

Angus Council

Annual report on the 2011/12 audit



Prepared for Members of Angus Council and the Controller of Audit
October 2012

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

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Key messages

2011/12 audit findings

We have given an unqualified opinion on the financial statements of Angus Council.

In 2011/12, the council spent £393 million on the provision of public services, with £353 million on revenue services and the remainder on its capital programme. In overall terms, all services managed their budgets with all departments achieving surpluses again this year. This enabled the council to return a surplus of £5 million. At 31 March 2012, the general fund balance was £20 million of which unallocated balances amounted to £7.7 million.

The Explanatory Foreword to the council's financial statements include a range of nationally agreed indicators which show that the council can evidence effective financial management of its budget and collection of in-year council tax debt, is maintaining unallocated reserves in excess of its agreed strategy and is managing capital within the constraints of the prudential code.

We concluded that the governance arrangements in place within the council are generally satisfactory. The arrangements have recently been strengthened by the decision to increase the status of the Scrutiny and Audit Sub-committee to a full Scrutiny and Audit Committee.

The council is engaged in an ambitious programme of technical ICT change which will support the 'agile working' initiative to streamline estate and office accommodation needs. The construction of a new data centre and the introduction of thin client will provide more flexible working arrangements for staff. Equally, there may be less stability as local servers are removed and centralised infrastructure introduced. While critical to the council's development plans, the profile of the ICT change programme has been quite low.

The council continues to develop its performance management arrangements to help support service delivery and public performance reporting. Performance across key performance indicators and statutory performance indicators has been mixed during the year.

Outlook

Looking ahead, it is clear that the outlook for public spending for the period 2012/13 to 2014/15 remains challenging. The high level figures for Scotland that were announced in the UK Comprehensive Spending Review indicate that significant budget reductions will be required in these years. The council has experienced relative financial stability in recent years but it estimates a shortfall of £20 million in the next 3 - 4 years. The level of savings required cannot be delivered without an impact on service budgets and service provision, and the council will need to remain vigilant in its financial management to ensure it continues to deliver sustainable services.

The council is on the verge of a significant organisational change programme. Following the council elections, where 11 out of 29 councillors were elected for the first time, steps were taken to revise the management structure of the council. This will have implications for staffing across all services and in time will lead to a review of the council's committee structure.

The treatment of Tayside Contracts Joint Committee as a joint arrangement in the group accounts needs to be clarified as it is unclear whether this currently complies in full with international financial accounting requirements. The constituent councils also need to review the minute of agreement for this Joint Committee to ensure it is operating as intended.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of Angus Council. The nature and scope of the audit were outlined in the Audit Plan presented to the Scrutiny and Audit Sub Committee on 3 April 2012 and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011. The purpose of the annual audit report is to summarise the auditor's opinions (i.e. on the financial statements) and conclusions, and to report any significant issues arising. The report is divided into sections which reflect the extent of our public sector audit model.
2. A number of reports have been issued in the course of the year in which we make recommendations for improvement (Appendix A). We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of Angus Council.
3. Appendix B is an action plan setting out the high level risks we have identified from the audit. Officers have considered the issues and are taking the specific steps in the column headed "management action". We do not expect all risks to be eliminated or even minimised. What we expect is that Angus Council understands its risks and has arrangements in place to manage these risks. Members should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to members and the Controller of Audit and should form a key part of discussions with the Scrutiny and Audit committee, either prior to, or as soon as possible after, the formal completion of the audit of the financial statements. Reports should be available to the Scottish Parliament, other stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. This report will be published on our website after consideration by the council. The information in this report may also be used for the Accounts Commission's annual overview report on local authority audits. The overview report is published and presented to the Local Government and Regeneration Committee of the Scottish Parliament.
6. The management of Angus Council is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. The auditor is responsible for auditing and expressing an opinion on the financial statements. Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
7. The co-operation and assistance given to us by Angus Council members, officers and staff is gratefully acknowledged.

Financial statements

8. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
9. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.
10. Auditors review and report on, as appropriate, other information published with the financial statements, including the explanatory foreword, annual governance statement and the remuneration report. Where required, auditors also review and report on the Whole of Government Accounts return. This section summarises the results of our audit on the financial statements.

Audit opinion

11. We have given an unqualified opinion that the financial statements of Angus Council for 2011/12 give a true and fair view of the financial position and expenditure and income of the council and its group for the year. We also certify that the accounts have been prepared properly in accordance with the relevant legislation, applicable accounting standards and other reporting requirements.

Legality

12. Through our planned audit work we consider the legality of the council's financial transactions. In addition, the Head of Finance has confirmed that, to the best of his knowledge and belief, and having made appropriate enquiries of the chief officers' management team, the financial transactions of the council were in accordance with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to members' attention.

Annual Governance Statement

13. As part of our annual audit we review the disclosures in the Annual Governance Statement and the process for obtaining sufficient assurances to inform the content of the statement. Overall we were satisfied with the processes in place to obtain the necessary assurances. In line with good practice, the statement was considered and approved by the Scrutiny and Audit Sub Committee in June 2012.

Remuneration report

14. We are satisfied that the remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Act 1985 and Scottish Government finance circular 8/2011. The disclosures within the 2011/12 financial statements include all eligible remuneration for the relevant council officers and elected members.

Accounting issues

15. Local authorities in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code). We are satisfied that the council prepared the 2011/12 financial statements in accordance with the Code.

Accounts submission including whole of government accounts (WGA) return

16. The council's unaudited financial statements were submitted to the controller of audit by the deadline of 30 June 2012. Overall, we were generally satisfied with the quality of working papers provided in support of the financial statements but there is scope to improve the arrangements for providing revised accounts.
17. While revised council accounts had been received on 14 September, updated group accounts were not provided until 27 September 2012. As detailed in paragraph 26, the council's share of 4 bodies has been consolidated in its group accounts. The availability of the agreed audited figures in respect of one of those bodies, Tayside Police, was delayed impacting on the revision of Angus' group accounts. The audit team was under significant pressure to review final evidence, complete concluding audit checks and be in a position to release the accounts for certification the following day.
18. The audit was concluded and the financial statements certified on 28 September 2012. The financial statements are now available for presentation to members and for publication.
19. The UK Government's aim in respect of WGA is to develop a fully audited set of accounts covering virtually all of the UK public sector. For 2011/12, Scottish local authorities were required to submit an audited WGA return to the Scottish Government by 5 October 2012. In view of the time required to resolve issues and complete the audit, the audited WGA was not submitted until 31 October 2012.
20. We have agreed with the Head of Finance that it will be useful to reflect on respective processes for the preparation and audit of the financial statements and WGA return and identify improvements for 2012/13.

Refer Action Plan No. 1

Presentational and monetary adjustments to the unaudited accounts

21. The council adjusted the financial statements to reflect our audit findings and made a number of presentational changes to improve the disclosures within the accounts. There were two main adjustments:
- Transfers made between services to reflect the requirements of the Service Reporting Code of Practice had been made net instead of gross. While net expenditure figures were correct and there was no impact on the general fund balance, services gross spend and gross income figures within the comprehensive income and expenditure account were overstated by £15 million.
 - An error identified in examining creditors cut off led to further work by officers which resulted in a total overstatement of creditors of £0.164 million. This resulted in a reduction on the General Fund balance by £0.026 million and an increase on the Housing Revenue Account surplus by £0.190 million.

Prior year adjustments (Heritage assets)

22. The 2011/12 Code required local authorities to account for tangible heritage assets in accordance with Financial Reporting Standard (FRS) 30 Heritage assets. Heritage assets are those that are intended to be preserved in trust for future generations and are held and maintained principally for their contribution to knowledge and culture. The council identified heritage assets of £5.770 million largely representing fine art and museum collections. We were satisfied with the approach adopted by the council in the identification of those assets and its implementation of FRS 30 requirements. As this is a change in accounting policy, the previous year's figures have been restated in accordance with International Accounting Standard (IAS) 8.

