



# East Renfrewshire Council

Annual Audit Report to  
Members and the  
Controller of Audit

September 2015

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. ([www.audit-scotland.gov.uk/about/ac](http://www.audit-scotland.gov.uk/about/ac))

Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. ([www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk))

The Accounts Commission has appointed Brian Howarth as the external auditor of East Renfrewshire Council for the period 2011/12 to 2015/16.

This report has been prepared for the use of East Renfrewshire Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the council. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

## Key contacts

Brian Howarth, Assistant Director  
[bhowarth@audit-scotland.gov.uk](mailto:bhowarth@audit-scotland.gov.uk)

Liz Maconachie, Audit Manager  
[Imaconachie@audit-scotland.gov.uk](mailto:Imaconachie@audit-scotland.gov.uk)

Maria Paterson, Senior Auditor  
[mpaterson@audit-scotland.gov.uk](mailto:mpaterson@audit-scotland.gov.uk)

Audit Scotland  
4th floor (South Suite)  
8 Nelson Mandela Place  
Glasgow  
G2 1BT  
Telephone: 0131 625 1500  
Website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

# Contents

Key messages.....	4	Best Value.....	27
Introduction.....	5	Appendix I – Significant audit risks .....	30
2014/15 Financial statements.....	6	Appendix II - Summary of local audit reports.....	37
Audit of the 2014/15 financial statements .....	7	Appendix III - Summary of national reports.....	38
Financial management and sustainability.....	13	Appendix IV - Action plan .....	39
Governance and transparency.....	20		

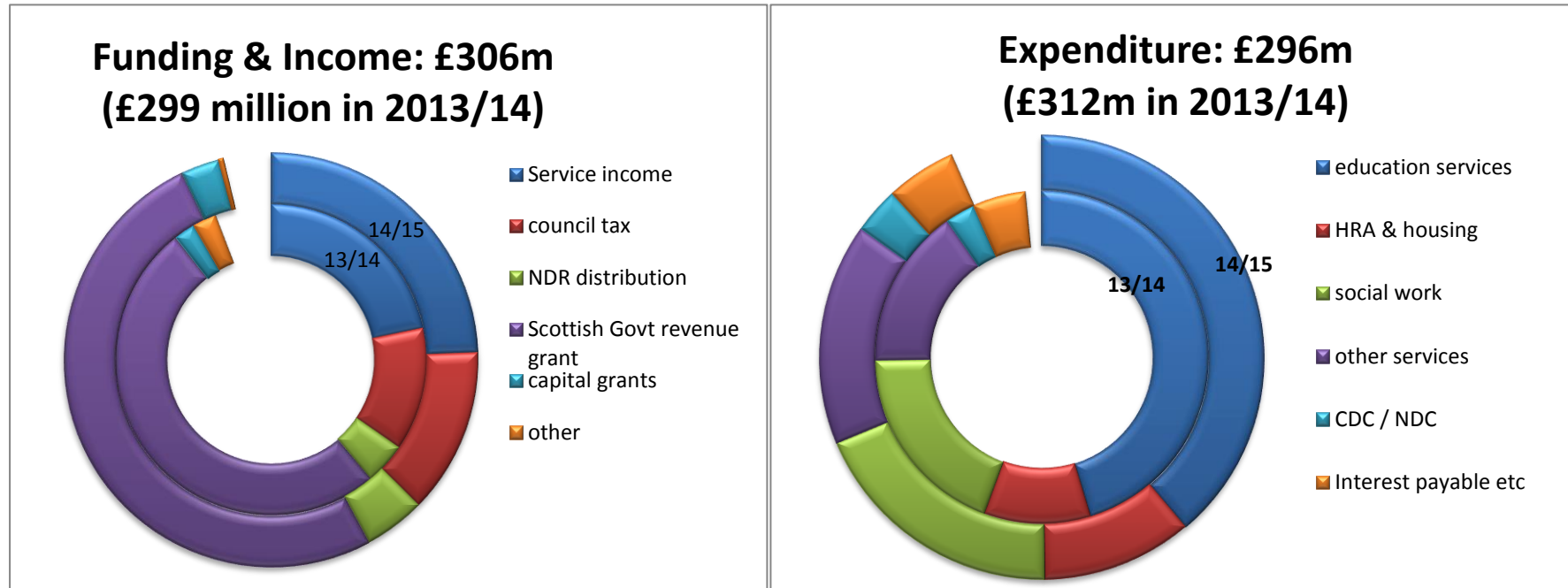
# Key messages

<p>Audit of financial statements</p>	<ul style="list-style-type: none"> <li>• Unqualified auditor's report on the 2014/15 financial statements.</li> <li>• Unqualified auditor's reports on the seven charitable trusts administered by the Council.</li> </ul>
<p>Financial management and sustainability</p>	<ul style="list-style-type: none"> <li>• The Council has demonstrated effective financial management</li> <li>• We conclude that the Council's financial position is sustainable</li> </ul>
<p>Governance and transparency</p>	<ul style="list-style-type: none"> <li>• Governance arrangements operate effectively although significant weaknesses with some CHCP financial systems</li> <li>• Further improvements could be made in the completeness and transparency of member and staff interests</li> </ul>
<p>Best Value</p>	<ul style="list-style-type: none"> <li>• Commitment to continuous improvement with a new Modern Ambitious Programme (MAP).</li> <li>• Change programme implemented with reported cumulative recurring savings of £4.9 million to date.</li> <li>• Council is participating in the Local Government Benchmarking Framework with good comparative performance</li> </ul>

# Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of East Renfrewshire Council.
2. The management of East Renfrewshire Council is responsible for:
  - preparing financial statements which give a true and fair view
  - implementing appropriate internal control systems
  - putting in place proper arrangements for the conduct of its affairs
  - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of East Renfrewshire Council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.
6. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that East Renfrewshire Council understands its risks and has arrangements in place to manage these risks. The Council and its Corporate Management Team should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

# 2014/15 Financial statements



The Comprehensive Income and Expenditure Statement shows that the Council has achieved an accounting surplus on the provision of services of £9.4 million, compared to a deficit of £14 million last year. Service income increased by £9 million (12%) with most of this in Education Services as a result of upward revaluations in schools including Our Lady of Missions, St Mark’s and Eastwood. Expenditure also reduced by £16 million (5%), with Education Services contributing £21 million to this overall reduction.

# Audit of the 2014/15 financial statements

<b>Audit opinion</b>	<ul style="list-style-type: none"> <li>We have completed our audit and issued an unqualified independent auditor's report.</li> </ul>
<b>Going concern</b>	<ul style="list-style-type: none"> <li>The financial statements have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the Council and its charitable trusts' ability to continue as going concerns.</li> </ul>
<b>Other information</b>	<ul style="list-style-type: none"> <li>We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.</li> </ul>
<b>Charitable trusts</b>	<ul style="list-style-type: none"> <li>We have completed our audit of the 2014/15 financial statements of the charitable trusts administered by East Renfrewshire Council and issued an unqualified independent auditor's report for each of the relevant trusts.</li> </ul>
<b>Group accounts</b>	<ul style="list-style-type: none"> <li>East Renfrewshire Council has accounted for the financial results of one subsidiary and three associates in its group accounts for 2014/15. The overall effect of consolidating these balances on the group balance sheet is to increase net assets by £7 million.</li> </ul>
<b>Whole of government accounts</b>	<ul style="list-style-type: none"> <li>The Council submitted a consolidation pack for audit by the deadline. We will complete the appropriate section of the Assurance Statement and return it to the Scottish Government by 30 September 2015.</li> </ul>

## Submission of financial statements for audit

9. We received the unaudited financial statements on 22 June 2015, in accordance with the agreed timetable. The working papers were of a good standard and Council staff provided good support to the audit team which assisted the delivery of the audit to deadline.

## Overview of the scope of the audit of the financial statements

10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit and Scrutiny Committee on 23 April 2015.
11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan. We carried out additional work on the CHCP scheduled payment system which resulted in an additional audit fee of £10,000 and this is reflected in the Annual Financial Statements.
12. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I**

sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

13. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

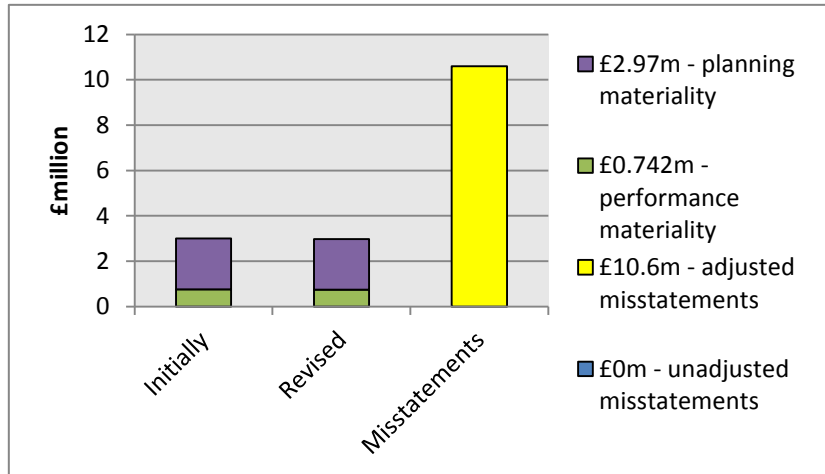
## Materiality

14. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
15. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
16. We summarised our approach to materiality in our Annual Audit Plan. We revised our planning materiality for 2014/15 on receipt of the unaudited accounts to £2.97 million (1% of gross expenditure).
17. We also set a lower level, known as performance materiality. This is determined to ensure that uncorrected and undetected audit



differences do not exceed our materiality level. Performance materiality was set at £0.74 million (25% of planning materiality).

