand with a diminishing resource

- ◆ the 'National Care Service Bill' risk has reduced from 16 to 12 given the lack of development at present, with the deadline for debating the Bill now delayed until next year. It has also recently been reported that an agreement has now been reached that means National Care Service staff will continue to be employed by councils, rather than transferring to new care boards. Councils will also be responsible for buildings and the delivery of services. This agreement significantly alters the risk and uncertainty faced previously
- ◆ the risk score for 'refugee resettlement and the asylum seeker dispersal programmes' has increased from 12 to 16, to reflect the difficulties faced by the council in managing the risk. This has been exacerbated by demands from other high need groups including homeless households. Whilst new arrival numbers have reduced over recent months, future demand is difficult to predict
- ◆ the 'Public Protection' risk score has increased from 12 to 16 to reflect capacity issues and local workforce supply challenges; and increased levels of service disruption to the Community Alarms service
- ◆ IT developments and functionality – no change to the overarching top risk, however, there are three significant IT projects which continue to be progressed at present for the Integrated Housing Management System, the SWIS+ replacement and Fusion. Appropriate arrangements are in place to record and manage risks for each of these projects
- ◆ adverse weather risk has been updated to cover potential damage to Council properties and housing stock from weather related events
- ◆ the 'health, safety and wellbeing of employees' risk card removes reference to the increased requirements due to the pandemic
- ◆ whilst there has been no change to the 'Community Wealth Building Strategy' risk, an update of the Community Wealth Building risk register will be undertaken during 2023/2024

6.3. The Council's top risk register is monitored on an ongoing basis and updates are reported annually to this Committee. Risk scores and rankings may be amended if new information comes to light that allows the position to be reassessed.

6.4. As a result of the above changes and taking account of the revision of risk scores, the top risk register for 2023/2024 is attached at Appendix 2.

7. Horizon scanning

7.1. Through wider analysis, several areas that could pose potential threats and risks or are emerging issues and opportunities that could affect the Council were identified. Areas identified are listed below:-

- ◆ COVID-19 National Inquiry
A public inquiry into the handling of Coronavirus (COVID-19) in Scotland commenced late July 2023. It is envisaged that as the Inquiry progresses, the Council will receive a number of Section 21 notices, which will be time intensive in responding to.
- ◆ Martyn's Law
On 19th December 2022, the UK Government announced details of draft legislation called 'Protect Duty.' It followed the tragic events of the Manchester arena terrorist attack in which 21 people sadly lost their lives. This legislation has become known as Martyn's law, in tribute of Martyn Hett, who was amongst the 21 victims.

The aim of Protect Duty is to create and implement measures to increase public safety at certain venues, defined as publicly accessible locations. This is intended to improve protective security at public venues by bringing about overall awareness of terrorism, delaying attackers progress and assisting the emergency services.

- ◆ Health and Care (Staffing) Act 2019 (Effective from 1 April 2024)
The Act places duties on health boards and care providers to ensure services have a suitably qualified and competent workforce, a range of professional disciplines, and appropriate staffing levels that will deliver high quality care to support the health, wellbeing and safety of people using services.

The Act was passed by Parliament in 2019 but implementation was paused due to the pandemic. All the provisions within the Act will come into force at a time when providers are facing recognised national and local workforce supply challenges, along with an ageing workforce, recruitment, selection, and retention issues which are impacting on safe staffing levels.

- 7.2. These areas will continue to be monitored to ensure that the council is adequately prepared to respond where required.

8. Three lines model

- 8.1. A model has been developed by the Institute of Internal Auditors which aims to provide assurance of the adequacy of control measures that are in place for strategic risks.
- 8.2. The intention of the model is to ensure that top risks are mitigated through 'three lines of defence', which are:-

Line 1 – Control by operational management

Line 2 – Control and compliance by functions that have an oversight role (for example Risk Management)

Line 3 – Independent assurance

- 8.3. A process to categorise controls that mitigate top risks using the 'three lines of defence' model was ongoing throughout 2022/2023 and will now conclude in 2023/2024.
- 8.4. The current process of review is sufficiently robust to both identity risks and the controls that mitigate but further analysis of the controls, using this model, aims to highlight any residual gaps and identify whether control descriptions need amendment to clearly link these to the mitigation of the risk. The development of this model will assist with the management of the Council's strategic risks and inform the assurance mapping exercise that forms part of annual audit planning process.