Pension costs

23. Angus Council is a scheduled body of Tayside Superannuation Fund which is a multi-employer defined benefit scheme. In accordance with pensions accounting standard International Accounting Standard (IAS) 19 'Employee Benefits' the council has recognised its share of the net liabilities for the pension fund in the balance sheet. The valuation at 31 March 2012 provided by the scheme's actuaries increased the council's share of the deficit from £102.625 million last year to £165.234 million this year. The large increase is due to changes in actuarial assumptions such as the change in discount rate applied in the present value calculations. Actuarial assumptions in general were lower this year with the result that scheme liabilities increased.
24. Exhibit 1 shows Angus' net liability compared to previous years. This deficit does not require an immediate cash injection but is intended to be funded by increased contributions over the long term.

Exhibit 1: IAS19 Net Pension Liability/Deficit

	2011/12	2010/11	2009/10
	£ million	£ million	£ million
Fair Value of Assets	364.272	339.524	308.480
Liabilities - present value of defined benefits obligations	(529.506)	(442.149)	(495.379)
Net Pension Liability/Deficit	(165.234)	(102.625)	(186.899)
Discount rate	4.6%	5.5%	5.5%

Source: Angus Council financial statements 2011/12

Group financial statements

25. The diversity of service delivery vehicles used by local authorities means that consolidated group financial statements are required to give a true and fair view of the activities of the council. To enable the preparation of group financial statements, councils are required to consider their interests in all entities including companies, joint ventures and statutory bodies, such as police, fire and valuation joint boards.
26. The council consolidated its share of the results of three associates (Tayside Joint Police Board, Tayside Joint Fire and Rescue Board and Tayside Valuation Joint Board) and one jointly controlled entity (Tayside Contracts Joint Committee) into its group financial statements. The remaining shares are consolidated by Dundee City Council and Perth & Kinross Council.
27. With regard to Tayside Contracts, Angus' share of revenue activities is accounted for within its single entity accounts while the balance sheet aspects are consolidated within the council's group accounts.
28. Formal arrangements for the operation of Tayside Contracts were set out in a Minute of Agreement when the committee was established and revised following local government re-organisation in 1996. This stated, for example, that Tayside Contracts staff would be employed by Dundee City Council and that all contracts would be issued in the name of the council. However, Tayside Contracts' working practices are quite different from the arrangements set out in the Minute in that it operates as if it were a separate legal entity and directly employs its own staff. The question of whether Tayside Contracts is a separate legal entity has led respective external auditors of the Tayside constituent councils to different interpretations of the accounting treatment permitted by the Code of Practice on Local Authority Accounting (the Code).
29. Following discussions among the external auditors of the Tayside constituent councils, there is no clear consensus on whether joint committees should be included in the single entity arrangements or recognised as a legal body and be consolidated within group accounts. In our 'report to those charged with governance on the 2011/12 audit' we highlighted that

existing accounting practice would be accepted for 2011/12 and that the matter be referred to Local Authority (Scotland) Accounts Advisory Committee (LASAAC) for more clarity on the accounting requirements for this joint committee. In the interim, Angus, Dundee City and Perth & Kinross Councils need to review and revise the Minute of Agreement to ensure it reflects the agreed operational and governance arrangements for Tayside Contracts.

Refer Action Plan No. 2

Trust Funds

30. Angus Council has 65 registered charitable trusts. Charitable bodies need to comply with the requirements of the Charities Accounts (Scotland) Regulations 2006 meaning a full set of financial statements should be prepared for each trust fund and should be independently examined. However the Office of the Scottish Charities Regulator (OSCR) has deferred full implementation until 2013/14, allowing the council to rely on its existing disclosures for trust funds in the council's financial statements supplemented with additional working papers. Council officers are currently going through a review of options to potentially amalgamate some of the trust funds to reduce the overall number. Officers expect to report the options to members early in 2013.
31. OSCR's feedback on last year's submissions from each local authority allocates councils to one of four categories, fully compliant (1 council), above average (12 councils), average (14 councils) and below average (3 councils). Angus Council's submission fell into the average category and the council is continuing to review arrangements to enable full compliance by 2013/14. The main issue to be addressed is a requirement for the accounts of each charitable trust to be independently examined.

Common Good

32. In December 2007, LASAAC issued guidance covering the common good. The council complies with this guidance as it prepares a separate disclosure in the council's financial statements and common good assets are separately identified in the council's asset register.
33. The council is currently carrying out a review of common good funds across Angus. So far this has focused on a review of Common Good properties in Arbroath and has identified one material asset, Arbroath Library valued at £804,000 at 31 March 2012, which may require to be transferred from the common good's balance sheet to the council's balance sheet. The council is undertaking a consultation exercise with the public to determine if there is any other relevant information about this asset which might impact on its accounting treatment. A review of other common good assets is planned but this is dependent on resources, and no specific date has been scheduled for the review of all burghs to be concluded.

Financial position

34. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
35. Auditors consider whether audited bodies have established adequate arrangements and examine:
- financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
36. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

37. In 2011/12, Angus Council spent £392.928 million on the provision of public services, with £353.027 million on revenue services and the remainder on its capital programme. In delivering these services the council generated an accounting loss of £44.618 million. Adjustments are however required to this accounting deficit to reflect the statutory funding arrangements in place. Once these are taken into account, the council increased its usable (cash backed) reserves by £0.698 million during 2011/12. This is shown in Exhibit 5.

Budgetary control

38. A favourable outturn of £5 million was made by the council for 2011/12 with all departments returning underspends for the fourth year. In relation to the councils key frontline services, Exhibit 2 demonstrates the underspend trend in recent years.

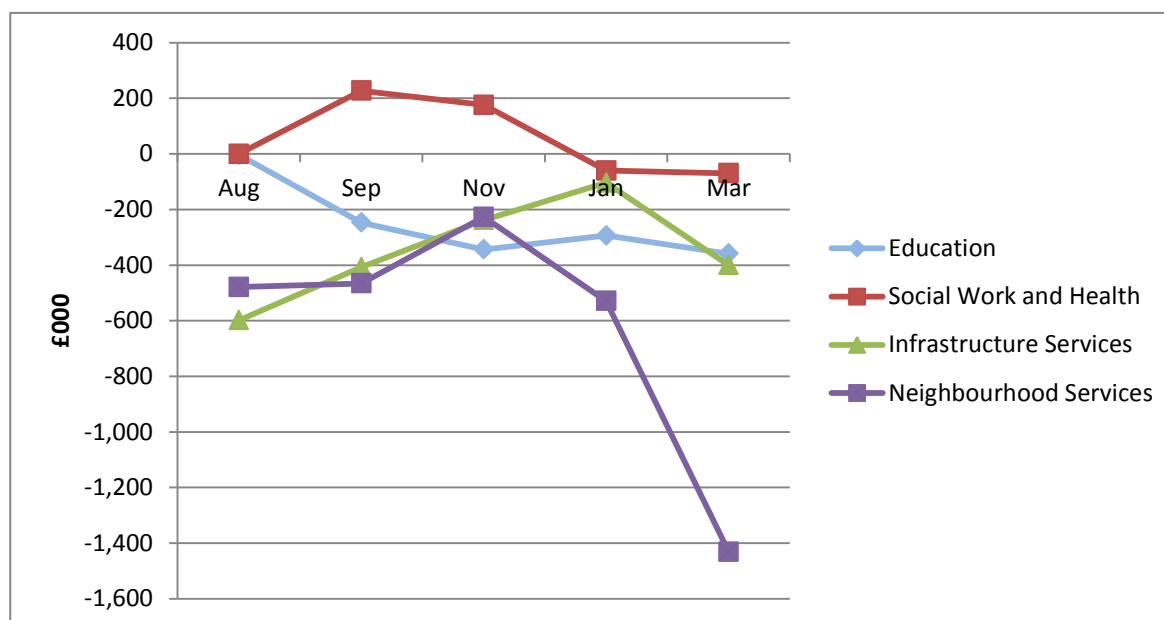
Exhibit 2: Service (underspends)/overspends

	2011/12	2010/11	2009/10	2008/09
	£ million	£ million	£ million	£ million
Education	(359)	(322)	(661)	(380)
Social Work and Health	(70)	(99)	(108)	(266)
Infrastructure Services	(400)	(16)	(1,102)	(261)
Neighbourhood Services	(1,431)	(2,217)	(530)	(1,730)

Source: Angus Council Final Outturn Reports 2008/09 – 2011/12

39. Exhibit 3 shows the departmental projected outturn results as reported to members during 2011/12. It should be noted that the level of variance is low in percentage terms for each department.