18. We report all misstatements greater than £30,000.



### Materiality in the charitable trusts

19. We also set separate materiality in the audit of the seven charitable trusts' financial statements. We set a separate performance materiality for receipts/ payments based on the relatively small amount of transactions compared to the asset base.

Charitable Trust	Planning Materiality	Performance Materiality	Receipts/ Payments Perf. Materiality
Lieutenant Duff Memorial Institute	£118	£106	£7
Hugh & Janet Martin Memorial Fund	£196	£176	£11
Janet Hamilton Memorial Fund	£559	£503	£33
John Pattison Memorial Fund	£115	£104	£7
Netherlee School 1937 Endowment	£295	£266	£219
Newton Mearns Benevolent	£71	£64	£8
Endowment for Talented Children and Young People	£6	£5	£1

### Evaluation of misstatements

20. We identified an error in the unaudited financial statements with the calculation of the year end valuation of land and building assets

totalling £10.4 million (paragraph 24) and together with other items this totals £10.6 million. This increased the unaudited surplus on the provision of services by £1.9 million, with the remaining adjustment in the other comprehensive expenditure.

21. The total value of adjustments exceeded our overall performance materiality level of £0.742 million. Based on the restricted nature of the main issue (land and buildings), the fact that the whole error in this class of assets has been evaluated and corrected (through officers re-running the asset register calculations on a revised basis), we conclude that the identified issues do not indicate further systematic errors within the accounts and we did not amend our audit approach further. All misstatements identified during the audit, which exceeded our misstatement threshold, have been amended in the financial statements

## Significant findings from the audit

22. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:

- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
  - Significant difficulties encountered during the audit.
  - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
  - Written representations requested by the auditor.
  - Other matters which, in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
23. During the course of the audit we identified the following significant issues that, in our view, require to be communicated to you.

## Significant findings from the audit

Issue
<p>24. <b>Non current assets.</b> Our review identified an error in the revaluation methodology adopted by the Council. In the unaudited accounts land and building assets were revalued at the year end and this revalued figure was then reduced by depreciation. This resulted in the closing balances in the financial statements differing from the valuation at 31 March 2015, by £10.4 million (and a small error in the in-year depreciation charge). This has been corrected in the audited financial statements.</p>
<p>25. <b>Scheduled payments to providers of Services to individuals with Learning Disabilities.</b> The Council identified that overpayments of £1.3 million had been made to three providers due to weaknesses in internal financial controls over a number of years. We have reviewed the work of the Council's internal auditor in this area and completed extensive sampling and review of expenditure in payments to care providers by the CHCP. We are satisfied that ledger adjustments have been made to correct these errors and that appropriate recovery action has been taken with providers concerned. The associated weaknesses in internal financial controls are identified within the Governance section of this report at paragraphs 70 to 75.</p>
<p>26. <b>Community Care Alarm income.</b> A review by officers identified that 384 out of 2,000 users had not been billed, some since 2009. The total loss of income over the years is £78,000 and officers have decided to pursue recovery for 2014/15 only. The total amount of debt to be recovered is therefore £37,000, with an appropriate adjustment made to council income and debtors.</p>
<p>27. <b>Fixed asset overheads.</b> The Council capitalises additions to council houses, including windows, rewiring and kitchens. To calculate the element of employee costs to be capitalised, the Council calculates an hourly rate for its different categories of tradesmen (electricians, plumbers, etc). The hourly charge includes overhead costs. Under International Accounting Standard 16 (IAS 16 paragraph 19) overheads and maintenance costs cannot be capitalised. Council officers provided a calculation, which shows that there is an overall error of £87,000. This has been corrected in the audited financial statements.</p>

## Future accounting and auditing developments

### *Revisions to the Code of Practice*

28. The financial statements of the Council are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which interprets and adapts International Financial Reporting Standards (IFRS) to the local authority context. The following paragraphs set out the most significant changes to accounting requirements introduced by the 2015/16 Code.
29. **(IFRS) 13 Fair value measurement:** Although the measurement requirements for operational property, plant and equipment will not change, enhanced valuation disclosures will be required. However, the 2015/16 Code requires surplus assets to be measured at fair value in accordance with IFRS 13. The Council will need to make the necessary preparations

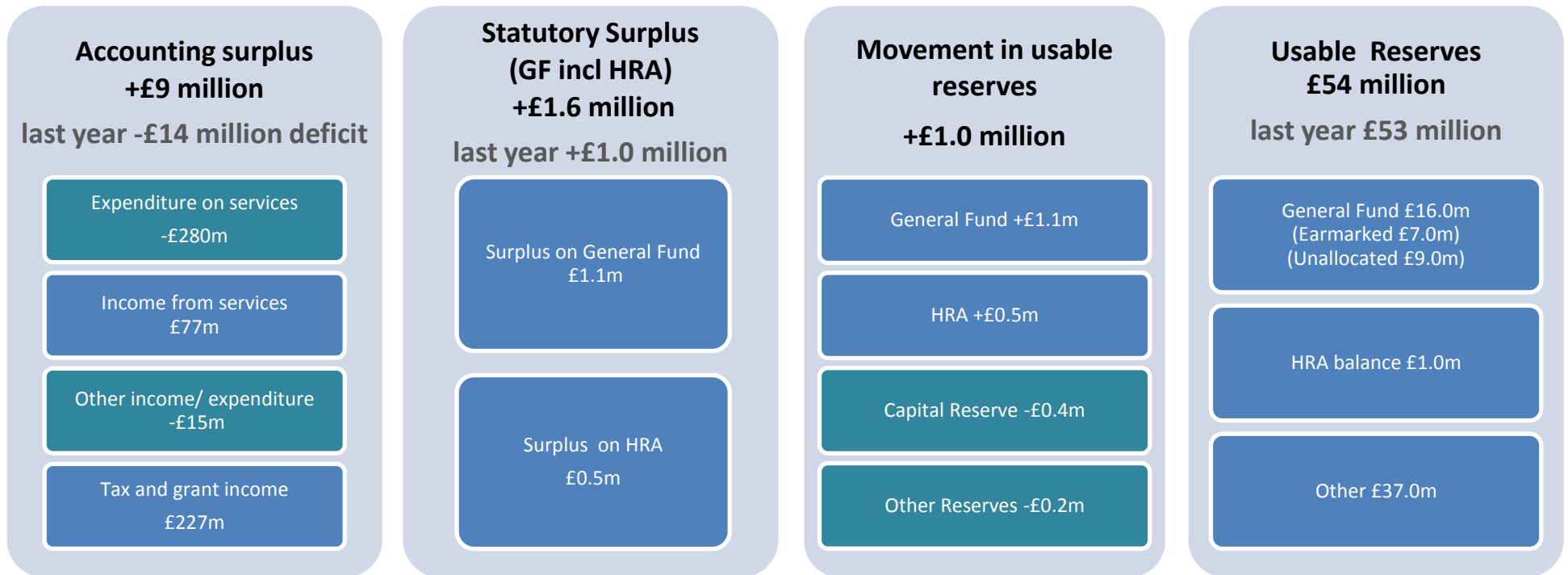
to ensure that the new requirements are addressed for the 2015/16 financial statements.

30. **Transport infrastructure assets:** The Council's highway assets are currently carried within infrastructure assets in the balance sheet at depreciated historic cost. The 2016/17 Code will require highways to be measured, for the first time, on a depreciated replacement cost basis. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets.

### *Health and Social Care Integration*

31. From 1 April 2016 Integrated Joint Boards (IJBs) will be accountable for the provision of health and social care. IJBs need to produce financial statements in compliance with the Code and the Accounts Commission will appoint auditors to audit the financial statements.

# Financial management and sustainability



## Financial management

32. In this section we comment on the Council's financial outcomes and assess the Council's financial management arrangements.
33. The Council sets an annual budget to meet its service and other commitments for the forthcoming financial year. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

## Financial outcomes

34. The Council reported an underspend against departmental budgets of £1.1 million. All General Fund departments were within budget and the net expenditure on CHCP reflected the action taken to address overpayment issues (see para 70). After transfers to earmarked reserves, £0.53 million was added to the Council's non earmarked General Fund reserve.
35. The Council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. The HRA budget was set at the Council meeting on 13 February 2014. The Housing Revenue Account surplus of £1 million is partly as a result of slippage on capital works resulting in lower loans fund charges (£0.2 million). Also built into the budget was a planned underspend of £0.1 million in order to replenish the HRA reserve for redundancy costs incurred in a previous year. This has

been replenished in full so there is no further requirement for this planned underspend in future years.