9. Scope and appetite for risk

- 9.1. The Council aims to be risk embracing, that is it will accept a tolerable level of risk in seeking service efficiencies and in agreeing control measures.
- 9.2. The level of risk facing the Council is measured both before (inherent risk) and after (residual risk) consideration of controls. The council should never carry a very high residual risk exposure as this would indicate instability, but a low residual risk exposure should also be avoided as this indicates lack of innovation.
- 9.3. The Council's universal risk tolerance levels were updated as part of the review of the risk management strategy last year, with the ideal risk profile defined as:-

- ◆ No more than 10 per cent of residual risks at a very high level
- ◆ No more than 15 per cent of risks at a high level
- ◆ Around 50 to 60 per cent of residual risks at a medium level
- ◆ No more than 30 per cent of residual risks at a low level

9.4. Table 2 below shows the top risks heat map, i.e., it details the total number of risks for each individual risk score. Table 3 below notes the overall risk profile for the top risks.

Table 2 – Top risks heat map

Likelihood	5 Almost certain				3	
	4 Likely			3	6	
	3 Possible			5	5	1
	2 Unlikely				3	
	1 Rare					
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
		Impact				

Table 3 –Top risks risk profile

Risk category	Risk rating	Number of risks	Percentage of risks
1	Very high	10	38.5%
2	High	16	61.5%
3	Medium	0	-
4	Low	0	-

9.5. Despite the fact that the profile noted in Table 3 is out with the ideal universal risk exposure defined by the Risk Management Strategy, this risk exposure is reasonable as these are the highest level risks currently being faced by the Council.

9.6. The main changes to the risk profile from last year are:-

- ◆ 2 new very high risks have been added to the top risk register, “Failure to comply with or meet the expected standards, scrutiny levels, or improvement as identified by regulatory bodies”; and “Changes in the response to automatic fire alarms by the Scottish Fire and Rescue Service (SFRS) within the Council’s non-domestic estate”
- ◆ 3 new high risks have been added to the top risk register, “The Council fails to deliver the outcomes of the Economic Strategy”, “Third and private sector market capacity”, and “Inability to maintain infrastructure, assets and properties in a safe and well-maintained condition due to budget constraints and failure to achieve objectives of asset and property reviews”
- ◆ 3 risks have moved from being high up to very high, “The Council fails meet statutory and legislative duties in respect of public protection”; “The Council does not fully deliver the strategic outcomes required of the Integration Joint Board (IJB) as outlined in their Strategic Commissioning Plan”; and “Inability of the Council to effectively balance the provision of accommodation and support to households who arrive in South Lanarkshire as part of refugee resettlement and the asylum seeker dispersal programmes, including those for unaccompanied children, whilst also meeting demands from other high need groups including homeless household”

- ♦ one risk has moved from being very high down to high, “The Council is materially affected by the implications arising from the National Care Service Bill”.

9.7. The number of very high risks has increased from 6 to 10 from last year, with the vast majority of risks on the top risk register remaining in the high bracket. There are currently 16 risks scored at this level, 2 more than last year.

10. Employee Implications

10.1. There are no direct employee implications relative to this report. There are proposed risks which are classified under the heading of employee. Where this is the case the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

11. Financial Implications

11.1. There are no direct financial implications associated with the council's top risks. There are a number of proposed risks which are classified under the heading of financial. Where this is the case, the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

12. Climate Change, Sustainability and Environmental Implications

12.1. There are no direct implications associated with the council's top risks. There are a number of proposed risks which are classified under the heading of Environmental. Where this is the case, the appropriate controls and actions have been included in the risk control cards and progress will be monitored.

12.2. Sustainable development issues are included within the council's top risk register as a standalone top risk and also through risks being linked directly to the council plan outcomes 'Caring, connected, sustainable communities' and 'Good quality, suitable and sustainable places to live.'

13. Other Implications

13.1. Failure to demonstrate that risk is actively considered and managed can not only lead to avoidable financial loss but could also adversely affect delivery of services and could affect the council's reputation. The work carried out to identify and review the council's top risks and to determine the risks controls and actions necessary enables the council to manage the impact.

14. Equality Impact Assessment and Consultation Arrangements

14.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

14.2. Consultation has taken place with Heads of Service, Risk Lead Officers, Elected Members, Trade Unions and Resource Risk Sponsors.