Exhibit 3: 2011/12 projected outturn variance against budget



Source: Angus Council Final Outturn Reports 2008/09 – 2011/12

40. Exhibit 4 shows that the council funded additional net expenditure of £7.75 million between setting its budget in February 2011 and its revised budget position in January 2012. This was largely achieved through unspent budget balances which services are permitted to carry forward. The amount of budget underspend for a financial year, and therefore the amount available to services for carry forward to the next financial year, is confirmed at the last council meeting prior to recess in June each year when the outturn figures for the previous financial year are available.

Financial position

41. CIPFA's Directors of Finance Group has developed a suite of financial indicators for councils. The indicators will assist in evaluating a council's financial sustainability and the affordability of financial plans and could be used to compare financial performance across comparator councils. The indicators also demonstrate the effectiveness of the financial management arrangements. We were pleased to note that the Head of Finance had incorporated the indicators in the Explanatory Foreword to the annual accounts. These show that the council can evidence effective financial management of its budget and collection of in-year council tax debt, is maintaining uncommitted reserves in excess of its agreed strategy and is managing capital within the constraints of the prudential code.

Exhibit 4 - Outturn against budget 2011/12 (underspends)/overspends

	Outturn	Final Revised Budget Jan 2012	Revised Budget May 2011	Approved Budget Feb 2011	Outturn Variance
	£ million	£ million	£ million	£ million	£ million
Key services					
Education	101.214	101.573	100.840	97.566	(359)
Social Work	62.153	62.233	61.965	60.845	(70)
Infrastructure Services	24.255	24.665	24.484	23.014	(400)
Neighbourhood Services	23.648	25.079	24,796	25.306	(1.431)
Total General Fund Services	251.094	256.365	259.386	248.612	(5.015)

Source: Angus Council Budget Setting Papers and Budget Monitoring Reports

42. Exhibit 5 shows the balance in the council's usable funds at 31 March 2012 compared to the previous year. Funds include a capital fund which may be used to defray capital expenditure or repay loan principal, and a repair and renewals fund to finance expenditure incurred in repairing, maintaining, replacing and renewing assets.
43. The general fund decreased by £0.305 million to £20.186 million as at 31 March 2012 (Exhibit 6). The council aims to maintain a general fund (including HRA) working balance of £4.250 million. At 31 March 2012, the council had earmarked £12.185 million, leaving an unallocated balance of £7.696 million (General Fund £5.085 million and HRA £2.611 million) which is £3.446 million in excess of its £4.250 million target. This provides continued financial stability for the council.

Capital investment and performance 2011/12

44. The 2011/12 financial statements showed additions to the council's property, plant and equipment of £39.901 million. This represented slippage of £4 million against the capital plan. The major slippages related to:
- road projects where the award of contracts was delayed as a result of time taken to progress relevant land acquisitions.

- less expenditure than anticipated was incurred on the Montrose swimming pool in 2011/12. Although the works programme has remained on track the spend rate is significantly behind the contractors' cash flow projections. This will result in greater spend in 2012/13.
- the Arbroath Schools project has been suspended but other projects such as the Kinloch Care Centre and Supported Housing project had accelerated spend in the year.

Exhibit 5: Reserves

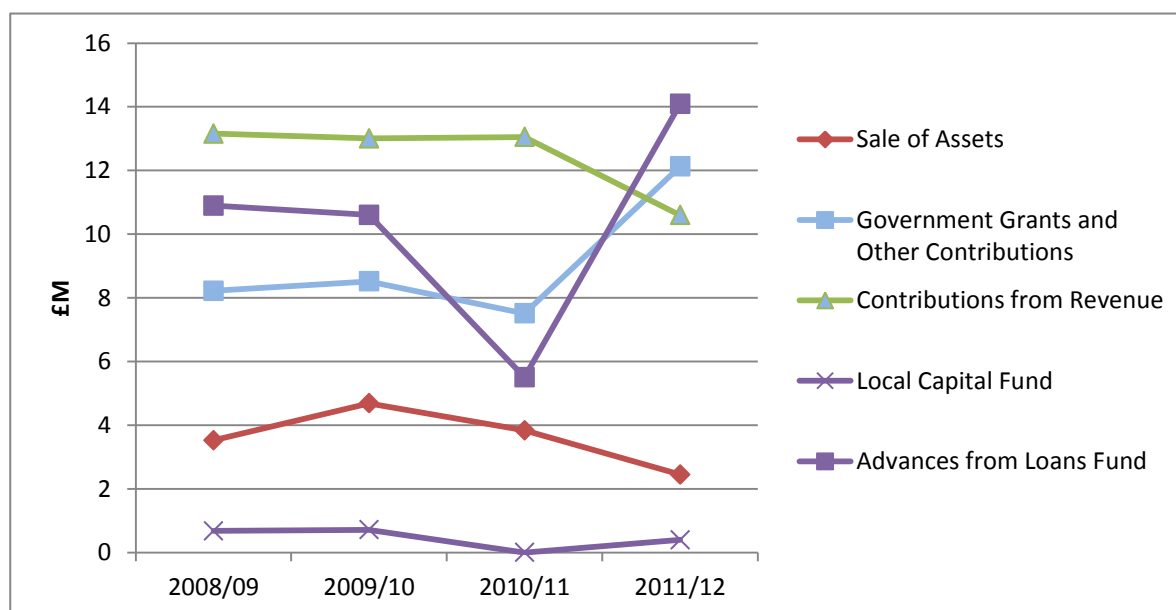
Description	31 March 2011 £ million	31 March 2012 £ million
General Fund (including a free working balance of £3.250m)	18.229	17.270
Housing Revenue Account (including a free working balance of £1.000m)	1.957	2.611
Total General Fund	20.186	19.881
Capital Grants Unapplied Account	0.596	0.131
Capital Receipts Reserve	0.594	0.491
Renewal and Repair Fund	3.620	4.975
Capital Fund	1.753	2.074
Insurance Fund	0.459	0.353
Total	27.208	27.905

Source: Angus Council 2011/12 financial statements

45. In June 2011, the council approved £8 million plans to replace Muirfield and Timmergreens Primary Schools in Arbroath with a new build school on a new site. In view of the fact, this decision involved the closure of existing schools, there was a requirement to notify Scottish Ministers. This was duly done and in February 2012, Ministers refused to consent to the closure of the two primary schools. Initially the council had sought to commence appeal proceedings but following the council elections, the new council decided to re-consider options for its schools estate in Arbroath. A consultation exercise with the Arbroath community scheduled to conclude in November 2012 is reviewing options for refurbishment and new build. The council has earmarked £10.6 million within the capital plan to take forward the Arbroath Schools project.