## Financial management arrangements

36. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
  - the proper officer has sufficient status within the council to be able to deliver good financial management
  - financial regulations are comprehensive, current and promoted within the council
  - reports monitoring performance against budgets are accurate and provided regularly to budget holders
  - monitoring reports do not just contain financial data but are linked to information about performance
  - members provide a good level of challenge and question budget holders on significant variances.
37. Revenue monitoring reports are submitted to Cabinet six times per year and the latter four reports detail a year end forecast. From 2015/16 all six revenue monitoring reports will include year end forecasts. Managers receive revenue monitoring reports every four weeks to assist them in managing their budgets. Five capital monitoring reports are submitted to Cabinet and these reports set out progress at a service and individual project level. From 2015/16 these reports will also include additional information explaining the reasons for significant variances.

## Conclusion on financial management

38. We are satisfied that the Council has demonstrated effective financial management in the current year, and has taken appropriate steps to ensure that services are funded in future years. We note that continued under spending against budgets over a number of years has significantly contributed to the level of reserves. This year the Council planned to contribute £0.15 million to the general fund and actually contributed £4.8 million.

## Financial sustainability

39. The Council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the Council has the capacity to meet the current and future needs of its communities.

40. In assessing financial sustainability we are concerned with whether:

- the short term position on cash / liabilities /assets spending is being balanced with income in the short term
- there is an adequate level of reserves
- long term financial pressures are understood and planned for
- investment in services and assets is effective.

## Cashflow

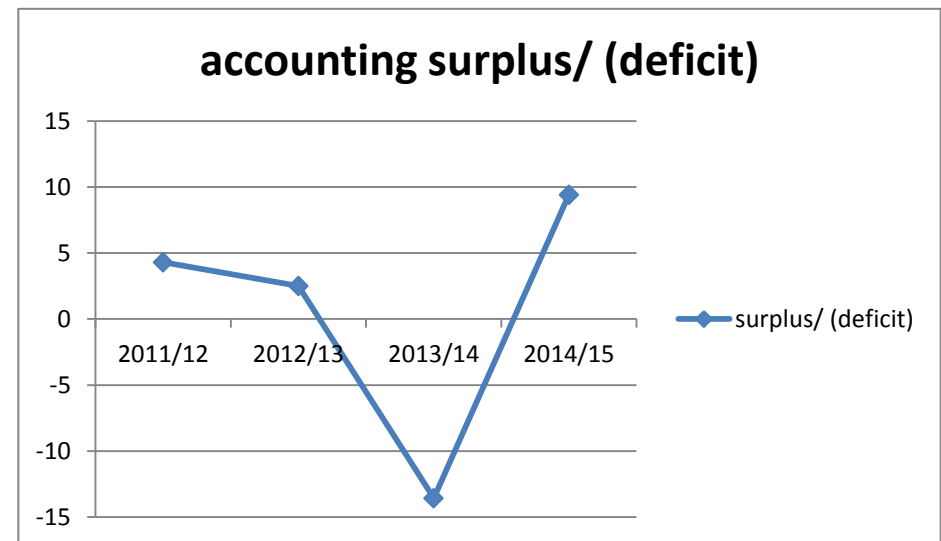
41. In 2014/15 the Council achieved a positive cash inflow from operating activities of £9.5 million (though this was less than the

£21.7 million last year). The positive cashflow was applied to the purchase of assets (net of sales receipts) of £4.5 million and to repayments of borrowing - £6.1 million.

## Accounting surplus

42. With the exception of 2013/14, when there was a significant downward revaluation of schools, the Council has maintained a relatively stable accounting surplus over a number of years. (Exhibit 1) This year's surplus of £9.4 million is an increase on previous years' results.

**Exhibit 1: Historic surpluses/ (deficits) on provision of services**



Source: 2014/15, 2013/14, 2012/13 audited financial statements

## Financial planning

43. The Council set its 2015/16 budget on 12 February 2015. The 2015/16 budget was set at £220 million and assumes efficiency savings of £3.5 million. A number of efficiency measures have been agreed and are being implemented across the Council. Some of the more significant measures include:
- a review of management, admin and clerical staffing (£0.4 million)
  - a review of school support (£1.1 million), and
  - budget adjustments to reflect current demands and previously agreed decisions (£1.7 million).
44. The Council also set indicative budgets for 2016/17 and 2017/18 in February 2015. The budgets require recurrent efficiency savings of £2.5 million and £0.9 million respectively. While the Council has been proactive in its approach to identify savings opportunities, the realisation of these savings will become progressively more challenging year-on-year with demand and inflationary pressures.

## Reserves

45. The overall level of usable reserves increased by £1 million from the previous year to £54 million, Exhibit 2.

### Exhibit 2: Usable reserves

Description	31 March 2014	31 March 2015
	£ million	£ million
General fund	14.9	16.0
Housing revenue reserve	0.5	1.0
Repair and renewal fund	9.4	9.5
Capital Reserve	26.4	26.0
Insurance fund	1.7	1.4
<b>Total usable reserves</b>	<b>52.9</b>	<b>53.9</b>

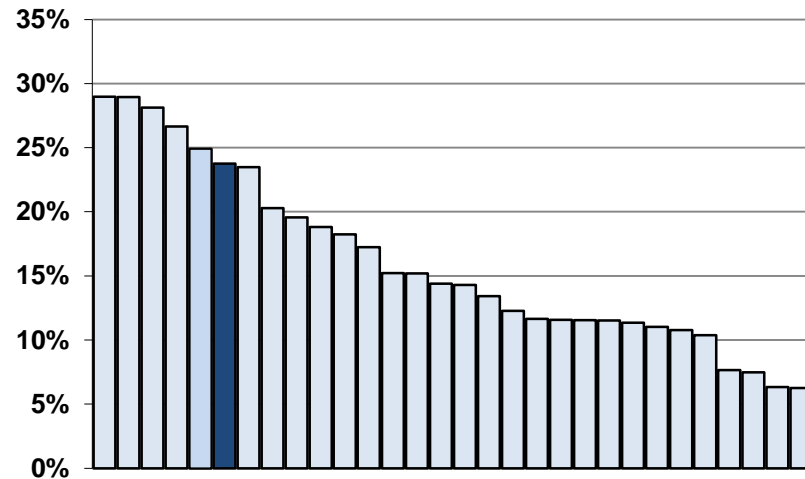
Source: 2014/15 financial statements

46. Exhibit 3 shows that the Council continues to have a relatively high level of total usable reserves, compared to other councils,
47. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows. Usable reserves are part of a council's strategic financial management and are used for medium and longer term planning.
48. The general fund balance increased by £1.1 million during the year. The closing balance at 31 March 2015 is made up of earmarked commitments of £7 million (including the modernisation fund and PFI/PPP equalisation fund) and an unallocated balance of £9 million, or 4.1% of the net cost of



services (2013/14: 4%). This position satisfies the Council's policy to maintain uncommitted reserves at a minimum of 4% of annual budgeted net revenue expenditure over the medium term.

**Exhibit 3: Usable reserves as a % of net revenue including rents (East Renfrewshire highlighted)**

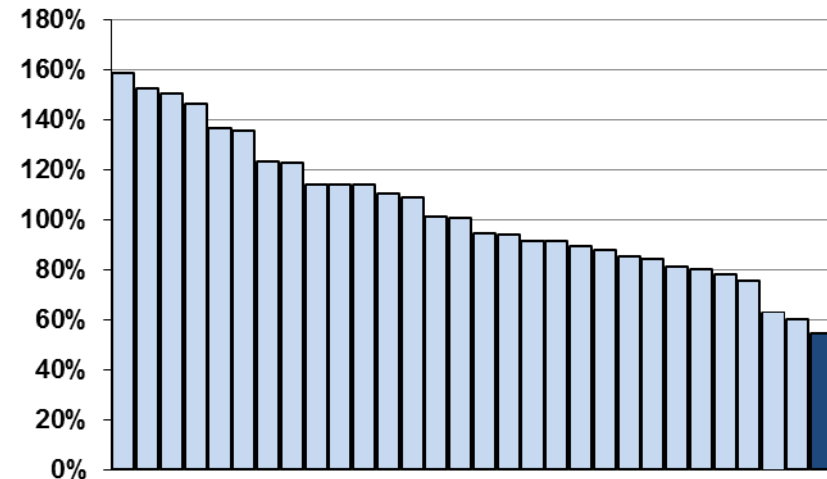


Source: 2014/15 unaudited financial statements

### Treasury management

49. The Council also has a relatively low level of external debt (Exhibit 4) and has reduced its external borrowing by £3 million to £68.1 million.