Paul Manning

Executive Director (Finance and Corporate Resources)

3 October 2023

Link(s) to Council Values/Priorities/Outcomes

- ♦ Accountable, effective, efficient and transparent

Previous References

- ◆ Risk and Audit Scrutiny Committee – Review of Council's Top Risks/Year End Risk Management Report – 25 October 2022

List of Background Papers

- ◆ Top Risk Control Cards

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Appendix 1 – 2022/2023 compliance with risk management strategic requirements

Key

Score 3= Up to date and in line with requirement

Score 2= Work in progress

Score 1= Needs addressed

Requirement from Risk Management Strategy	Community and Enterprise Resources	Education Resources	Finance and Corporate Resources	Housing and Technical Resources	Social Work Resources
Risk registers are updated on an annual basis, in line with the council's Risk Management Strategy	3	3	3	3	3
Where appropriate, council top risks are adequately reflected in the Resource risk register	3	3	3	3	3
Delivery of Resource risk control actions and control actions for top risks lead by the Resource are progressed.	3	3	3	3	3
The risk register and risk control plan are approved annually by the Resource Management Team	3	3	3	3	3
The risk register is presented for noting; and assurance of delivery of actions is given to the Resource Committee on an annual basis.	3	3	3	3	3
Information held on Figtree reflects the latest Resource Risk Register and Risk Control Plan	3	3	3	3	3
The council's agreed risk profile and risk tolerance level is adopted.	3	3	3	3	3
Risk evaluations are undertaken prior to the commencement of major projects, partnerships and organisational changes	3	3	3	3	3
Formal risk sharing agreements for major partnerships and contracts are in place	3	3	3	3	3
Major decisions are transparent and clearly show the following key elements: <ul style="list-style-type: none"> • Full cost over life of proposal; • Funding source; • Savings or efficiencies; • Other benefits; • Associated risks and how they will be managed. 	3	3	3	3	3
Elected members are kept informed of risks by using the "Other Implications" section of the Committee report template. This section should include: <ul style="list-style-type: none"> • The risks involved with the report's recommendations; • The potential positive and negative consequences; • How these risks are currently being managed (existing controls) or how they will be managed going forward (additional actions); • Link to risks on the council's top risk register. 	3	3	3	3	3
Assurance is gained from contractors and sub-contractors, in line with procurement processes, of their adoption of recommended risk management practices, particularly that adequate insurance cover, safe health and safety practices, and equalities, sustainable development, business continuity and scrutiny procedures are in place.	3	3	3	3	3
Regular Resource Risk Management Group meetings (or alternative where risk management is a standing agenda item).	3	3	3	3	3
Liaison with Service Planners to ensure that risks associated with council and Resource plans are identified and assessed; and that appropriate plans are put in place to manage these risks.	3	3	3	3	3
Management of insurance hotspots and required mitigating actions	3	3	3	3	3
Total	45	45	45	45	45
Percentage compliance	100%	100%	100%	100%	100%

Appendix 2 – Council top risk register 2023/2024

Risk Category	Key risk	Inherent Risk Score	Residual Risk Score	Controls (Good, adequate, poor)
1 Very High (15-25)	Reduction in external funding and fees/income received by the Council, as well as the increased demand for services and increased cost of services including impact of price increases and inflation, results in increasing budget gaps.	25	20	Adequate
	The Council is unable to support households most impacted by the cost-of-living crisis resulting in increasing levels of poverty, debt, and damage to health	25	20	Adequate
	Failure to comply with or meet the expected standards, scrutiny levels, or improvement as identified by regulatory bodies *	25	20	Adequate
	Implications of the Scottish Fire and Rescue Service (SFRS) Unwanted Fire Alarm Signals Policy within the Council's non-domestic estate *	25	16	Adequate
	The Council fails meet statutory and legislative duties in respect of public protection	20	16	Good
	The Council does not fully deliver the strategic outcomes required of the IJB as outlined in their Strategic Commissioning Plan	20	16	Good
	The provision of council services is disrupted because of industrial action	20	16	Adequate
	Inability of the Council to effectively balance the provision of accommodation and support to households who arrive in South Lanarkshire as part of refugee resettlement and the asylum seeker dispersal programmes, including those for unaccompanied children, whilst also meeting demands from other high need groups including homeless household	20	16	Good
	The Council fails to deliver the objectives of the Community Wealth Building Strategy	20	16	Good
	Inability to meet sustainable development and climate change objectives and timescales in such a way to support a fair and just transition	20	15	Good
2 High (8-12)	Failure to fulfil emergency response commitments befitting the Council's status as a Category One (emergency) responder	25	12	Adequate
	Third and private sector market capacity. The market has a level of fragility which means that there may be reduced choice to meet demand for services. Providers are potentially unable to sustain their business models, which could result in a deterioration in service standards and provider closures, with the Council requiring to source alternative service provision. *	25	12	Good
	The Council does not have the appropriate emergency/business continuity plans; contingency	25	12	Good