46. The trend in sources of funding for capital financing is reflected in Exhibit 6.

Exhibit 6: Sources of finance for capital expenditure (including HRA) 2008/12



Source: Angus Council financial statements 2008/09 - 2011/12

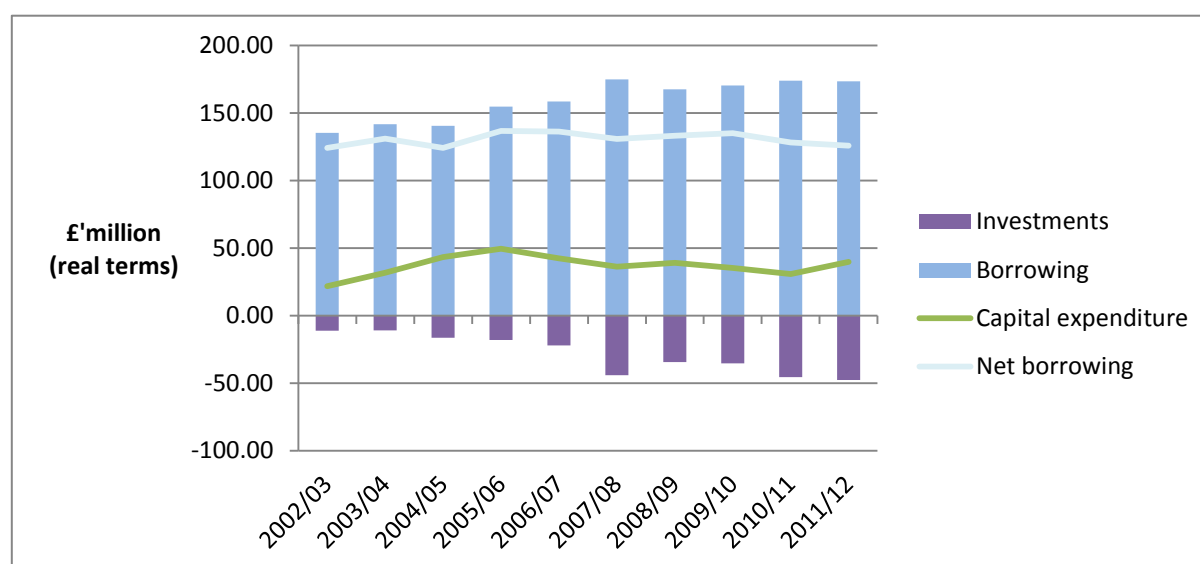
Treasury management

47. Treasury management activities are reported twice a year to the council and the strategy is updated annually. As at 31 March 2012, Angus Council held cash and temporary investments totalling £47.648 million (£44.535 million at 31 March 2011). Excluding PFI debt of £90.691million, the council's borrowing increased by £3.558 million to £173.33 million at 31 March 2012.
48. As shown in Exhibit 7, the council's treasury strategy changed significantly in 2007/08 when some £20 million of new borrowing was added to investments held. Since then, levels of investments and borrowing have remained steady, with net borrowing in 2011/12 held at similar levels in real terms to 2002/03. The main purpose of borrowing is to fund capital investment, but the capital programme has slightly reduced in recent years.
49. The value of investments relative to borrowing at Angus is exceeded by only a handful of councils in Scotland. The council's overall approach to borrowing and level of cash balances is set out in its annual Treasury Management and Investment Strategy. This is prepared using forecast economic and interest rate outlooks provided by Sector Treasury Services, the council's financial advisor.
50. When funding is required for a capital project, a view of current and future financial markets is taken and a decision made on whether to fund expenditure from borrowing or from investments. The decision is a complex one involving consideration of potential future interest costs and the length of the borrowing period which could be anything up to 50 years.

51. The 2011/12 treasury strategy confirms the council's overall aim to reduce its cash balances whilst acknowledging that the council will need additional borrowing in the medium term, and therefore careful consideration of interest rates is required. However, the mid-term and annual treasury reports to council provided little explanation for the funding choices made which resulted in an increased cash balance of £47.648 million at 31 March 2012. Exhibit 5 shows that the council had cash backed reserves of £27.906 million leaving a potential £19.742 million to support the capital programme. We would recommend that treasury reports provide more clarification on decisions requiring additional borrowing in preference to the use of cash balances.

Refer Action Plan No. 3

Exhibit 7: Trends in the level of borrowing, investments and capital expenditure from 2002/03 to 2011/12



Source: Angus Council financial statements adjusted with Bank of England GDP deflators

52. When the affordability of the current level of borrowing is considered, PFI borrowing needs to be included. On this basis, overall net borrowing amounts to £216.374 million. This is 27.5% of total assets, which compared to other Scottish authorities, is below the median figure of 34.5%. The cost of financing for the year was £11.367 million, 4.6% of net cost of services, which again compares well with other authorities.

Financial planning to support priority setting and cost reductions

53. In 2009, the council introduced its first 4-year medium term financial plan in response to the unprecedented financial climate faced by Angus, in common with other councils at that time. The plan is reviewed annually and in June 2012, a revised plan covering the period 2012/13 to 2015/16 was produced. This was prepared using provisional grant allocations as the best funding estimates available and in the context of considerable uncertainty through the potential for significant change arising from the implementation of the Scotland Act and extensive public sector reform e.g. police and fire services, health and social care integration

and welfare reform. Councils are therefore experiencing significant uncertainty about likely future levels of grant and the impact of structural reform on existing funding sources.

Workforce management

54. Angus has relative financial stability supported by reasonable general fund balances. Unlike many councils, Angus has not been in the position of having to offer voluntary early release schemes in order to secure significant long term cost savings. However, it is on track to reduce the workforce by 500 posts by 31 March 2014 which will be delivered through natural wastage, vacancy management and ad hoc voluntary redundancies and early retirements.
55. The implementation of single status several years ago and the management of equal pay claims was largely addressed through the use of compromise agreements. Recently, the council has not required to carry an equal pay provision in its financial statements as there are few unsettled equal pay claims. As a precautionary measure however, the council continues to earmark general fund balances of £0.525 million to cover various staff related pay risks including those that might arise from unexpected pay claims.

Asset management

56. As part of the implementation of the council's property asset management plan, a review of property utilisation across Angus was initiated and in principle the council adopted 'agile working' (i.e. flexible/home/mobile working/hot desking initiatives). Over the next 3 years, the council plans to rationalise its estate, streamline its office accommodation and use space more effectively in line with staff needs and working practices. These new working practices will initially be implemented in the Forfar and Arbroath areas and overall, are intended to save £0.302 million per annum.
57. One of the factors impacting upon the development of 'agile working' is the council's IT infrastructure. Our findings in this area are covered later in the report within the Governance and Accountability section, paragraphs 75 and 76.

Partnership working

58. Each year Angus Community Planning Partnership (ACPP) holds an annual planning day, This year provided an opportunity for partners to consider the future of partnership working in Angus in the context of public sector reform, in particular:
 - leadership for partnership work is key in responding to the four pillars set out in the Christie Report (i.e. prevention, integration, performance and workforce)
 - cross cutting issues need to be tackled in a different way with a few key big issues being led at the ACPP level. Engagement and working together as 'Team Angus' are critical
 - IT connectivity was highlighted as critical in taking forward improvement.

59. The council continues to be a partner in Tayside Contracts and Tayside Procurement Consortium. In common with other councils, it is a pathfinder for the new local arrangements for Police and Fire Services. It also works with private sector partners to provide for example golf courses and other leisure services within the area and to take advantage of economic development opportunities.
60. In response to a request from the Cabinet Secretary for Finance, Employment and Sustainable Growth, the Accounts Commission, with scrutiny partners, has led development work on how audit and inspection can support the delivery of better outcomes by Community Planning Partnerships. Initial audits are being undertaken in Aberdeen, North Ayrshire and Scottish Borders with reports due to be published in Spring 2013. These early audits will inform the evolving methodology and approach for the audits of subsequent partnerships.