**Exhibit 4: Net external debt as a % of net revenue including rents (East Renfrewshire highlighted)**



Source: 2014/15 unaudited financial statements

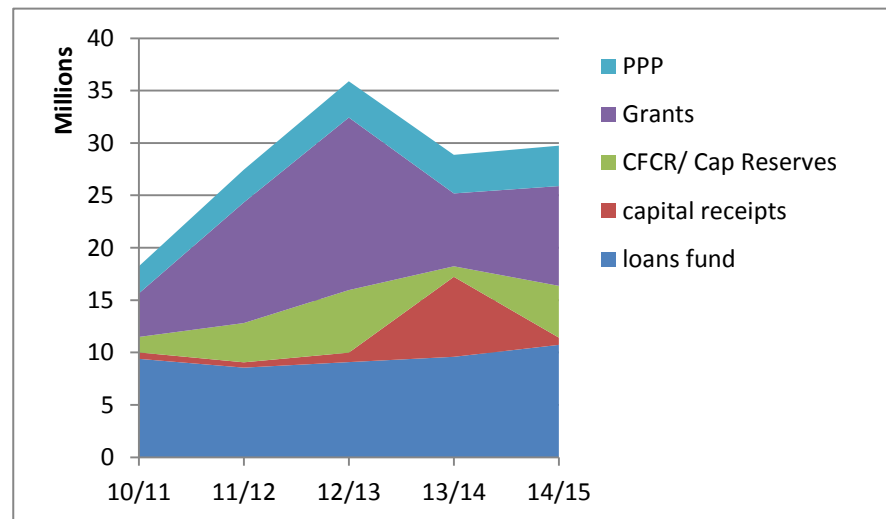
### Capital programme 2014/15

- 50. The Council approved its general services capital programme and housing capital programme for 2014/15 in February 2014. Actual spend on the general services capital programme and the housing capital programme amounted to £16.9 million and £3.9 million respectively.
- 51. Total capital expenditure on general services included £2.6 million on Barrhead Learning and Leisure, £1 million on Eastwood Health

and Care Centre, £5.3 million on schools and nurseries and £1.2 million on environment vehicles. Planned spend was underspent by £9.7 million (36%). The main reason for this slippage included delays finalising the contract agreement for Eastwood Health and Care Centre (£5.1 million) and project rescheduling of the Auchenback Family Centre and Community Hub (£1.4 million).

- 52. Capital expenditure on housing was underspent by £1.9 million. This related mainly to slippage on roofing and render works.
- 53. The capital programme was funded as shown at Exhibit 5.

**Exhibit 5: Sources of finance for capital expenditure**



Source: East Renfrewshire Council Annual Accounts 10/11 to 14/15

- 54. Last year there was a significant increase in capital receipts due to the sale of land to Asda in Barrhead. Two year's ago the

Council received a high level of grant for Eastwood High School (£11 million). Investment in capital has been relatively stable over the last two years at £20- 22 million.

### Workforce Management

- 55. Effective workforce management is essential to ensure that the Council maximises the effectiveness of its employees. There has been an impact on the workforce through a number of service reviews and restructures which have been undertaken to support the budget efficiency savings while ensuring the services are fit for future delivery.
- 56. An Annual Workforce Plan and Report is considered by the Corporate Management Team and workforce statements are issued to departments on a six monthly basis. To help improve forward workforce planning the Council is working with the NHS to learn from its experience and to adopt its six step methodology to integrated workforce planning. A cross-council workforce planning group has been set up to support this work and improve workforce planning skills across the Council.
- 57. The Council's total cost of staff exit packages for 74 staff service was £2.5 million and this includes £0.7m to the Pension Fund for strain on the fund costs. These exit packages are linked to the savings measures identified by the Council.

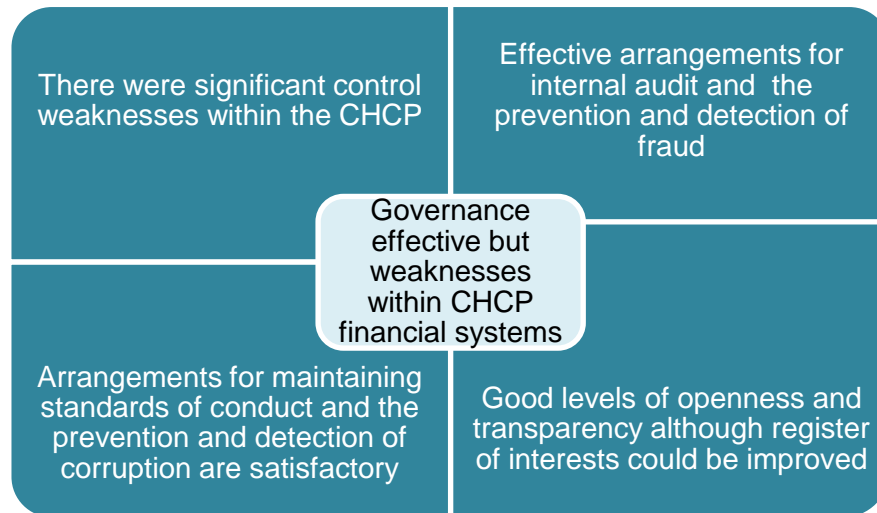
## Pension liability

58. The net pension liability on the Council's balance sheet has increased from £124 million in 2013/14 to £154 million in 2014/15, a rise of £30 million. The principal reason for this is the decrease in the discount rate used to value the liabilities. This increase has been slightly offset by an increase in pension assets of £43 million. This is also reflected in the balance sheet for the group.

## Conclusion on financial sustainability

59. We conclude that the Council's financial position is sustainable, currently and in the foreseeable future, based on the short term cashflow position, record of statutory surpluses, strong reserves position and low level of external borrowing.
60. The Council also has a medium term financial plan in place which takes into account the risks and uncertainties it faces. This includes uncertainty over the Scottish Government's draft budget for 2016/17, which is to be delayed by several months. The plans, which are normally published in September, will not be produced until after the UK Government's Spending Review in late November.

# Governance and transparency



61. Members and management of the Council are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that the Council has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.
62. Citizens should be able to hold the Council to account about the services it provides. Transparency means that citizens have

access to understandable, relevant and timely information about how the Council is taking decisions and how it is using its resources.

## Corporate governance

63. The corporate governance framework within East Renfrewshire Council is centred on the Council which is supported by a range of standing committees: Cabinet, Audit and Scrutiny, Planning Applications, Civic Hospitality, Licensing and Education.
64. The Civil Contingencies Act 2004 imposes a duty on local authorities to maintain business continuity plans. As part of our Governance review we found that the Council does not have a council-wide business continuity plan. Departmental business continuity plans are being completed first and work is on-going with some departments having draft plans.

**Appendix IV – Action Plan No. 5**

## Local code of corporate governance

65. The Council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE guidance for Scottish local authorities – Delivering Good Governance in Local Government. The local code is subject to annual review by the Audit and Scrutiny Committee which noted the progress on the 2014/15 improvement actions. It also approved the updates and actions for 2015/16.

## Internal control

66. As part of our audit we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the Council's financial statements.
67. We reported our findings to the Audit Committee in June 2015 and conducted further specific work on the Community Health and Care Partnership (CHCP) following emerging issues with payments for care provision to individuals with Learning Disabilities.
68. With the exception of control weaknesses identified within the CHCP (see below) and fixed asset register (paragraph 24), there were no other material weaknesses in the accounting and internal control systems 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 statements.
69. In both of the areas identified, officers took action to correct the audited financials statements for identified errors, and we are satisfied that these are not materially misstated due to the identified weaknesses. Our findings included a number of recommendations to enhance the control system in operation.

## CHCP scheduled payments system

70. The Council pays some external providers of care services through a scheduled payments system. These payments totalled £4.2m in 2014/15, with most of this for Learning Disability (£3.774m) and the rest for Housing Support (£0.499m). The scheduled amounts are paid over thirteen four-weekly payments.
71. The system of making scheduled payments is a legacy of the "Supporting People" arrangements. This was a national funding stream established by government to encourage a move from registered, residential care to supported tenancies.
72. The developing arrangements with most of the key providers of service, meant that payments should have been made on the basis of agreed care support packages (hours required at a specified rate based on the complexity of care provided) while the individuals concerned remain within the care of the provider. Over time the care package can change – due to changes in the care assessment of need or because the individual dies or transfers to a different care setting (for example hospital). The payments made by the Council should have reflected these changes, but they didn't. Amounts continued to be paid that should have been reduced.
73. The total overpayment over a number of financial years was £1.3 million. This has now been recovered by the Council. A further £0.2 million has been identified and invoiced as a result of audit work.

74. The control weaknesses which we believe contributed to this overpayment were:
- The existence of both a scheduled payments process and an invoice payments system created the potential for duplicate payments to be made
  - Adjustments to scheduled payments were not routinely or accurately made when commitment logs were changed due to changes in care plans or due to the death of users
  - The absence of regular overall reconciliations between the scheduled payment system and the care commitment logs meant that amendments to scheduled payments were not addressed by supervisory controls.
  - The existing wider system of recording commitment logs on ten or more spreadsheets meant that there was no single reference or consistent approach to record the payments that should be made to providers for individual users
  - Some contractual terms with providers, working outwith the Care and Support Framework and the Public Social Partnership, couldn't be established, as a current written agreement could not be located and contracts had not been revised for over 10 years. This made the basis of payments to some providers unclear.
75. The Council is introducing a CareFinance system and is migrating providers from the existing scheduled payments process.

**Appendix IV – Action Plan No. 1, 2 & 3**

## Community alarm billing

76. A member of the public raised a concern with an elected member, that he had not been billed for his community alarm. A review by officers identified that 384 out of 2,000 users had not been billed, some since 2009. This appears to have happened as prescribed processes were not followed and a significant number of installation notices were filed away rather than being passed on for billing.
77. The total loss of income over the years is £78,000. As the issue was an error by the Council, and as community alarm users are some of the Council's most vulnerable citizens, officers have decided to pursue recovery for 2014/15 only. The total amount of debt to be recovered is therefore £37,000, with letters sent to service users at the end of July 2015 and system improvements made to prevent this issue re-occurring.

