

REPORT TO: Audit and Governance Committee

MEETING DATE: 18 September 2012

BY: Chief Executive

SUBJECT: Assurance and Improvement Plan Update 2012-2015

1 PURPOSE

- 1.1 To inform Audit and Governance Committee of the Assurance and Improvement Plan Update 2012-2015 provided by Audit Scotland.

2 RECOMMENDATIONS

- 2.1 Committee is asked to welcome the Assurance and Improvement Plan Update 2012-15 and to note that the Chief Executive will keep the Council updated on any on-going monitoring of Areas of Uncertainty (see para 3.12) by the Auditor and Local Area Network.

3 BACKGROUND

- 3.1 Audit Scotland works closely with other local government inspectorates in a Local Area Network (LAN) of local audit and inspection representatives. The LANs undertake a shared risk assessment process for all 32 local authorities, to identify targeted, risk-based scrutiny. This process results in each council receiving an Assurance and Improvement Plan each year which sets out the scrutiny activity that the council can expect to take place over a rolling three-year period. The first Assurance and Improvement Plan, which were published in July 2010, covered the period from April 2010 to March 2013; the second Assurance and Improvement Plans for the period April 2011 – March 2012 were published in May 2011. The next and current Assurance and Improvement Plan, covering April 2012 to March 2015, was published in May 2012.
- 3.2 The update process which began in November 2011 drew on evidence from various sources, including:

- The annual report to the Controller of Audit and elected members for 2010/11 from the council's appointed external auditors.
 - The council's own performance data, discussion with senior council officers and the council's self-evaluation evidence.
 - Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).
- 3.3 Based on this review, the LAN has produced the Assurance and Improvement Plan Update 2012-15 which it considers reflects an appropriate level of scrutiny based on the risks identified.
- 3.4 The narrative to the plan includes a summary of any areas where risk assessments have changed since the last Assurance and Improvement Plan together with the impact on the scrutiny plan. It also includes an assessment of areas of on-going risks and uncertainties as against national risk priorities identified by the Scottish Government. Lastly, it includes a review of planned audit and inspection activity 2012-2015.
- 3.5 The key conclusion of the Assurance and Improvement Plan is that *"there are no significant concerns about East Lothian Council's overall performance. The LAN recognises the council's ongoing commitment to continuous improvement and self-evaluation. There is a clear vision and direction for the work of the council and a number of improvement activities are already underway and progressing well."*
- 3.6 The possibility of a full Best Value Audit was identified in the first Assurance and Improvement Plan of 2010. This was to focus on scrutiny risk areas, particularly in Corporate Services. However, the Annual Audit over the last two years has identified that the council has made effective progress on many areas within Corporate Services. This meant that the Best Value Audit was not held in 2011 and the scrutiny plan presented in the Assurance and Improvement Plan Update 2012-2015 does not include any plans to carry out a Best Value Audit.
- 3.7 The Assurance and Improvement Plan recognises the work that has been done to embed self-evaluation across the Council through the use of the *How Good is our Council?* framework and that the Council continues to build management expertise and capacity through its 'Challenge for Change' programme. The Assurance and Improvement Plan concludes that there continues to be very strong commitment from officers and members to improving the work of the council although there remains the need to develop a common approach to challenge and improvement.
- 3.8 Significantly the LAN found *No Significant Risks* related to the three national risk priorities that have been applied to all 32 councils.
- *The protection and welfare of vulnerable people (children and adults) including access to opportunities: The council is strongly committed to the protection and welfare of vulnerable people.*

- *Assuring public money is being used properly: The council is making good progress and continues to ensure that improving use of resources is at the core of their work.*
 - *How councils are responding to the challenging financial environment: East Lothian Council will face significant financial challenges over the next three years. The council recognises the challenging financial environment it is facing. It has responded positively by setting a three year budget that it believes is sustainable and also by continuing to increase its financial reserves over the last three years.*
- 3.9 The Assurance and Improvement Plan considers 38 areas of scrutiny risk assessment specific to East Lothian Council. Each area is given one of three risk assessments, in descending order of risk: Operational Scrutiny Risk; Area of Uncertainty; No Significant Risk.
- 3.10 The 2011 Assurance and Improvement plan assessed 5 of these areas as being areas with Operational Scrutiny Risk; 3 were assessed as Areas of Uncertainty; and, 30 were given a No Significant Risk status.
- 3.11 The 2012-2015 Update has assessed 0 areas as being areas of Operational Scrutiny Risk; 3 areas as Areas of Uncertainty; and the remaining 35 areas were given a No Significant Risk status.
- 3.12 The three Areas of Uncertainty identified in the Update are:
- Corporate Services
 - Challenge and improvement
 - Use of resources – asset management.
- 3.13 These three areas will be the focus of ongoing monitoring by the Auditor and the LAN.

4 POLICY IMPLICATIONS

- 4.1 The Assurance and Improvement Plan Update 2012-15 provides the Council with the LAN's assessment of areas of risk that will be subject to specific scrutiny activity. It recognises the Council's on-going commitment to continuous improvement and developing self-evaluation. The Assurance and Improvement Plan Update provides the Council with an indication of areas where the Local Area Network expects improvement work to be targeted in order to meet the identified risks. It will assist in service planning and in supporting the development and implementation of the Council's Improvement Framework.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – none
6.2 Personnel – none
6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 East Lothian Council, Assurance and improvement Plan Update 2012-15
7.2 Assurance and Improvement Plan Update 2012-2015; Report to Council, 28th August 2012

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