Outlook

2012/13 budget and financial forecasts beyond 2012/13

61. Angus' budget in respect of 2012/13 is not significantly different from 2011/12. The council has experienced relative financial stability for several years which has enabled uncommitted reserves of £7.696 million (General Fund £5.085 million and HRA £2.611 million) to be built up which is in excess of its working balance target of £4.250 million.
62. However, the council is currently estimating a shortfall in the region of £20 million over the 4 years to 31 March 2016. Until now the council has continued to balance its budget through a programme of corporate efficiency reviews. It has however recognised that the level of savings required in the next few years cannot be delivered without an impact on service budgets and therefore service provision.

Governance and accountability

63. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
64. Through its chief executive or accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
65. Consistent with the wider scope of public audit, auditors have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption.
66. In this part of the report we comment on key areas of governance.

Corporate governance

Processes and committees

67. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account and support the modernisation agenda. During 2011/12, the chief executive convened a working group to review the council's working practices in relation to committees e.g. committee cycle, quality of reports, scheme of delegation and duplication of business. As part of this review, there was a recommendation to develop the scrutiny process through the establishment of scrutiny panels to undertake reviews of particular aspects of policy or practice each year. In June 2012, the council created a full Scrutiny and Audit Committee to replace the former sub committee which had existed since 2009.
68. The committee met for the first time in September 2012. It has 13 members and is chaired by a member from the council's non-administration membership. Through full committee status, the committee is responsible to full council and is therefore better placed than its predecessor to examine service performance and the impact of policy decisions. The remit of the committee is in line with good practice principles set out in CIPFA's Guidance Note 'Audit Committee Principles in Local Authorities in Scotland'. We will monitor the development of the committee in subsequent years of our audit appointment.

Internal control

69. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
70. International Standards on Auditing (ISAs) require evaluation of critical financial systems and testing of key controls on an annual basis. In reaching conclusions, audit work should be based on controls and transactions across the financial year.
71. While we seek to rely on the work of internal audit wherever possible, we did not plan to take assurance from internal audit in respect of the 2011/12 audit. On commencing our audit appointment in November 2011, the internal audit plan was already well advanced for the financial year. Its coverage and approach to the audit of financial systems did not give us assurance on a whole system basis. We therefore felt it was more effective to undertake our own reviews and consider further how we might take assurance from internal audit in future years.
72. However, our review of the internal audit service concluded that the internal audit service operates in accordance with the CIPFA code of practice for internal audit in local government.
73. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statement.
74. The Head of Finance holds the council's statutory chief financial officer role. He attends council and management meetings and has direct access to members and other chief officers. For 2011/12, the council was able to demonstrate compliance with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

ICT delivery

75. ICT risks have a high profile in the council's risk register due to perceived weaknesses in the network. The IT Division is now engaged in an ambitious programme of technical change, linked with the council's 'agile working' programme and including construction of a new data centre. This new centralised model for providing computers to users is known as 'thin client'. The proposed reconfiguration is intended to address many current technical issues, as well as support flexible working arrangements. It is therefore an important element of the council's efficiency programme.
76. The legacy of local servers in every office and software limitations increase the council's exposure to information security threats. The council's investment programme is therefore timely and appropriate. While the new operating model will allow staff more flexibility in how they access information, and have security and cost advantages, it will not necessarily be

more stable. There will be greater reliance than before on fewer items of critical infrastructure. In our view, the programme appears to have too low a profile.

Refer Action Plan No. 4

Prevention and detection of fraud and irregularities

77. Audited bodies are responsible for establishing arrangements to prevent and detect fraud and other irregularity. Auditors review and report on these arrangements.
78. The council has appropriate arrangements in place to help prevent and detect fraud and irregularity. These arrangements include, for example, a counter fraud strategy, a whistle blowing policy and codes of conduct for elected members and staff. Overall, we concluded that arrangements for the prevention and detection of fraud and other irregularities were generally satisfactory. However, we support the chief internal auditor's conclusion regarding the need for improved message and visibility of policies and arrangements relating to fraud prevention.

NFI in Scotland

79. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The last exercise started in October 2010 and was reported upon in May 2012. The next round of NFI commenced in September 2012, and expands the range of data sets and bodies.
80. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified, these are made available to bodies to investigate via a secure web application. Bodies investigate these and record appropriate outcomes based on their investigations
81. Previous NFI data matches have given assurance that the council's internal control systems are operating effectively with only a relatively small amount of fraud or overpayments being identified.

Standards of conduct and arrangements for the prevention/ detection of bribery and corruption

82. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place.
83. The Bribery Act 2010 became effective on 1st July 2011. Section 7 of the Act introduces an offence by "commercial organisations" if they fail to prevent bribery. Councils fall within this definition of the legislation. The chief internal auditor reported that Angus Council had not yet

carried out a full assessment of the implications of the Bribery Act. She recommended that an assessment be carried out and information on the Act cascaded, with advice provided on any action required to ensure that the council's procedures are robust.

Refer Action Plan No. 5

Complaints Handling Procedures

84. In March 2012, the Scottish Public Services Ombudsman published a model complaints handling procedure (CHP) for the local government sector which aims to simplify and improve complaints handling through a standardised system for complaints across all local authorities. All local authorities are required to adopt the model CHP as soon as possible and to provide the Ombudsman with a compliant model CHP by 14 September 2012.
85. Angus had a robust approach to the development of their CHP. An implementation plan set out the range of work to be undertaken by the project board to deliver the CHP and supporting procedures. There was some delay experienced but the board were on track to deliver a CHP for consideration by the chief officers' management team in October 2012. We will monitor the new arrangements as part of the 2012/13 audit.

Outlook

Change management programmes

86. In September 2012, full council approved plans to streamline the council's management structure. While this will have cost implications, the main driver is to re-energise the council with a focus on change and improvement. With a fairly new chief executive in post, there was a desire by the council to review existing structures as these had been in place since 2006.
87. The revised structure will replace the existing five service directors with three Strategic Directors covering work for the citizen, work for communities and work for the council. This is intended to reinforce a 'one council' approach to deliver new cross cutting ways of working. For a period of two years an additional Director will be responsible for delivering the outcomes agreed for 'Transforming Angus', the council's change agenda. Following the council elections, members moved promptly to review structures. Over the summer a member/officer group considered options and made recommendations to council in September 2012. The new structure is intended to be in place by April 2013.
88. The cost implications of re-structuring are not yet fully known. The 2012/13 budget provides for 35 senior officers (excluding the chief executive) at a cost of £3.5 million. As a minimum there will be a saving of £251,000 from the removal of 2 directors rising to £385,000 when the fixed term contract is concluded. In the longer term, officers below director level will also be streamlined. It is too early at this stage for the implications of any early retirement/release scheme to be known and assessed. Costings will need to be undertaken and funding options considered when appropriate.