## Internal audit

78. Internal audit provides members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
79. Our review of internal audit concluded that work is of a high quality and it operates in accordance with Public Sector Internal

Audit Standards and we placed reliance on the following financial systems work:

- Trade Payables
- Trade Receivables
- Council Tax Billing and Collection
- Payroll
- Members' Expenses
- Cash Income and Banking

## Arrangements for the prevention and detection of fraud

80. The Council's arrangements for the prevention and detection of fraud and irregularities were satisfactory, based on our review of key controls, testing of transactions and review of National Fraud Initiative (NFI) arrangements.

## National Fraud Initiative in Scotland

81. The National Fraud Initiative (NFI) in Scotland brings together data from the systems of participating bodies. This allows auditors and bodies to identify potentially fraudulent claims.

82. The NFI process identified a total of 2,759 matches for the Council of which 580 were recommended matches. A total of 944 matches were investigated by Council officers. This work identified 18 frauds and 4 errors resulting in the Council recovering £36,000.

83. The Council has satisfactory arrangements in place for investigating and reporting matches. Progress is reported to members during the exercise; however the last update to members was in February 2015. Regular updates are provided to senior management at CMT meetings and the audit panel (which meets twice yearly).

## Arrangements for maintaining standards of conduct and the prevention and detection of corruption

84. The arrangements for the prevention and detection of corruption in East Renfrewshire Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

85. The Council has a Code of Conduct for both members and officers with specific sections for each group. This Code covers a number of areas including gifts and hospitality, expenses and allowances, use of council resources and tendering. The Council also has an Anti-Fraud and Bribery Strategy which includes reference to all relevant policies and procedures aimed at preventing fraud and corruption.

## Transparency

86. When assessing transparency we consider questions such as:

- Are meetings held in public?
- Are papers and corporate documents available online and there is only limited use of taking papers in private?



- Are financial statements clearly presented and budget monitoring papers concise and clear?
  - Is a register of interests available on the website?
87. At East Renfrewshire Council meetings of the full Council and Committees are held in public with papers available on the Council website. Members agreed in March 2015 for Council meetings to be filmed for broadcast via the Council's internet site.
88. The Code of Conduct for Members requires them to complete an annual Declaration of Interest which is held on a central register by the Chief Executive's department. We raised the lack of an annual return by all members last year and note that council officers wrote out to members in December 2014. Our review this year noted that, yet again, not all members submitted updated returns. Although a prior declaration existed there was no correspondence confirming no changes to the prior disclosure.
89. We also believe that staff register of interests could be developed further, either by publishing senior officer interests (along with members) and/ or by extending arrangements to seek positive confirmation from all staff annually.

***Appendix IV – Action Plan No. 6***

## **Welfare Reform**

90. Continued progress has been made in mitigating and preparing for the impact of Welfare Reform, including the commencement of Universal Credit in February 2016. The planning structure now

consists of a Welfare Reform Strategy Group and a Universal Credit Preparations Group. The Welfare Reform Strategy Group met regularly during 2014/15, reporting to the Corporate Management Team and Cabinet on progress made.

91. The Council received funding from the Scottish Government to work towards mitigating the impact of Welfare Reform. This grant did not fully fund the impact of Welfare Reform and a contingency sum has been approved by the Cabinet since 2013/14. The Council drew down £295,000 in 2014/15 from the Council's Welfare Reform Contingency Fund with £64,000 relating to the Scottish Welfare Fund.
92. The level of DHP increased from £207,401 in 2013/14 to £260,890 in 2014/15. Payments from the Scottish Welfare Fund increased to £272,826 from £150,299 in 2013/14 with an increase in applications of 42%.
93. A potential risk of welfare reform was increasing rent arrears. Current rent arrears actually decreased to £349,979 from £402,931 in 2013/14. This figure represents 3.5% of gross rent due, a reduction from 4.3% in the prior year.

## **Housing and council tax benefits performance audit**

94. A previous risk assessment in November 2012 identified 13 risks to continuous improvement. The Council submitted an action plan to address these risks and in September 2014, it submitted a current self-assessment along with supporting evidence, and an



updated action plan. Of the 13 risks identified, the Council has made significant progress: with 10 actions fully completed, 1 action ongoing and 2 actions outstanding.

95. A council report in July 2015 identified that the speed of processing of new housing benefit claims has improved from 30 days in September 2014 to 18 days for quarter one of 2015/16. Similarly the speed of processing change of circumstances has also improved from 14 days to 5 days. The Council's performance in these areas is now better than the Scottish average.

## Delivering through partnership

### Following the public pound

96. In January 2015 the Accounts Commission sent a letter to councils encouraging them to apply good practice more consistently across ALEOs highlighting the importance of strong governance for ALEOs particularly around minimising potential conflicts of interests, ensuring regular and proportionate monitoring, including clauses for review and termination in funding agreements. This should apply to the many arrangements the council enters into to provide funding to third parties.
97. East Renfrewshire Leisure and Culture Trust was established on 2 July 2015. It has its own governance and board structure. The Board is made up of elected members, independent representatives and a representative from the Trade Unions. In addition, two East Renfrewshire Council Officers will act as

observers on the Board. The structure of the Board was developed by ERC and its legal advisors, taking on-board lessons learned from other culture and leisure trusts in Scotland. The structure also complies with OSCR guidance

98. The services which have transferred to the Culture and Leisure Trust have been asked to identify £1.3 million of savings. Moving to a trust generates a significant proportion of that amount. A net saving of £412,000 has been reflected in the revenue budget for 2016/17, due to savings in Non Domestic Rates.
99. The Council has identified that the transfer of services to the Trust will also lead to improvements in the efficiency and quality of services. The establishment of a new charitable organisation provides an opportunity for flexibility and autonomy to create a body solely focused on the delivery of improved culture and leisure services.
100. The Trust and the Council agree to meet annually to review annual performance, existing arrangements and the annual management fee. Budget monitoring reports will be submitted to Cabinet and the Trust board quarterly.

### Integration of health and social care

101. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.
102. The East Renfrewshire Health and Social Care Partnership Integrated Joint Board (IJB) was formally established on 27 June

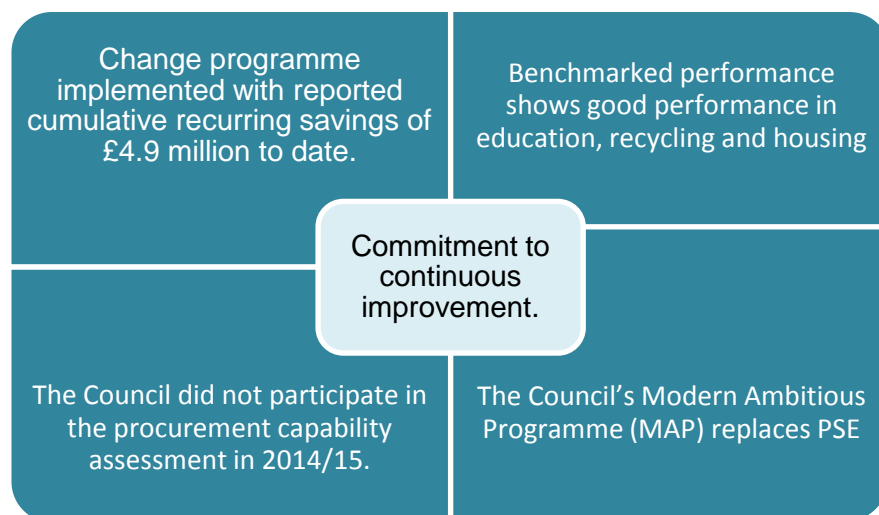
2015 and is on track to deliver the integration scheme which must be in place by 1 April 2016.

103. The inaugural meeting of the IJB was held on 19 August 2015 where the Chief Officer and the Chief Finance Officer were formally appointed. To support communication with the Council, the Chief Officer attends meetings of the Council's Corporate Management Team (CMT).
104. The members of the Strategic Planning Group have been involved in the development of the strategic plan for the period 2015-18 and this was approved by the IJB at their first meeting.

### **Glasgow and the Clyde Valley City Deal**

105. The Council is participating in the £1.13 billion Glasgow and Clyde Valley City Deal initiative. Projects totalling £44 million have been identified within East Renfrewshire. These projects should provide employment and improve transport links to the additional 28,000 jobs which are expected to be created across the wider City region over the next 20 years.

# Best Value



106. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The Council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

## Local scrutiny plan

107. The 2015/16 Local Scrutiny Plan (LSP) prepared by the Local Area Network (LAN) of scrutiny partners for East Renfrewshire Council was submitted to Cabinet on 4 June 2015. No scrutiny

risks were identified that required specific additional scrutiny by the LAN in 2015/16.

108. The LSP identified that there would be an assessment of Multi-Agency Public Protection Arrangements (MAPPA) as part of a national joint review by the Care inspectorate and Her Majesty's Inspectorate of Constabulary (HMICS) during 2015.