	arrangements or partnerships in place to respond to/or recover from a pandemic/endemic event.			
	Procurement activity is affected by supply chain issues; a lack of resources; non-compliance or legal challenge	25	12	Good
	Fraud, theft, organised crime and cyber attacks	20	12	Adequate
	Information governance not subject to adequate control	20	12	Adequate
	Historic childhood abuse	16	12	Good
	The Council is materially affected by the implications arising from the National Care Service Bill	16	12	Adequate
	IT development and functionality does not support service delivery to secure efficiencies	20	9	Adequate
	Lack of capacity and skills to meet increased service demands	20	9	Good
	Inability to maintain infrastructure, assets and properties in a safe and well-maintained condition due to budget constraints and failure to achieve objectives of asset and property reviews. *	16	9	Good
	Increasing levels of adverse weather	16	9	Good
	The Council fails to deliver the outcomes of the Economic Strategy *	12	9	Adequate
	Failure to ensure the health, safety and wellbeing of employees and the protection of service users and members of the public in the delivery of council services	20	8	Good
	Failure to achieve the outcomes of the Community Plan	20	8	Adequate
	Failure to achieve the outcomes of the Council Plan	16	8	Adequate

“*” indicates new risk added this year

Report

9

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	31 October 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Audit Scotland Report: Local Government in Scotland Overview 2023
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the Risk and Audit Scrutiny Committee with a summary of the Audit Scotland Report 'Local Government in Scotland: Overview 2023' published in May 2023

2. Recommendation(s)

2.1. The Committee is asked to note the following recommendation(s):-

- (1) that the key messages and recommendations within the report be noted.

3. Background

3.1. In May 2023, Audit Scotland published the above report on behalf of the Accounts Commission. This 'overview' report is prepared each year and covers key areas of current and future activity relative to local government and an opinion on how these are or should be managed.

3.2. The latest Local Government Overview (LGO) is the third (and final) report in a series reflecting on the impact of the COVID-19 pandemic. The 2021 and 2022 reports considered the initial response phase of the pandemic and the second year of the pandemic respectively.

3.3. The latest Local Government Overview builds on the work and examines:-

- ♦ how has the pandemic affected councils and their performance?
- ♦ what are the current and future challenges facing local government?
- ♦ how well placed are councils to deal with the current and future challenges?

3.4. This report provides a summary of the Local Government in Scotland Overview document along with a council position in relation to the recommendations within the LGO.

4. Key Messages

4.1. The Accounts Commission identifies 5 key messages arising from their analysis:-

- ♦ **Finances and resources.** Budget constraints and increasing cost pressures are putting councils' finances under severe strain. An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to

help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need. Councils have had to make significant savings to balance their budgets. Increasingly difficult choices about spending priorities and service provision are having to be made.

- ◆ **Community needs and inequalities.** The pandemic has affected performance across all service areas. There are signs of growing backlogs and declining performance in some service areas. Councils have a clear focus on tackling inequalities but the extent and impact of needs not being met is unclear. Some communities are facing crisis, with persistently high levels of poverty and increasing financial hardship putting additional pressure on services, at a time when councils have less capacity to support them.
- ◆ **Collaboration.** The scale of the challenges ahead means that radical change is needed. It is only by working more collaboratively that councils and their local partners, communities and the third sector will be able to provide sustainable local services and deliver a significant programme of national reform to tackle issues such as climate change, child poverty and inequalities. The pandemic demonstrated the benefits of partnership working and shared local goals. This needs to continue. Few councils provide services jointly or share professional support services. Many councils engage well with communities and local partners to better understand local priorities and needs. Now councils must better involve service users and communities, including those with lived experience, as they redesign services.
- ◆ **Leadership.** Leaders must think radically and make fundamental changes to how councils operate in future, building on the collaborative and innovative ways of working many demonstrated during the pandemic. Leaders need to be open with their staff, communities and local partners about the difficult decisions ahead and be clear about how change will be achieved. The level of volatility, uncertainty (such as plans for a national care service) and immediate financial pressures make planning and delivering sustainable change more difficult. Ineffective leadership and high turnover identified at several councils, alongside tensions with central government present risks to their ability to make fundamental changes at the pace needed.
- ◆ **Workforce.** Increasing workforce challenges, including a competitive labour market and high sickness absence levels, are putting councils under continued pressure. Councils need to innovate by developing the skills and building on the agility, flexibility and joint working demonstrated during the pandemic to make best use of their existing workforce. Wellbeing initiatives must continue and councils should monitor the impact of new ways of working such as hybrid working on both performance levels and staff wellbeing.

- 4.2. Summing this up, the Overview report states: “Councils have never faced such a challenging situation, with demand and workforce pressures deepening after the COVID-19 pandemic and funding forecast to reduce in real terms. Radical change, achieved through greater collaboration, is urgently needed if councils are to maintain services.”