Refer Action Plan No. 6

Welfare Reform Act 2012

89. The Welfare Reform Act 2012 received royal assent in March 2012. The Act provides for the introduction of a 'Universal Credit' to replace a range of existing means-tested benefits and tax credits for people of working age, starting from 2013. Councils will face challenges in understanding and acting upon welfare reform changes, and communicating these accurately and effectively to local residents. The introduction of Universal Credit will also have a significant impact on councils' strategies and plans in areas such as housing, asset management, finance, ICT and customer service. Councils will be challenged during this period of change to maintain service delivery and performance around housing benefit claims.
90. Angus Council received an overview report covering the proposed changes in March 2011. A Benefits Reform Officer Group was established in May 2011 and meets on a regular basis to discuss the implications of evolving regulations and guidance. Over the next 4 to 5 years councils will require to implement a large number of changes in response to the reforms, including new computer systems and will need to decide on the extent and level of support they want to provide to citizens in making the transition to universal credit and council tax support.
91. In 2011/12 Angus Council paid £33.654 million in respect of housing and council tax benefit. Early estimates by the council of the impact of the changes were that 2,200 cases would be affected and in overall terms benefit payments would reduce by £1 million. Another important aspect is the reduction in benefit arising from under occupancy of accommodation according to specified criteria. Angus has undertaken significant joint working to identify those affected by the size criteria i.e. 615 council tenants and 234 housing association tenants with estimated benefit reduction of £0.430 million.
92. It is anticipated that there will be increased demand for discretionary housing benefit, landlords will request more housing benefit by direct payments, councils will see a rise in rent arrears and overall, councils will need to provide more advice and raise awareness of support available. As part of our work on the 2012/13 audit, we will continue to monitor the good work already in progress in Angus Council to address the impact of the reforms so that we can assess the council's preparedness for the introduction of these changes.

Best Value, use of resources and performance

93. Audited bodies have a specific responsibility to ensure that arrangements have been made to secure Best Value. The Local Government (Scotland) Act 1973 places a duty on the auditors of local government bodies to be satisfied that proper arrangements have been made for securing Best Value and complying with responsibilities relating to community planning. Auditors of local government bodies also have a responsibility to review and report on the arrangements that specified audited bodies have made to prepare and publish performance information in accordance with directions issued by the Accounts Commission.
94. As part of their statutory responsibilities, the Auditor General and the Accounts Commission may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. Auditors may be requested from time to time to participate in:
- a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
95. Auditors may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
96. During the course of their audit appointment auditors should also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years.
97. This section includes a commentary on Best Value and performance management arrangements within the council. We also note headline performance outcomes and measures used by the council and comment on relevant national reports.

Management arrangements

Best Value (BV)

98. Angus Council was selected by the Accounts Commission as one of the authorities where a BV2 Pathfinder audit would be carried out. This BV report was issued in May 2010. One of the key findings was the need to improve governance arrangements by ensuring that all political groupings can work better together to improve outcomes for the people of Angus and by establishing arrangements for more robust scrutiny and challenge. At that point the BV2 improvement actions were incorporated in to the 2010/11 Corporate Improvement Plan.

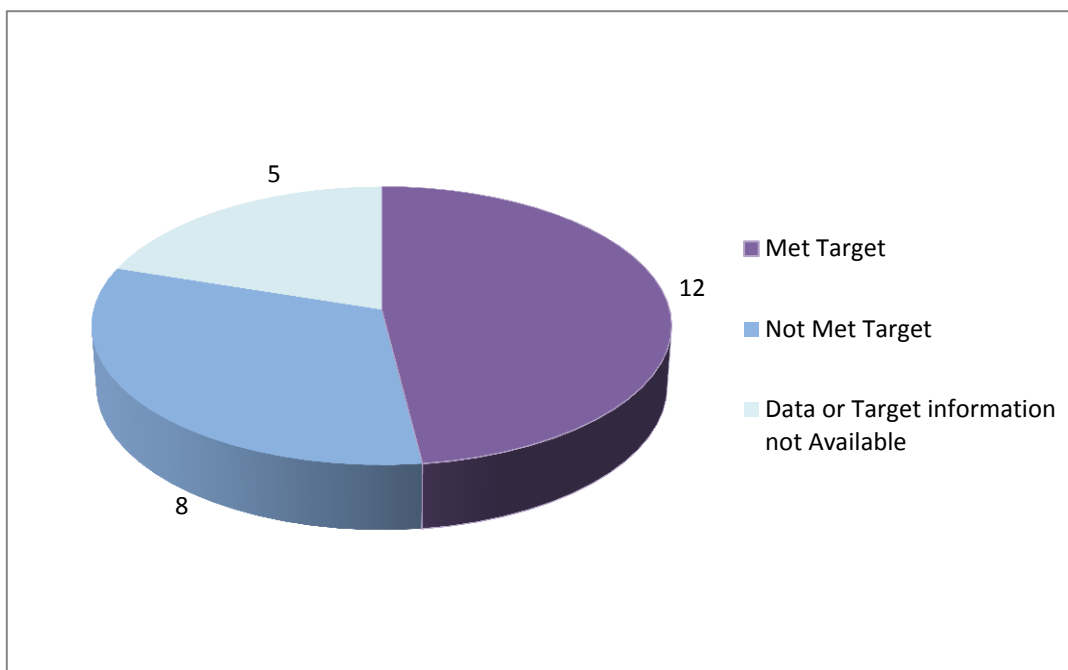
99. At June 2011, there were 12 ongoing actions from the BV report which were all progressed during 2011/12. In several cases, new guidance and procedures were introduced e.g. new complaints procedure, annual report guidance and in others, new plans and standards were implemented e.g. new corporate and community plans and customer service standards.

Overview of performance in 2011/12

Performance management arrangements

100. The council has implemented a new framework for Public Performance Reporting (PPR) which moved away from annual PPR to regular reporting using different types and mechanisms for reporting. That said, services produce annual reports. The council continues to develop Covalent as the system used to manage and produce performance information across services. Key performance indicators (KPIs) are included within the Corporate Improvement Plan Annual Performance Report and summarised in Exhibit 8.
101. For 2011/12, the council's KPIs exceeded targets for procurement savings and use of the e-procurement system. The cost of council tax collection was slightly reduced, the percentage collected increased slightly and the collection costs of Non Domestic rates decreased.

Exhibit 8: Council's key performance indicators (Total 25 indicators)

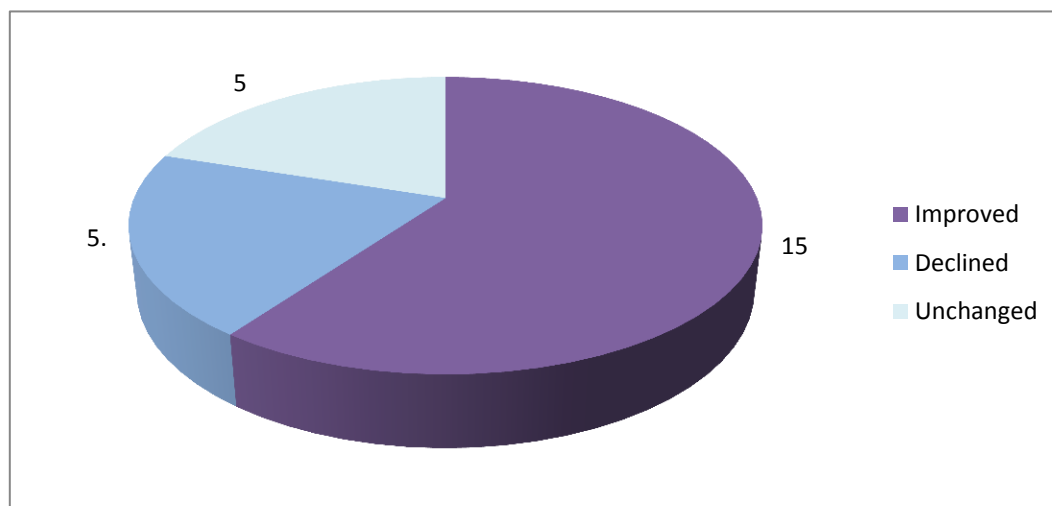


Source: Angus Council corporate improvement plan annual report 2011/12

Statutory performance indicators

102. In 2011/12, the council was required to produce 25 SPIs. Exhibit 9 shows that performance improved in 15 indicators, declined in 5 and remained unchanged in a further 5.