## Council's change programme

109. The Council's Modern Ambitious Programme (MAP) replaces the previous change programme – Public Service Excellence. MAP focuses on 3 capabilities – digital; modernising and data/information. There will be separate work streams and defined projects for each of these areas which will contribute to the necessary budget savings in future years.

110. The PSE programme which ended earlier this year has been identified by the Council as achieving cumulative recurring cash savings of £4.9 million and a workforce reduction of 283 FTE. In 2014/15 the Council achieved a total of £4.3 million efficiency savings, £0.8 million of which forms part of the 2014/15 PSE savings.

## Procurement

111. In 2009 the Scottish Government introduced an annual evidence-based assessment, the procurement capability assessment (PCA), to monitor public bodies' adoption of good purchasing practice and as a basis for sharing best practice. The Council did

not participate in the assessment in 2014/15 due to changes to procurement internally. The Corporate Procurement team has been working towards delivering the requirements of the new Procurement and Commercial Improvement programme (PCIP) which commences in January 2016.

## Performance management

112. The Council's Outcome Delivery Plan is linked to the Single Outcome Agreement (SOA) and it sets out how the outcomes in the SOA will be met. The Council's new vision – "*A modern, ambitious Council, creating a fairer future with all*" is detailed within the Outcome Delivery Plan (ODP).
113. Six monthly performance and accountability reviews are carried out, with actions agreed with Community Planning Partners. The Council adopts a cyclical approach to performance reporting and it publishes information throughout the year. Regular reports on performance are provided to the Corporate Management Team and Cabinet, with mid and end year reports on the SOA outcomes and the ODP.
114. The Council also participates in the Local Government benchmarking Framework (LGBF) and the 2014/15 data is currently being collected. The 2013/14 data was published by the Improvement Service and can be accessed through the Council's website.
115. East Renfrewshire's performance against the LGBF dataset shows a broadly balanced picture of performance, with almost

60% of the indicators in the upper quartiles. There is good performance in education, recycling and housing.

## Overview of performance targets in 2014/15

116. Year end reports for departments were considered by Cabinet on 20 August 2015. In June 2015 the Council published a video/audio End of Year Performance for 2014/15 on the Council's website. Some of the reporting deadlines for indicators under the Local Government Benchmarking Framework are not due until later in the year so a summary position is not available.
117. Some examples from the unaudited 2014/15 key indicators are detailed below:
- 31 March 2015 was the deadline to meet the Scottish Housing Quality Standards. The Council had a 92.9% completion rate at 31 March 2014 and this has increased to 97% by March 2015
  - The percentage of income due from council tax received by the end of the year has remained relatively stable at 97.98% (97.85% in 2013/14)
  - Sickness absence days for chief officers and LG employees have increased from 30,486 to 32,664 but sick days for teachers have remained relatively stable.

## Statutory performance indicators (SPIs)

118. The approach to Public Performance Reporting (PPR) was evaluated across all of Scotland's councils by Audit Scotland

during 2014/15. This was reported to the Accounts Commission in June 2015 and an individual assessment for East Renfrewshire Council was issued to the Chief Executive in July 2015.

119. East Renfrewshire Council was rated as fully meeting the requirements in 24 (92%) of the 26 categories, with the remaining 2 categories being assessed as areas for improvement. This is an improvement on last year's results (81% meeting criteria and 19% partially meeting the criteria) although the results are not directly comparable due to the assessment methodology changing between years.

## National performance audit reports

120. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2014/15, a number of reports were issued which are of direct interest to the Council.

These are outlined in appendix III. East Renfrewshire Council has processes in place to ensure that all national reports and their impact on the Council are considered by members.

## Equalities

121. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.
122. East Renfrewshire Council published its Equality Mainstreaming Report and Equality Outcomes on 30 April 2013.

# Appendix I – Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Proposed assurance procedure	Results and conclusions
<b>Risk of material misstatement</b>		
<p><b>Income</b></p> <p>East Renfrewshire Council receives a significant amount of income in addition to SG funding.</p> <p>The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.</p>	<ul style="list-style-type: none"> <li>• Substantive testing of income streams as part of the audit of the financial statements.</li> <li>• Assurance from IA work on income</li> </ul>	<ul style="list-style-type: none"> <li>• We reviewed key controls in the accounts receivable system.</li> <li>• We reviewed RSG income, capital grant income, housing benefit income and a sample of significant other income streams (£3.4 million).</li> <li>• We also reviewed the work undertaken by Internal Audit on cash income and banking as part of our controls work.</li> <li>• Results were satisfactory and we did not identify any evidence of fraud.</li> </ul>

Audit Risk	Proposed assurance procedure	Results and conclusions
<p><b>Management override of controls</b></p> <p>As stated in ISA 240, management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• Detailed testing of journal entries.</li> <li>• Review of accounting estimates for bias.</li> <li>• Evaluating significant transactions that are outside the normal course of business.</li> <li>• Focused testing of accruals and prepayments.</li> </ul>	<ul style="list-style-type: none"> <li>• No unusual or inappropriate transactions were identified as part of detailed testing of journal entries.</li> <li>• A review of accounting estimates did not show any instance of bias.</li> <li>• No significant transactions outside the normal course of council business were identified.</li> <li>• Cut-off testing was satisfactory</li> <li>• Our conclusion is that there is no management override of controls at the council.</li> </ul>
<p><b>Requirements of the new accounting regulations:</b> The Local Authority Accounts (Scotland) Regulations 2014 have introduced some changes to the contents of the financial statements. These include the inclusion of a management commentary. The Code encourages authorities to take into account the requirements of the Government financial reporting manual for management commentaries.</p> <p>The new regulations also require the local authority (or a committee) to meet by 30 September to approve the audited annual accounts.</p>	<ul style="list-style-type: none"> <li>• Our audit of the 2014/15 financial statements will review in detail compliance with the new accounting regulations and management commentary disclosures.</li> </ul>	<ul style="list-style-type: none"> <li>• We reviewed the management commentary against the Scottish Government guidance and in general terms the new guidelines were met.</li> </ul>

Audit Risk	Proposed assurance procedure	Results and conclusions
<p><b>Common Good:</b> The Council recognised Common Good Fund assets (Cowan Park, Barrhead) for the first time in 2013/14. These were identified through the legal process adopted as part of the new Barrhead High School project. The Council agreed to carry out a formal review by March 2016, to further identify any assets which could be categorised as common good assets.</p>	<ul style="list-style-type: none"> <li>• Review of work completed to date by the Council.</li> <li>• Audit review of media and community websites to identify any assets which could be considered Common Good.</li> </ul>	<ul style="list-style-type: none"> <li>• We examined progress on the council’s review of assets</li> <li>• We undertook an ongoing review of media to identify potential issues</li> <li>• We did not identify any current issues with potential common good assets and we found that the Council was still committed to a formal review</li> </ul> <p style="text-align: right;"><b>Appendix IV – Action Plan No.4</b></p>
<p><b>Valuations:</b> Land and properties and pensions are subject to annual valuation exercises. There is a risk that any subjective judgement/error in the valuations would have a significant impact on the financial statements.</p>	<ul style="list-style-type: none"> <li>• Detailed substantive review of a sample of valuations during the financial statements audit.</li> <li>• Work to enable us to place reliance on these “management experts” in accordance with ISA 500.</li> </ul>	<ul style="list-style-type: none"> <li>• We undertook work to rely on the internal values in accordance with ISA500</li> <li>• We reviewed the methodology for schools generally and the valuations for two schools - Cross Arthurlie Primary School and St Luke’s secondary school</li> <li>• We reviewed the reconciliation of valuation adjustments in the fixed asset register to the valuer’s report</li> <li>• We did not identify any issues with the basis of the valuations and found these were accurately reflected in the asset register, although an issue with depreciation was identified and corrected in the audited financial statements (paragraph 24).</li> </ul>



