

**MEETING: 10 SEPTEMBER 2020**

**REPORT BY: SECRETARY TO THE COMMISSION**

**BEST VALUE ASSURANCE REPORT: DUNDEE CITY COUNCIL**

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## **Purpose**

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Dundee City Council.

## **Background**

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached BVAR (Appendix 1) is on Dundee City Council. This is the first BVAR on the Council and reports on the progress made by the Council since previous Best Value reports. The Controller of Audit previously reported to the Accounts Commission on the Council in March 2010 and the Commission's findings were published in [March 2010](#) (set out in Appendix 2).
4. In March 2018, the Controller of Audit reported to the Commission on a significant fraud perpetrated at the Council from 2009 to 2016. The Commission's findings from that report were published in [March 2018](#) (set out in Appendix 3).

## **The Controller of Audit report**

5. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
  - the accounts of local authorities audited under the Act;
  - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
  - the performance by a local authority of their statutory duties in relation to best value and community planning.
7. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.
8. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

## **Procedure**

9. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
  - direct the Controller of Audit to carry out further investigations
  - hold a hearing
  - state its findings.
10. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
11. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
12. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

## **Conclusion**

13. The Commission is invited to:
  - a) consider the Controller of Audit's BVAR on Dundee City Council; and
  - b) decide in private how it wishes to proceed.

**Paul Reilly**  
**Secretary to the Commission**  
**1 September 2020**

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See separate paper.

**BEST VALUE 2 PATHFINDER AUDIT – DUNDEE CITY COUNCIL:  
COMMISSION FINDINGS****MARCH 2010**

1. The Accounts Commission accepts this report from the Controller of Audit on Dundee City Council's performance of its statutory duties on Best Value and Community Planning. The Commission accepts the Controller of Audit's judgements that, in respect of these duties, the council needs to improve more quickly and has fair prospects for future improvement.
2. The Commission gratefully acknowledges the co-operation provided to the audit team by the leader, elected members, chief executive and other officers of the council and its community planning partners, in particular for their constructive approach to being a Pathfinder Best Value 2 area. The Commission also gratefully acknowledges that this report arises from work conducted in close co-operation with colleagues from local government inspectorates.
3. Dundee faces significant demographic, economic and social challenges. The council and its partners have a clear and ambitious vision which is rooted in the needs of the local community. They are making progress against these clear objectives.
4. There are effective working relationships between community planning partners within the council area, which is having a positive impact on the quality of services. Elected members, however, need to increase their leadership of community planning at a strategic level.
5. The Commission welcomes evidence of general improvement in overall service performance since the original Best Value audit in 2005 – for example, in tackling poor educational attainment, improving council tax collection, reducing crime and promoting broader economic development. There has also been an increase in citizen satisfaction levels.
6. There have been significant concerns about some important service areas, particularly housing and child protection services. The Commission acknowledges that these have been subject to reports by the relevant inspectorates, and recognises that the council and its partners are addressing these issues as a matter of priority.
7. Where improvement has not been stimulated by external inspection, change has been too slow. There is a significant risk that the recession and tight public finances will affect the council's ability to sustain improvement. An incremental approach to efficiency in the use of resources will not be sufficient to meet future challenges. The council's tight central control of resources and high level of managerial accountability need, therefore, to be matched by a more effective embedding of continuous improvement across the council and continued development of performance management arrangements. This has to be delivered across and for the benefit of the whole council.
8. The council needs to develop more robust use of options appraisal and benchmarking, both internally and externally. It needs to strengthen corporate working to ensure that best practice is identified and shared within the council. It also needs to look outwards for comparison and to consider the scope for alternative approaches.
9. We welcome the positive effect that the recently-appointed chief executive has had on leadership. There are encouraging early signs which we hope will result in significant development of the council's capacity to secure continuous improvement.
10. In our [2005 findings](#) we expressed concern that the arrangement for all elected members to sit on every committee makes the independence of view essential to the scrutiny process difficult, if not impossible, to achieve. We are concerned to note that there has been little progress on this. It is essential that elected members now develop their strategic leadership

and scrutiny of decision-making and performance in order to drive the most efficient and effective delivery of services and attainment of best value.

11. The issues identified in this report will inform the Assurance and Improvement Plan for scrutiny of Dundee City Council for the next three years. We look forward to seeing evidence of continuing development in the council and of improvement in the key areas identified in this report.

**2016/17 AUDIT OF DUNDEE CITY COUNCIL:**  
**REPORT ON A SIGNIFICANT FRAUD: COMMISSION FINDINGS**

**MARCH 2018**

1. The Commission accepts the Controller of Audit's report on a matter arising from the 2016/17 audit of Dundee City Council. The report refers to a significant fraud perpetrated against the council.
2. We note the conclusion of the Controller that failures in fundamental controls within the council allowed this fraud to continue over a prolonged period. We also note the conclusion that appropriate action was taken by management on discovering the fraud and that it continues to try and enhance public confidence by improving its resilience to fraud and corruption.
3. It is important that we, in our role of providing assurance to the public about councils' governance and their custodianship of public money, underline the lessons to be learned by every council from this matter. Councils must ensure that fundamental internal controls are in place and working effectively. Such controls include appropriately segregating duties of those involved in managing controls, ensuring systems reconciliations are carried out, accurate documenting of procedures, and budget monitoring.
4. It is management's responsibility for ensuring that such arrangements are in place and thus help assure elected members and the public that risks are being identified and managed effectively. We expect a council's external auditor to review such procedures and make recommendations where weaknesses are identified. We expect management to act upon and apply recommendations from both external and internal auditors to address potential weaknesses and risks.