Exhibit 9: Improvements demonstrated by SPIs (Total 25 indicators)



Source: Angus Council SPI data returns

103. The improved indicators include council tax income collection, waste recycling and homelessness applications processing times. The declines observed included processing times for planning applications and re-letting council houses.

Local performance reporting

Maintaining Scotland's Roads - A targeted follow up audit

104. Audit Scotland agreed in 2010 to undertake targeted follow-up of a small number of performance audit reports each year to promote local impact and assess how far individual public bodies have improved performance as a result of selected, relevant national performance audits. *Maintaining Scotland's roads: a follow-up report* published in February 2011 was selected for targeted follow-up in 2011/12. The aim of this work was to assess the progress made by Scottish councils in improving their management of road maintenance, focusing on road asset management planning, performance management and maximising value for money.
105. Angus Council is responsible for a local road network of 1,807 km with a gross replacement value of over £1.9 billion. Funding required for routine maintenance is £7.110 million per annum, with a further £39.700 million estimated for backlog repairs to reinstate carriageways to fully acceptable standards.
106. The Society of Chief Officers of Transportation in Scotland (SCOTS) has entered into a four year project with all councils to ensure they have a Road Asset Management Plan (RAMP) in place by 2012. The Angus RAMP, published in October 2011, is a comprehensive plan and

follows the minimum content suggested by SCOTS. This includes: assets description, community requirements, future demands, levels of service, lifecycle planning, financial summary and risk management. It also contains an extensive Improvement Plan and indicates how the plan will be controlled and managed. However, it is too early for a meaningful assessment to be made about demonstrating satisfactory progress against the RAMP.

National performance reports

107. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in Exhibit 10. In most cases these have been shared with the council's Scrutiny and Audit Sub-committee, Strategic Policy Committee or the relevant service committee. The following paragraphs summarise key findings of relevance to Angus Council.

Exhibit 10: A selection of National performance reports 2011/12

- | | |
|--|--|
| <ul style="list-style-type: none"> • Commissioning social care • The National Fraud Initiative in Scotland • An overview of local government in Scotland - challenges and change in 2012 • Tayside Fire and Rescue • Arm's-Length External Organisations (ALEOs): are you getting it right? • Transport for health and social care | <ul style="list-style-type: none"> • The role of community planning partnerships in economic development • Modernising the planning system • Scotland's public finances: addressing the challenges • Community Health Partnerships |
|--|--|

Source: www.audit-scotland.gov.uk

Commissioning social care

108. Councils have a duty to provide social care for those who need it, whether they provide these services themselves, contract with voluntary or private organisations to provide them or give people a budget to arrange their own care. Strategic commissioning of social care is complex and challenging due to reducing budgets, changing demographics, growing demands and expectations, and moves towards care more tailored to the individual's needs. This report, issued in March 2012, highlighted that:

- councils and NHS boards need to do much more to improve how social care services are planned, procured and delivered through better engagement with users and providers and better analysis and use of information on needs, costs, quality of services and their impact on people's quality of life
- councils are continuing to focus resources on people who need more intensive support, tightening eligibility criteria and increasing charges. There is a risk that people who need a small amount of support are not being offered the preventative services

that might help delay or avoid their needing more costly intensive support, such as being admitted to hospital or into residential care

- while processes are in place to monitor quality of services provided by voluntary and private sector providers, more needs to be done across Scotland to manage the risks to users when a provider goes out of business or closes for other reasons, including having contingency plans in place and effectively monitoring the financial health of voluntary and private providers
- users and carers need to be more involved in decisions about social care services and better evidence is needed of what difference the services make to people's quality of life.

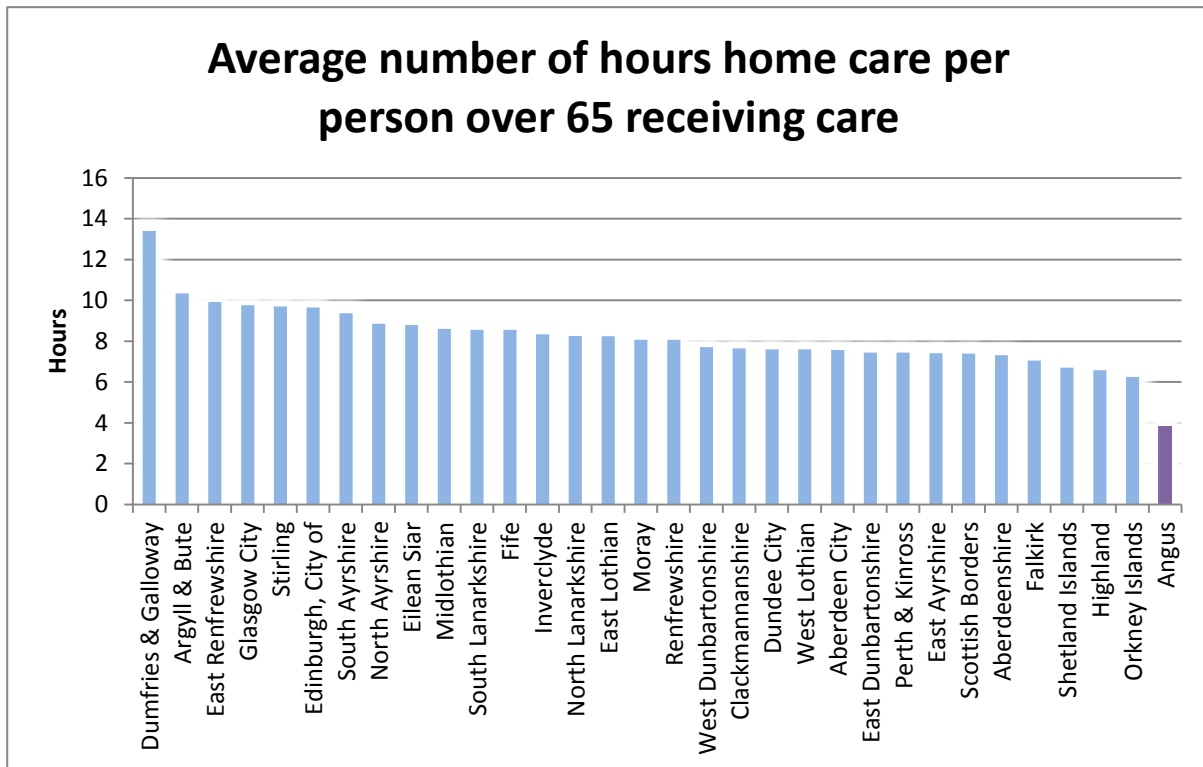
109. Along with Perth and Kinross Council, Dundee City Council and NHS Tayside, Angus Council has been involved in the Tayside Integrated Resource Framework (IRF), a locality resource model which aims to make the best use of health and social care resources and the assets within the area. Tayside was one of four test sites in Scotland responsible for the development of IRF for adult health and social care. The aim of the test sites was to support clinicians, care professionals and managers, working within the context of local health and social care, to achieve better outcomes for patients, service users and carers.

110. The report highlighted that the average number of hours per client over the age of 65 receiving care was the lowest in Scotland. Exhibit 11 shows how Angus compares across Scotland using 2011/12 data. Angus Council's average hours per person receiving care is 3.86 hours. The range includes Orkney with 6.25 hours and Dumfries and Galloway with 13.4 hours in Dumfries and Galloway. This is regarded by the council as the successful outcome of its enablement programme which has supported customers in being more independent and confident to do more for themselves.

Progress against audit risks identified in the Shared Risk Assessment (SRA)

111. The first Assurance and Improvement Plan (AIP) for Angus Council was published in July 2010. That document set out the planned scrutiny activity for the council for the period April 2010 to March 2013 based on a shared risk assessment undertaken by a local area network (LAN) of scrutiny partners.