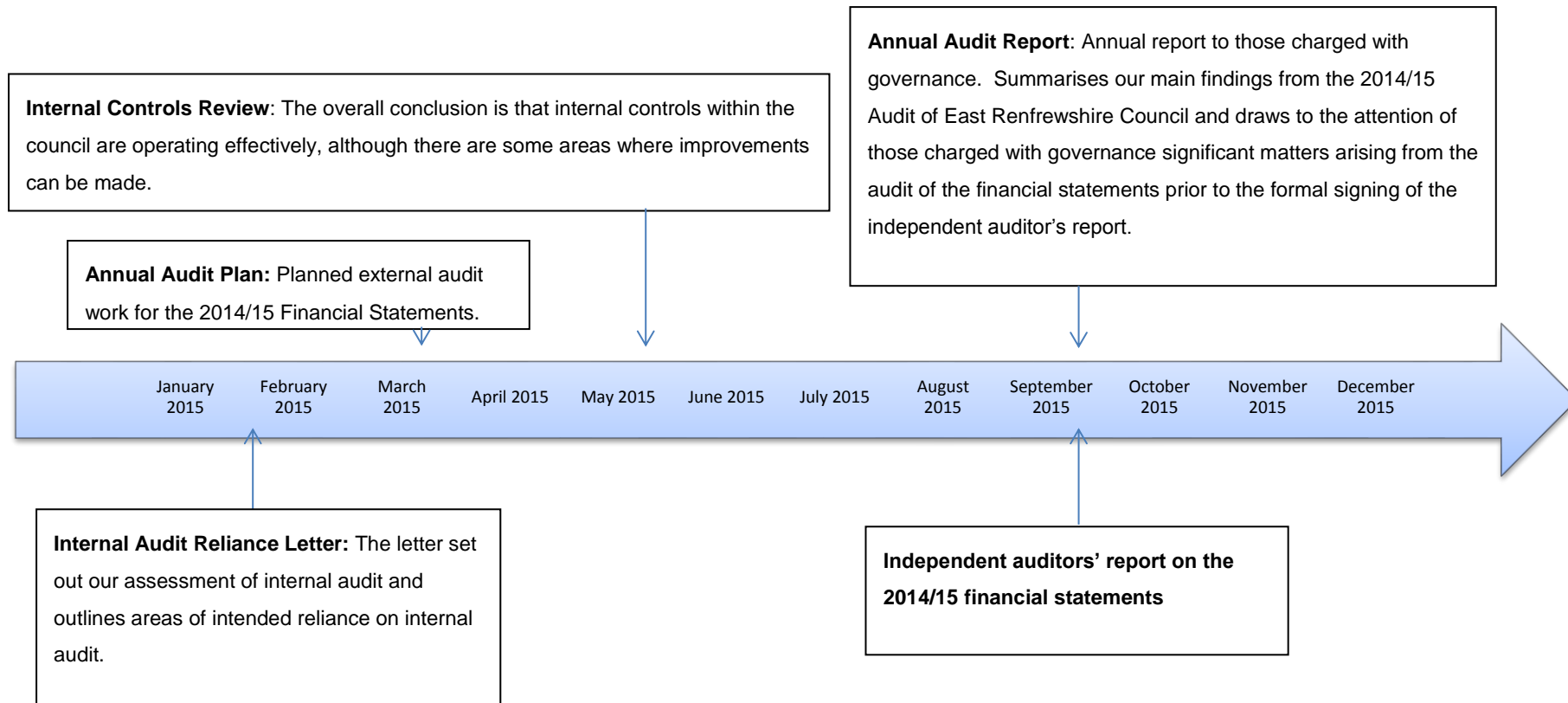
Audit Risk	Proposed assurance procedure	Results and conclusions
<p><b>Severance payments</b></p> <p>In 2013/14, 56 people left the Council at a cost of £1.9 million. There have been 55 approvals to leave the Council in 2014/15.</p> <p>There is a risk that the financial liabilities associated with these severances will not be completely or accurately reflected in the financial statements or the remuneration report. There is also a risk that any payment may not be fully supported by appropriate authorisation and a business case.</p>	<ul style="list-style-type: none"> <li>• Substantive testing of a sample of severance payments to ensure that they are appropriately authorised and reported to committee and represent best value.</li> <li>• Review of the classification, completeness and accuracy of liabilities, within the financial statements, associated with the severance scheme.</li> <li>• Review of the associated disclosures within the financial statements including the remuneration report.</li> </ul>	<ul style="list-style-type: none"> <li>• 74 packages were agreed during 2014/15 and we tested a sample of 11 exit packages and confirmed they were approved by a director.</li> <li>• Checked that all pension costs were included and accurate.</li> <li>• We conclude that the authorisation and best value assessments were completed appropriately and accounts disclosures accurately recorded.</li> </ul>

Audit Risk	Proposed assurance procedure	Results and conclusions
<p><b>Emergent risk</b></p> <p><b>CHCP Overpayments.</b> Overpayments of £1.3 million have been made to CHCP care providers through the scheduled payments system over a number of years in the area of Learning Disabilities.</p> <p>There is a risk that overpayments have not been fully identified and that recovery action/ accounting adjustments have not been made appropriately and the financial statements are materially misstated.</p>	<ul style="list-style-type: none"> <li>• Review the work undertaken by the Council’s internal auditor to review the reconciliations with Learning Disability providers and the errors identified.</li> <li>• Examine whether errors in other areas of CHCP external payments exist through reconciliation of the financial ledger to care commitment logs.</li> <li>• Establish the accuracy of care commitment logs to care packages recorded in care records for a sample of individuals with the assistance of the Care Inspectorate.</li> <li>• Identify and confirm the accuracy of adjustments in the financial ledger.</li> </ul>	<ul style="list-style-type: none"> <li>• The internal auditor’s work was reviewed and we concluded this demonstrated a comprehensive review of the issues with the providers of care affected in the Learning Disability area.</li> <li>• We obtained over ten individual care commitment logs and agreed the reasonableness of the ledger expenditure in other areas of care.</li> <li>• We tested over 70 individuals to ensure that agreed care records were reflected accurately and completely in the care commitment logs.</li> <li>• We identified and confirmed the accuracy of the adjustments in the financial ledger for the issues identified.</li> <li>• We made a number of recommendations to improve systems.</li> </ul>

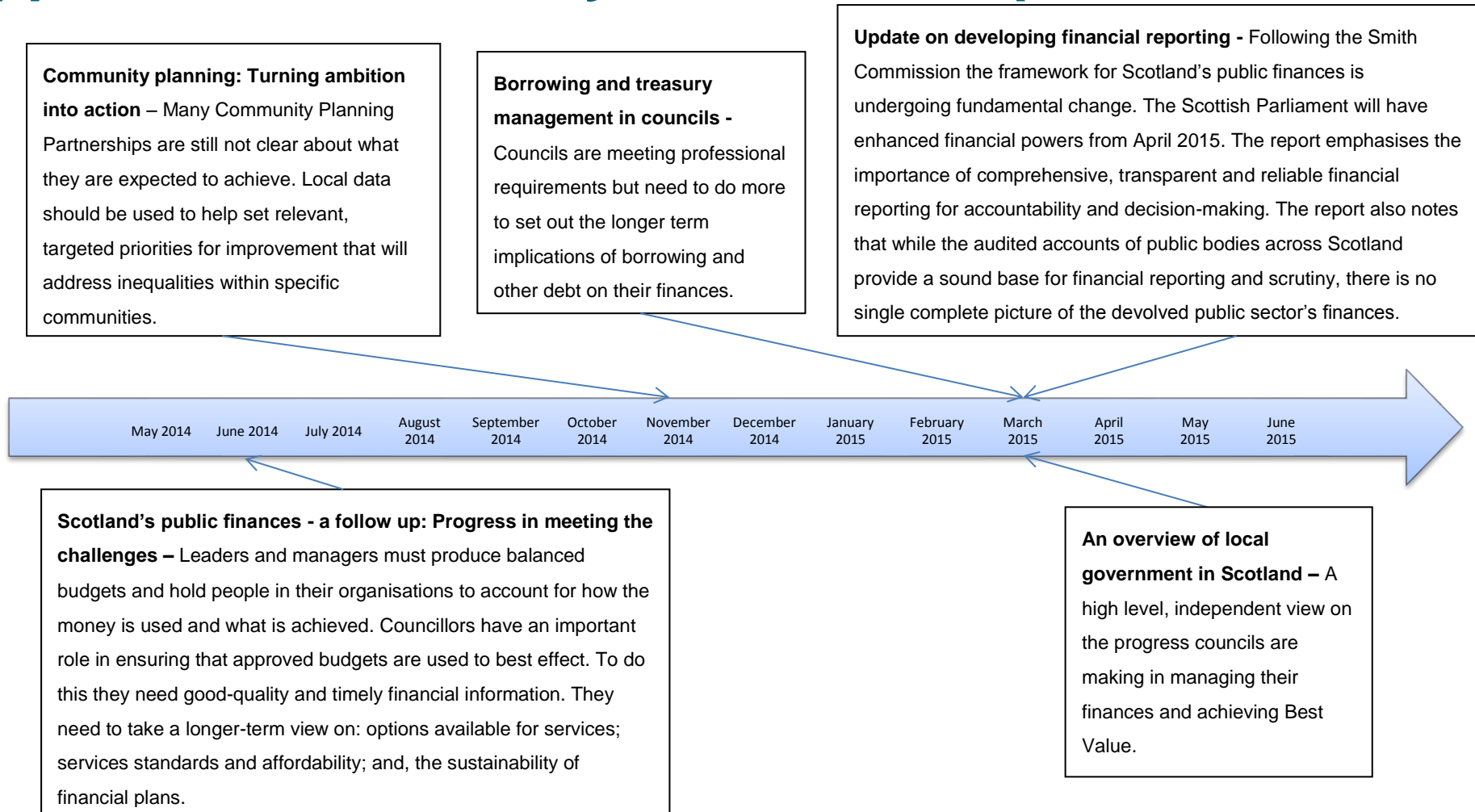
Audit Risk	Proposed assurance procedure	Results and conclusions
<b>Risks identified from the auditor’s wider responsibility under the Code of Audit Practice</b>		
<p><b>Financial management and sustainability</b></p> <p>The Council has identified a shortfall of £22 million covering the period 2015/16 to 2017/18 but has identified savings of £17.5 million covering the same period leaving a shortfall of £4.5 million. For 2014/15 the Council has to achieve savings of £4.3 million.</p> <p>There is a risk that savings targets are not met and the ongoing need to deliver savings may have an impact on services and the delivery of strategic priorities.</p>	<ul style="list-style-type: none"> <li>• Savings for 2014/15 are on track to be achieved.</li> <li>• Regular presentation of Revenue Budget Monitoring Reports to Cabinet.</li> <li>• Ongoing discussions with senior officers.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed budget monitoring reports throughout the year.</li> <li>• Review of Annual Efficiency Statement submitted to Cabinet on 20 August.</li> <li>• We reviewed these papers and assessed the Council’s overall financial planning arrangements as effective and its financial position is sustainable.</li> </ul>
<p><b>Business Continuity Plan</b></p> <p>Although a Business Continuity Plan (BCP) has been prepared by the ICT department, there has been no recent review of this plan. BCPs should be subject to regular review and testing to ensure that in the event of an incident, key systems can be restored.</p> <p>There is a risk that key systems cannot be restored following an incident, and key data will be lost.</p>	<ul style="list-style-type: none"> <li>• Review of a sample of BCP’s from across the organisation including the consolidated BCPs in the Corporate and Community service departmental plan.</li> </ul>	<ul style="list-style-type: none"> <li>• As part of our Governance review we found that the Council does not have a council-wide business continuity plan. Departmental business continuity plans are being completed first and work is on-going with some departments having draft plans.</li> </ul> <p style="text-align: right;"><b>Appendix IV – Action Plan No. 5</b></p>