5. Key Themes and Messages

- 5.1. The report is structured around three main topics:-

- ◆ the impact of the pandemic on councils’ performance
- ◆ what are the current challenges facing local government?
- ◆ how are councils responding?

5.2. The impact of the pandemic on councils' performance.

- ◆ Service performance was beginning to stall before the pandemic as a result of long-term reductions in funding and wider pressures. The pandemic has affected performance across all service areas. Some services are showing signs of recovery, but there are also signs of growing backlogs, declining performance in some areas and services at capacity. The extent and impact of needs not being met is not clear.
- ◆ The pandemic has adversely impacted performance across all service areas and there are signs of growing backlogs, declining performance in some areas and services at capacity.
- ◆ Given the service demand and cost pressures facing councils it is unlikely that they will be able to maintain performance across all of the services they currently provide without radical change.
- ◆ Councils will need to make difficult choices about what their service and performance priorities are. Strengthening the use of data and consulting and involving communities, especially the experience of service users, will be critical to informing these decisions.

5.3. What are the current challenges facing local government?

- ◆ Councils are operating in an increasingly volatile and uncertain landscape, as pressures increase after COVID-19 and funding is forecast to be reduced in real terms. Some communities are facing crisis, with increasing poverty and financial hardship putting additional pressure on services at a time when councils have less capacity to support them.
- ◆ Changing demographics, the pandemic and the cost-of-living crisis increase pressure on council services and people already experiencing inequality are most affected.
- ◆ Councils are managing an increasing programme of national reform, including plans for a national care service, which comes with substantial funding implications and increased uncertainty.
- ◆ Although local government agrees that reform is necessary, it disagrees that centralising services and structural reform will achieve the improvements needed. While the Scottish Government wants consistency of service across the country, stakeholders have raised concerns about the scale of reform and the time it will take to implement it.
- ◆ Increasing workforce challenges such as recruitment difficulties and high sickness absence levels are putting councils under continued pressure.
- ◆ While many councils demonstrated strong collaborative leadership during the pandemic, ineffective leadership and high levels of change in senior officers identified at several councils present a risk.

5.4. How are councils responding?

- ◆ Councils must focus urgently on solutions that will deliver a sustainable future for local government.
- ◆ Councils need to balance immediate financial pressures with planning for and delivering long-term sustainable services.
- ◆ Leaders need to invest time and capacity into thinking radically about their councils' future operating model, how it will be achieved and be open with communities and staff.
- ◆ Councils need to collaborate with communities, other councils and the wider public sector to tackle the challenges.

- ◆ Workforce planning must improve so that councils have the staff, skills and leaders needed to bring about change and create a resilient workforce for the future.
- ◆ Councils have a clear focus on tackling inequalities and strengthening the use of data will help them to better understand community needs and focus fundamental change on improving long-term outcomes.

5.5. The report's **recommendations** are shown below, with an assessment of the Council's position and any action considered necessary.

Recommendation	South Lanarkshire Council position and action proposed if required
<p>Finances and Resources</p> <p>Councils need to set out medium- to long-term financial plans that detail:</p> <ul style="list-style-type: none"> • how they will make recurring savings and reduce reliance on reserves to fill budget gaps • how council resources are targeted to achieve their long-term policy and performance priorities. 	<p>The Council produced budget strategies that point towards the medium-term budget plans and includes estimates for budget gaps.</p> <p>Reliance on reserves has been explicitly covered in recent years budget papers. Recurring savings have been identified in the following year to cover using one off monies.</p> <p>Budget papers highlight where funding is provided for priority areas. In an environment where budget gaps are significant, the ability to invest more funds is limited.</p>
<p>Community needs and inequalities</p> <ul style="list-style-type: none"> • Councils should be more transparent with the public about scale of service demand, the extent of backlogs and changes to eligibility criteria necessary to ration access to services and any impact this has on unmet need. • Councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources. This includes equalities data, and learning from those with lived experience. 	<p>Language used in committee reports and public communications has increasingly reflected issues being faced. Also our engagement exercises – example: Community engagement programme associated with the Local Governance Review includes information on the financial situation and impact on services.</p> <p>Work has been completed to align data and intelligence to the outcomes within the Council Plan, Connect, and this is reflected in the configuration of our online tools for analysing data on South Lanarkshire and local areas. Further work is underway to define the contents and functionality of a data dashboard which would bring together multiple streams of data under the Council Plan outcomes. This would include performance information (such as Local Government Benchmarking Framework (LGBF)); socio-demographic data (such as SIMD, census outputs); qualitative data such as</p>