112. The AIP has been updated twice since 2010 with the latest version being reported to the council's Strategic Policy Committee in June 2012. At that point the LAN noted improvements in the council's arrangements for scrutiny and performance review but concluded that more needs to be done to increase the use and impact of self-evaluation activity and other forms of challenge and support, so that the council can more readily demonstrate priorities and areas of improvement.

Exhibit 11: Average number of hours home care per person over 65 receiving care

Source: SPI data returns for all councils

- 113.** The Angus LAN reviewed progress in the attainment of the objectives in the Single Outcome Agreement (SOA). In relation to partnership priorities, no significant risks were identified. Over 2011/12, Angus continued to meet or exceed targets for many of its SOA outcomes.
- 114.** In relation to themes covering 'sustainable communities' and 'caring and healthy', there were some indicators below but around target. In some cases these were improving e.g. number of people getting free personal care within 6 weeks; but in others performance was falling e.g. number of bed days. Particularly in 'caring and healthy', there are a range of future challenges anticipated from welfare reform, an increasing aging population and health and social care integration.
- 115.** It is perhaps within the 'prosperous and fair' theme that the council is facing challenges right now as a consequence of the economic climate. In particular, how Angus wage levels can be raised, and finding further opportunities to support business development in town centres.
- 116.** Some areas of uncertainty for the LAN were identified during the 2011/12 refresh relating to leadership, processes for challenge and improvement, evidence of competitiveness, ICT delivery (refer to paragraphs 75 and 76) and performance of the homeless service. An update on activity within each of these areas, except ICT which was covered earlier, is provided in the following paragraphs.

Leadership and culture

117. The BV2 report included the following observation: 'Relations between the administration and the opposition are not good. There are instances of discordant and antagonistic council meetings and standing orders are sometimes used in a way that inhibits open, transparent and inclusive democratic debate. While there is no evidence that this has had a direct bearing on the quality of services the council provides, it is difficult to see how the council is meeting its obligations in the Code of Conduct for Councillors, particularly in relation to leadership and respect.'
118. Following the local government elections in May 2012, the council has an SNP led administration. This replaced the former Angus Alliance, a coalition administration involving Independents, Conservative, Labour and Liberal Democrat councillors. The council is made up of 29 members of which 11 (38%) were new in May 2012. This provides the opportunity for improved relations and behaviour as the new council settles down to business.
119. Earlier in the report we outlined the changes to the council's management structure. This will have implications across services and is likely to result in a review of committee structures in due course. The chief executive supports the use of working parties and member/officer groups to examine specific projects and bring forward recommendations.
120. The council is on the verge of a period of significant change both in terms of leadership and structure which we will monitor as part of the 2012/13 audit and beyond.

Challenge and improvement

121. The strengthening of the council's audit committee arrangements will increase the level of challenge and scrutiny of council performance. In addition, we understand that all services are now undertaking self-assessment under the Angus and with the development of Covalent, there is the potential for the council to provide effective performance information to support decision making and for this to demonstrate how key priorities are monitored. Following the publication of the 2012 AIP refresh, the chief officers' management team agreed to consider how the use of performance management information leads to improvement.

Competitiveness

122. With the exception of some benchmarking activity and the work undertaken by Tayside Contracts on behalf of the council following tendering processes, the LAN had found little evidence of competitiveness. During the year, the council has been laying the foundations to extend the services provided on its behalf by Tayside Contracts to include Parks, Waste and Fleet Services.

Homeless

123. At the time our assessment, the council was introducing a mix of service redesign initiatives including community based letting plans, a transfer led allocations policy for new build and other letting proposals. The impact of these improvements was to be considered by the Scottish Housing Regulator through self-assessment activity. This work has not yet been concluded by LAN colleagues but there will hopefully be an update as part of the next SRA refresh.

Outlook

124. The AIP did not identify any additional scrutiny activity for years 2 and 3 beyond 2012/13. The LAN will meet again towards the end of 2012 to update the SRA and determine whether any further scrutiny work is required for Angus Council.

125. In April 2011, the Equality Act 2010 introduced a new public sector 'General Duty' which encourages equality to be mainstreamed into public bodies' core work. The Scottish Government subsequently consulted on a set of 'Specific Duties' which came into force in May 2012. There is also a requirement to publish a set of equality outcomes no later than 30 April 2013. We will consider progress made by the council in implementing these requirements as part our 2012/13 audit.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Audit Committee
Annual Audit Plan	14 February 2012	3 April 2012
Assurance and Improvement Plan	31 May 2012	21 June 2012
Report to those charged with governance on 2011/12 audit	4 September 2012	13 September 2012
Audit opinion on the 2011/12 financial statements	28 September 2012	22 November 2012
Audit opinion on the 2011/12 Whole of Government accounts consolidation pack	19 October 2012	Not applicable
Report to Members on the 2011/12 audit	31 October 2012	22 November 2012

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Management Action	Responsible Officer	Target Date
1	16-20	<p>A review of the arrangements for the preparation and audit of the financial statements and WGA return should be undertaken to identify improvements for 2012/13 and beyond.</p> <p>Risk: <i>The target date for submission of audited accounts is not met. Delay in delivery of working papers impact on resources.</i></p>	Review of the final accounts preparation timetable and related processes to determine where these can be streamlined further.	Senior Service Manager (Finance Services)	March 2013
2	29	<p>The Minute of Agreement in respect of Tayside Contracts should be revised to ensure actual practice complies with the constituent authorities' intentions.</p> <p>Risk: <i>As the minute of agreement does not reflect the actual operation of Tayside Contracts, it is difficult to determine the correct group relationship and therefore there is a risk that Angus' group accounts do not comply with accounting standards.</i></p>	We will engage with the other Constituent Councils and Tayside Contracts to address this issue	Chief Executive and Leader (through local Chief Executives and Leaders Group) Head of Law & Administration (legal issues) and Head of Finance (accounting issues)	May 2013
3	51	<p>The council should continue to review its ratio of investments held to borrowing to ensure that overall interest payments are minimised.</p> <p>Risk: <i>The council pays higher amounts of interest than necessary.</i></p>	Finance officers will continue to consider the appropriateness of any long term borrowing undertaken and the level of investments held in accordance with the council's approved	Head of Finance	Ongoing

Action Point	Refer Para No	Risk Identified	Management Action	Responsible Officer	Target Date
			treasury management policies and the strategies agreed by members.		
4	76	<p>Despite being an important part of Angus' improvement agenda, the ICT change programme including a new data centre and 'thin client' working environment appears to have a low profile.</p> <p>Risk: <i>Failure to deliver such projects on time and budget may affect the council's ability to deliver planned savings and efficiencies.</i></p>	Progress on this change programme will continue to be monitored through the Performance Review Group and periodic reports to elected members	Director of Corporate Services	March 2013 (progress update)
5	83	<p>The Bribery Act 2010 Act introduces an offence if specified organisations including local authorities fail to prevent bribery. The council has yet to carry a risk assessment to determine what further procedures are required.</p> <p>Risk: <i>The council does not comply with the statutory requirement in respect of bribery and corruption.</i></p>	Report on council response to be submitted to November meeting of Corporate Services Committee	Head of Law & Administration	November 2012
6	87	<p>The council should prepare a costed workforce reduction plan including options for early release/early retirement when the impact of management restructuring becomes clearer.</p> <p>Risk: <i>The council does not deliver the necessary improvements and savings.</i></p>	The need for this was acknowledged in the Management Restructure Report and officers will be bringing reports to members on the cost and funding implications as the restructure progresses.	Chief Executive / Head of Finance	December 2012 (Phase 1); circa June 2013 (Phase 2)