Audit Risk	Proposed assurance procedure	Results and conclusions
<p><b>Elected members’ declaration of interest and staff register of interests</b></p> <p>The Council Code of Conduct for members requires an annual Declaration of Interest to be completed for inclusion in the central register. However our review in 2013/14 noted that in several instances an updated return had not been provided. Our review of the register held for staff disclosures concluded that only eight disclosures were made for 2013/14. We note that the Council has been proactive in trying to raise awareness of the register of interests, however the limited number of responses received do not appear to capture the potential interests of staff across the organisation.</p> <p>There is a risk that the Council’s governance arrangements are not complete and that the Council may be subject to fraud.</p>	<ul style="list-style-type: none"> <li>• Review Annual Declaration of Interests for members.</li> <li>• Review Staff Register of Interests.</li> <li>• Review Annual Declaration of Interests held by departments.</li> <li>• Review NFI matches to assess the prevalence of register of interest issues and evidence of any under recording.</li> </ul>	<ul style="list-style-type: none"> <li>• We reviewed annual declarations from members and staff.</li> <li>• We reviewed NFI matches for any evidence of issues relevant to members or staff interests.</li> <li>• Council officers wrote out to members in December 2014. Our review this year noted that not all members submitted updated returns. Although a prior declaration existed there was no correspondence confirming no changes to the prior disclosure.</li> </ul> <p style="text-align: right;"><b>Appendix IV – Action Plan No. 6</b></p>

# Appendix II - Summary of local audit reports



# Appendix III - Summary of national reports



## Appendix IV - Action plan

No.	Para	Issue/risk/recommendation	Management action/response	Responsible officer	Target date
1	74-75	<p><b>CHCP scheduled payments.</b></p> <p>Weaknesses in controls over the existing CHCP scheduled payments system led to overpayments of £1.3 million over a number of financial years.</p> <p>The scheduled payments system should be discontinued.</p>	<p>At the start of 2015/16 scheduled payments were being made for 6 organisations. Of these 3 are now paid on invoice, 1 will be paid on invoice by October 2015 and the remaining 2 organisations will move to payment by invoice by the end of the financial year.</p>	<p>Candy Millard / Frank White</p>	<p>31 Mar 16</p>

No.	Para	Issue/risk/recommendation	Management action/response	Responsible officer	Target date
2	74-75	<p><b>CHCP provider contracts.</b> The contractual terms could not be established with some providers of care and some contracts may not have been reviewed for over ten years.</p> <p>CHCP grants and payments to providers of care services should be reviewed to ensure appropriate contract terms exist that reflect the current procurement practices. These arrangements may reflect care provision on an individual basis within wider contract terms for each provider or arrangements where a provider provides a service which is not individual-based. However, the contractual basis should be clear with each provider.</p>	<p>The HSCP, through the Council, has in place contracts with a number of providers under the National Care Home Contract, the Care at Home framework and the Care and Support framework for major areas of service.</p> <p>For the Learning Disability former scheduled payment providers, the Public Social Partnership which commenced in 2013 is the vehicle for reviewing and redesigning over 100 complex and high value care packages. To date 65 of these have been redesigned, with clear expressions of individual choice being agreed and the relevant SDS route being followed. The HSCP will migrate these individuals on to their preferred self directed support option and associated contracts.</p> <p>Option 3 Care and Support Framework – 42 individuals</p> <p>Option 2 Individual Service Fund Agreement – 20 individuals</p> <p>Option 1 Direct Payment Agreement – 3 individuals</p> <p>Individuals whose service redesign is currently underway will agree their preferred choice and the relevant Self Directed Support option – 24 individuals</p>	<p>Candy Millard</p> <p>Candy Millard</p> <p>Candy Millard / Frank White</p> <p>Candy Millard / Frank White</p>	<p>Complete</p> <p>31 Oct 15</p> <p>31 Oct 15</p> <p>31 Dec 15</p>



No.	Para	Issue/risk/recommendation	Management action/response	Responsible officer	Target date
			Work with the remaining individuals to redesign and implement their preferred Self Directed Support Option – 36 individuals	Candy Millard / Frank White	31 Mar 16
			The HSPC will undertake a systematic review of all remaining grants and other contract arrangements.	Candy Millard	31 Mar 16
3	74-75	<b>CHCP systems.</b> The existing systems and controls over CHCP budgeting and expenditure are fragmented, inconsistent and create poor audit trails. All CHCP records that lead to a payment for care, based on agreed care records, should be migrated to CareFinance.	<p>All Community Care and Children and Families care support packages will be migrated to CareFinance.</p> <p><u>Care Finance Workstream 1 – Data Migration</u></p> <ul style="list-style-type: none"> <li>&gt; Permanent Care – complete</li> <li>&gt; OP &amp; PD – complete</li> <li>&gt; LD – 48% complete</li> <li>&gt; MH – 26% complete</li> <li>&gt; C&amp;F – commence October</li> <li>&gt; Home Care (CM2000 Integration) – linked to Care @Home project timescales</li> </ul>	Lesley Bairden / Candy Millard	<p>Complete</p> <p>Complete</p> <p>31 Oct 15</p> <p>31 Nov 15</p> <p>29 Feb 16</p> <p>31 Mar 16</p>

No.	Para	Issue/risk/recommendation	Management action/response	Responsible officer	Target date
3	74-75		<p><u>Care Finance Workstream 2 - Payment Functionality</u></p> <ul style="list-style-type: none"> <li>&gt; Invoice Matching – live running for Permanent Care</li> <li>&gt; Migration of non-residential payment commenced Aug 15</li> </ul> <p><u>Care Finance Workstream 3 – Support Tools</u></p> <ul style="list-style-type: none"> <li>&gt; Residential Financial Assessments – commences Oct 15, target implementation Dec 15</li> <li>&gt; CarePay – Fostering &amp; Adoption, implementation commenced Aug 15</li> </ul> <p>The newly appointed Chief Financial Officer post for the HSCP will undertake a systematic review of wider processes and procedures and implement a Financial Governance Framework for the HSCP</p>	<p>Lesley Bairden / Candy Millard</p> <p>Lesley Bairden / Candy Millard</p> <p>Lesley Bairden</p>	<p>Complete</p> <p>31 Mar 16</p> <p>31 Dec 15</p> <p>31 Dec 15</p> <p>31 Mar 16</p>

No.	Para	Issue/risk/recommendation	Management action/response	Responsible officer	Target date
4		<p><b>Common Good Assets</b> - In 2013/14, the Council recognised Common Good Fund assets (Cowan Park, Barrhead) for the first time through the legal process adopted as part of the new Barrhead High School project.</p> <p>We recommended last year that the council should review the asset register to identify common good assets and this was agreed with an implementation date of 31 March 2016.</p>	<p>In terms of the Community Empowerment and Renewal Bill once it is enacted (probably late 2015 or early 2016). A preliminary check of titles will be undertaken in preparation for this task. The Council will also carry out a process of checking individual Barrhead titles as and when the land in question becomes subject to the possibility of alternative use/transfer etc.</p>	Chief Solicitor	31 March 2016

No.	Para	Issue/risk/recommendation	Management action/response	Responsible officer	Target date
<b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b>					
5	64	<p><b>Business continuity plans.</b> As part of our Governance review we found that the Council does not have a council-wide business continuity plan. Departmental business continuity plans are being completed first and work is on-going with some departments having draft plans.</p> <p>We recommend that departmental and council-wide BCPs are completed.</p>	<p>Departmental Business Continuity Plans are now complete. A draft Council Wide Plan has been developed &amp; will be considered by the Corporate CRMT 22 October 2015 &amp; presented to CMT 24 November 2015</p>	<p>J. Sneddon in association with CRMT</p>	<p>24 November 2015</p>