Recommendation	South Lanarkshire Council position and action proposed if required
	case studies and findings from consultation and engagement.
<p>Collaboration Councils need to maximise the potential of collaboration by demonstrating they are:</p> <ul style="list-style-type: none"> • working with other councils, the wider public sector and the third sector to redesign and provide services • involving service users and local communities in the redesign of services. 	<p>Participation through Heads of HR (CoSLA) and related working groups, and Society of Personnel and Development Scotland (SPDS) to contribute to national discussion. Participation in Scottish Government working groups, for example, Fair Work, Effective Voice etc.</p> <p>We are developing shared priorities with local residents through neighbourhood planning processes and community partnerships. The on-going engagement work required to develop and deliver these continues to be invested in and we are also involving communities in mainstream and grant based participatory budgeting exercises. Individual services are undertaking engagement across a range of service areas to inform the design of strategies and future plans.</p>
<p>Leadership Councils' leaders need to invest time and capacity in thinking radically about their future operating model, and:-</p> <ul style="list-style-type: none"> • be open and clear with communities and staff about the need for change, what that means for future service delivery and involve communities in making difficult decisions • set out a clear vision for their long-term policy and performance priorities, and how it will be delivered and monitored • work with the Scottish Government to rebuild an effective relationship. 	<p>Public consultation exercises reflect the need for efficiencies and change, notably Budget engagement in 2022/2023 and this will be repeated in 2023/2024. Also, Local Governance Review (LGR) exercise noted previously is in large part about involving communities in Shared Decision Making. Staff receive regular updates through personnel circulars and the Chief Executive's weekly blog.</p> <p>The Council's long-term policy and performance priorities are set out in the Council Plan, Connect, and are reflected in other key strategic documents including the Community Plan, the Economic Strategy, Climate Change and Sustainable Development Strategy and the Community Wealth Building (CWB) Strategy. Delivery of the Council Plan is achieved through actions within annual Resource Plans and actions plans</p>

Recommendation	South Lanarkshire Council position and action proposed if required
	associated with specific strategies (e.g., CWB action plan). The Council's Improve system is used to monitor progress against Resource Plans, Connect and key strategies – reported to elected members at Q2 and Q4 each year.
<p>Workforce</p> <p>Councils need to improve workforce planning to effectively develop and deploy their existing workforce. This includes:-</p> <ul style="list-style-type: none"> • building the capacity, skills, strategic thinking and comprehensive workforce data needed for effective workforce planning • updating workforce plans to reflect new models of service delivery and ways of working, including how they are: <ul style="list-style-type: none"> – identifying and addressing skills gaps, at operational and leadership levels – making best use of their existing workforce by collaborating with partners to overcome recruitment challenges – planning for the skills needed to deliver future services, focusing on collaborative and flexible working, including working with the higher education sector to plan and develop skills for the roles needed. 	<p>Workforce Plans developed for each Resource and approved at Committee Sept 2022 and Council wide workforce plan approved by Executive Committee in November 2022. Any emerging issues or developments are reported through Resource Management Teams (RMT), Corporate Management Team (CMT) and Resource Committees.</p> <p>Links with Scottish Government, SPDS and CoSLA.</p>

- 5.6. To accompany the Local Government Overview, the Accounts Commission has prepared a checklist of questions for Elected Members to consider. The questions cover much the same ground as the recommendations shown at 5.5 above. The checklist is attached at Appendix 1 to this report. To aid scrutiny of these questions, officers of the Council have supplied a narrative response to the items in the checklist for members' consideration.

6. Employee Implications

- 6.1. There are no direct employee implications.

7. Financial Implications

- 7.1. There are no direct financial implications.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

9. Other Implications

- 9.1. Considering the detail of the report and identifying actions as appropriate contribute towards effective risk management.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

- 10.2. There is no requirement for consultation on the content of the report.

Paul Manning

Executive Director (Finance and Corporate Resources)

15 September 2023

Link(s) to Council Values/Priorities/Outcomes

- ♦ Ambitious, self-aware and improving

Previous References

- ♦ None

List of Background Papers

- ♦ Audit Scotland Report 'Local Government in Scotland: Overview 2023'

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Tom Little, Head of Communications and Strategy

Ext:- 4904 (Tel: 01698 454904)

E-mail:- Tom.Little@southlanarkshire.gov.uk

Finances and Resources

Questions for elected members to consider	Suggested answer
<p>1. Has my council developed clear and robust medium to long-term financial plans? Do these plans outline how:</p> <ul style="list-style-type: none"> • recurring savings will be delivered • the reliance on reserves to fill budget gaps will be reduced • council resources are aligned towards delivering long-term policy and performance priorities 	<p>The council produced Budget strategies that point towards the medium-term budget plans and includes estimates for budget gaps.</p> <p>Reliance on reserves has been explicitly covered in recent years budget papers. Recurring savings have been identified in the following year to cover using one off monies.</p> <p>Budget papers highlight where funding is provided for priority areas. In an environment where budget gaps are significant, the ability to invest more funds is limited.</p>

Leadership

Questions for elected members to consider	Suggested answer
<p>2. Are we (elected members and senior officials) being open with communities and staff about the need for change and the future direction? Is this information being communicated in a way that is transparent and accessible?</p>	<p>Communities, Elected Members and Council Officers engage in discussion through community networks and forums. Frequent consultation on budgets, services, strategies and more recently local governance, regularly create space for discussions on change and the difficult financial context we're in.</p>
<p>3. Are we (elected members and senior officials) investing time and capacity into thinking radically about the council's future operating model?</p>	<p>Through training and development, access to digital, through committees, forums which cover efficiencies, transformation programmes, budget, workforce planning.</p>
<p>4. Are we (elected members and senior officials) setting out a clear vision for our long-term policy and performance priorities? Does this align to financial plans?</p>	<p>The Council's long-term policy and performance priorities are set out in the Council Plan, Connect, and are reflected in other key strategic documents including the Community Plan, the Economic Strategy, Climate Change and Sustainable Development Strategy and the Community Wealth Building Strategy.</p> <p>Budget papers highlight where funding is provided for priority areas. In an environment where budget</p>

	gaps are significant, the ability to invest more funds is limited.
<p>5. Do I have the leadership skills and knowledge to drive change and deliver priorities? Consider:</p> <ul style="list-style-type: none"> • a focus on strategic issues • partnership working (within council, with communities, with local partners) • data-driven approach to decision-making. Do I have access to training programmes or material for any skills or knowledge gaps I identify? 	<p>Elected members received a full package of induction training following their election to the Council. Ongoing training is available via the Learn on Line online tool and the Improvement Service which also offers coaching for elected members. Regular members awareness sessions are held on all strategic issues.</p> <p>There are Council Leadership and Management Programmes, professional memberships in place.</p> <p>For example, Solace</p> <p>Community Planning Partnership, Reporting and monitoring LGBF, CoSLA reporting, Scottish Government.</p> <p>Health and Wellbeing initiatives, Hybrid Working, supports culture and leadership.</p>

Collaboration

Questions for elected members to consider	Suggested answer
<p>6. How are we (elected members and senior officials) increasing opportunities for communities to influence decisions on local priorities? Do we regularly consult with communities to inform various aspects of decision-making including:-</p> <ul style="list-style-type: none"> • service redesign • identifying strategic priorities • annual budget setting. 	<p>Consultation takes place across the range of strategy development and there is an annual budget consultation. Likewise, service redesign consultations take place as and when they affect a community. Public views are one of the many factors that must be considered by both decision makers and by communities when changes are taking place.</p>
<p>7. How well is my council collaborating with local partners, communities and the third sector to address the challenges faced in the planning and delivery of services?</p>	<p>The Community Planning Partnership's Annual report demonstrates that the Council and its partners collaborate well together to improve outcomes for South Lanarkshire. It likewise provides us with the vehicle to address issues of mutual concern as new ones arise. It has both an improvement and a risk plan.</p>

8. Are we working closely enough with other councils to maximise efficiencies and help manage recruitment issues. For example, do we have any shared services or shared professional services?	<p>Participation in national working groups and through SPDS working groups on workforce planning, employment law, pensions etc. These professional discussion support ongoing professional development.</p> <p>Lanarkshire Care Academy has a recruitment and retention workstream. The Council are members of Lanarkshire Firm Base. Lanarkshire Firm Base was created in partnership with North and South Lanarkshire Council's following a request by the Royal Regiment of Scotland for an Armed Forces Covenant to be established.</p>
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Workforce

Questions for elected members to consider	Suggested answer
<p>9. Does my council have detailed corporate and service workforce planning in place? Have these plans been updated to:</p> <ul style="list-style-type: none"> • reflect the changing nature of services the council provides • ensure the delivery of long term priorities • address specific skill shortages to build a resilient workforce for the future • consider the impact of an ageing workforce, succession planning and skills development, including leadership skills development? 	<p>Workforce Plans developed for each Resource and approved at Committee September 2022 and Council wide workforce plan approved by the Executive Committee in November 2022. Any emerging issues or developments are reported through Resource Management Teams, Corporate Management Team and Resource Committees.</p> <p>Links with Scottish Government, SPDS and CoSLA.</p> <p>In addition profiling of the workforce and data analysis forms part of the workforce planning approach.</p>
<p>10. How is my council making best use of the existing workforce in collaboration with partners to overcome recruitment, capacity and skills challenges? What innovative approaches are they using? Consider:</p> <ul style="list-style-type: none"> • is my council working with the further and tertiary education sectors to plan for and develop skills for the roles needed (in the short and longer term)? 	<p>Workforce Plans also cover this and involvement in national groups CoSLA, Scottish Government and Scottish Negotiating Committee for Teachers.</p>
11. Am I assured that my council is monitoring staff wellbeing and putting	Maximising Attendance working group will identify any areas of

initiatives in place to address any concerns?	<p>concerns and put steps in place to address.</p> <p>Promotion of employee wellbeing initiatives (for example, mindfulness, full annual calendar or events).</p> <p>Personnel Teams and Managers work closely together to maximise capacity and support to workforce.</p>
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Community needs and inequalities

Questions for elected members to consider	Suggested answer
12. Am I engaging with local communities to communicate the impact of changes on services and the local area? Am I clear on the areas communities would like to prioritise and how am I managing these expectations given the complex challenges the Council are facing?	Neighbourhood planning, community partnerships, community asset transfers and participatory budgeting processes are taking place in South Lanarkshire, demonstrating the changes are happening and the community is participating in the future direction. Elected members are supporting this change through Investment Funding for communities to participate in the change and providing encouragement and practical support in some cases.

Report

10

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	31 October 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Forward Programme for Future Meetings
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise members of the forward programme for the meetings of the Risk and Audit Scrutiny Committee to 19 November 2024
- ◆ invite members to suggest topics for inclusion in the Committee's forward programme

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the report and the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 19 November 2024, attached as an Appendix to the report, be noted.

3. Background

3.1. As part of a range of improvement measures introduced as a result of Audit Scotland's report on the Audit of Best Value and Community Planning (2009), an Action Plan was prepared. One of the actions was to include, as a standard agenda item, a list of items proposed for consideration at subsequent meetings of this Committee to provide an opportunity for members to inform future agendas. The outline forward programme to 19 November 2024 is attached, for members' information, as an Appendix to the report.

4. Employee Implications

4.1. There are no employee implications.

5. Financial Implications

5.1. There are no financial implications.

6. Climate Change, Sustainability and Environmental Implications

6.1. There are no Climate Change, Sustainability or Environmental implications in terms of the information contained within this report.

7. Other Implications

7.1. There are no risk implications in terms of the information contained within this report.

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. The report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 8.2. There was no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

6 October 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee 8 July 2009

List of Background Papers

- ◆ Audit Scotland Audit of Best Value and Community Planning

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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APPENDIX – RASC OUTLINE FORWARD PROGRAMME

Meeting Date	Item	Responsibility
30 January 2024	Internal Audit Activity Report	Audit and Compliance Manager
	Performance and Review Scrutiny Forum Annual Update	Head of Communications and Strategy
	Fraud Statistics Six Monthly Update 2023/2024	Audit and Compliance Manager
26 March 2024	Good Governance Update	Head of Administration and Legal Services
	Internal Audit Activity Report	Audit and Compliance Manager
	2022 NFI Exercise	Audit and Compliance Manager
	2024/2025 Internal Audit Plan	Audit and Compliance Manager
25 June 2024	Internal Audit Assurance Report 2023/2024	Audit and Compliance Manager
	Annual Governance Statement for 2023/2024 and Significant Governance Areas Quarter 4 Progress Report	Head of Administration and Legal Services
	Unaudited Annual Accounts 2023/2024	Head of Finance (Strategy)
	Interim Management Report	External Audit
	Internal Audit Activity Report	Audit and Compliance Manager
	Audit Scotland – Financial Bulletin 2022/2023	Head of Finance (Strategy)
	Financial Resources Scrutiny Forum Activity	Head of Finance (Strategy)
24 September 2024	External Auditor's Annual Report to South Lanarkshire Council 2023/2024	External Audit
	Audited Annual Accounts 2023/2024	Head of Finance (Strategy)

	Internal Audit Activity Report	Audit and Compliance Manager
	Year End Insured Risks Report 2023/2024	Head of Finance (Transactions)
	Fraud Statistics Annual Report 2023/2024	Audit and Compliance Manager
19 November 2024	Internal Audit Activity Report	Audit and Compliance Manager
	Year End Risk Management Report 2023/2024 and Review of Council's Top Risks 2024/2025	Head of Finance (Transactions)
	Audit Scotland Report – Local Government in Scotland 2023	Head of Communications and Strategy

N.B:-. Audit Scotland national studies and reviews will appear as a recurring item but the frequency and subject matter will vary according to their programme.