

Response Framework

Supporting Best Value and improvement;
Escalating concerns appropriately



ACCOUNTS COMMISSION 

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Contents

Foreword	3
1. Introduction	4
2. Why have a Response Framework?	6
3. Financial audit and Commission reporting	7
4. Responding to statutory reports	8
5. Responding to concerns	13
Appendix: Functions and powers of the Accounts Commission	21

Accessibility

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Foreword

As a Commission, we have a statutory role to secure the audit of the accounts of local government bodies, and to report publicly on their finances and performance to assure taxpayers that public money is being spent well.

We recognise that decisions about how to use resources should rightly be taken locally by councillors – those elected to serve their communities.

A key part of our role is highlighting where we have concerns about how public funds are being managed, and the impact that might have on service users.

We believe that it is important to set out how we will use our role to take early, proportionate action where we have concerns about audit delivery, or an issue arising from the annual audit. Our focus is on seeking solutions and supporting Best Value and improvement, with the aim of improving outcomes for communities across Scotland.

This Response Framework is our way of setting out transparently how we will use our statutory powers, role and influence where we have concerns about either audit delivery or the use of public money.

Whilst this framework is aimed at elected members, senior officers, and auditors, we want the public to understand that we are working on their behalf to ensure that public money is well spent and that the services we all rely on and use every day are sustainable for the future.

Accounts Commission for Scotland

1. Introduction

Role of the Accounts Commission

1. The Accounts Commission ('the Commission') reports publicly on local government finances, on arrangements to secure Best Value, and on issues of national interest and importance relating to local government. Importantly, key messages and recommendations in reports are based on robust audit evidence.

2. Councils operate independently of government and are ultimately accountable to their electorate for the services they provide, not to the Scottish Ministers or the Commission. However, during a period of significant restructuring, the Commission was established under the [Local Government \(Scotland\) Act 1973](#) (the 1973 Act) to enhance accountability and integrity in Scottish local government by scrutinising the financial audits of councils and other local government bodies and promoting Best Value – this still forms the basis of its work. More details are provided in [Appendix](#).

Fulfilling its role effectively

3. Important to fulfilling its role is ensuring that stakeholders (including the public and councils) trust and have confidence in the work of the Commission and understand its role in ensuring public money is spent well. Engaging with and building constructive relationships with stakeholders is something that the Chair, Deputy Chair and Commission Members do on a regular basis. More details can be found on the [Commission's website](#).

4. The Commission's statutory role in relation to reporting on the performance and spending of local government can serve as part of a wider 'early warning' system, where issues of concern are raised and can be escalated appropriately.

5. This Response Framework sets out the options the Commission can and should use to respond when there are concerns about the audit, finances or performance of a local government body (including Integration Joint Boards (IJBs) and other associated bodies). It does not include the Commission's response to sector-wide issues raised in performance audit work undertaken on its behalf by Audit Scotland.

6. The framework aims to ensure that any response to an audit delivery, financial or performance concern is proportionate, timely and the least intrusive necessary to support improvement. The framework should

ensure that the Commission is being transparent with key stakeholders about the considerations it makes and the action it takes.

7. Ultimately, the framework seeks to ensure that action by the Commission is proportionate and taken as early as possible to enable a focus on improvement, which will likely be supported by the Convention of Scottish Local Authorities (COSLA), the Society of Local Authority Chief Executives (Solace), Directors of Finance, the Improvement Service (IS) and others across the local government sector. Operating in accordance with this framework seeks to protect communities from the impact of significant financial and/or performance failure within local government.

2. Why have a Response Framework?

8. There could be serious implications for service users, local communities and businesses, and council staff should a local government body face significant financial sustainability or other issues in relation to delivering its statutory functions and/or achieving Best Value.

9. It is important that the Commission uses its statutory role as effectively as possible to respond to concerns about any local government body and escalate issues early and appropriately to support improvement. The Commission also wants to use its influence and work to highlight and share good practice.

10. Following any response by the Commission, support provided to individual councils by COSLA, Solace, Directors of Finance, the IS and the wider local government professional network will be a key part of ensuring that issues raised are addressed appropriately and can support wider learning.

11. It is important that the Commission considers and assesses response options against two key criteria – **cost** and **impact** – to ensure its actions are appropriate and proportionate. Ideally, the Commission should seek to respond in ways that have impact and are focused on driving positive improvement (in the least intrusive way) and for the lowest additional cost (both to the Commission and the body concerned). However, where issues are of significant public interest and/or concern, the Commission may decide that a discussion is required with Audit Scotland (as budget holder) around securing resource to undertake a more costly response, for example holding a public hearing (covered in more detail in [Section 4](#) of this Framework).

3. Financial audit and Commission reporting

12. Financial audit is the bedrock of the assurance provided by the Commission to the public about how taxpayers' money is managed. It is a key part of a wider 'early warning' system in relation to issues within a local government body.

13. Audits undertaken on behalf of the Commission (by independent, external auditors in Audit Scotland and in private firms) cover more than reviewing an organisation's accounts. They also consider governance and leadership, financial management, the body's use of resources to improve outcomes, and financial sustainability over the longer term.

14. The Commission appoints a Controller of Audit (CoA) who has the lead statutory responsibility for reporting on the audit of local government in Scotland. The CoA has powers under the 1973 Act to produce a report for the Commission on matters arising from annual audits. The Commission can also instruct the CoA to report to it on matters of concern. The CoA's powers under s102 are also used for the Commission's ongoing series of Best Value reports on each council in Scotland (specified at paragraph 87 of the [2021 Code of Audit Practice](#)).

15. This framework presents response options where the Commission has concerns about issues covered by the statutory reports it receives from the CoA or where it identifies an issue that it believes is of public interest and should be escalated.

16. Given the significance of financial audit – including as the main basis for statutory reports by the CoA – this framework also presents options that can be used when there are audit delivery issues and timescales slip. This can be an early sign of strain within a council or a local government body that could merit closer investigation. The framework presents a process that can be followed to support both the auditor and the local government body to work in partnership, recognising that both face a range of challenges in delivering high quality and timely audit.

4. Responding to statutory reports

Stating findings; Directing the Controller of Audit; Hearings

17. Following consideration of a statutory report from the Controller of Audit (CoA), the Commission can use its powers to respond by doing all, any, or none of the following (in any order):

- state findings
- direct the CoA to carry out further investigations
- hold a hearing (before then likely stating findings)

18. All statutory reports are published, following which the Commission will always seek a meeting with the council (senior officers and elected members) to discuss the outcome of the Commission's discussion, the council's next steps and their views on the process around the statutory report and the audit. The meeting is an opportunity to explore areas of good practice, as well as focus on Commission or council concerns. These meetings are regarded by the Commission as essential to building and maintaining relationships.

19. If, within a report under s102 of the 1973 Act, the CoA is of the opinion that any item relating to the accounts of a local government body is contrary to law, there has been negligence or misconduct of any person, or a local authority has failed to carry out a duty, then the Commission can, in addition to the above three options, also 'state a case on any question of law (arising on a CoA report) for the opinion of the Court of Session'.

20. Where the Commission has considered a report that presents any of the issues set out in the paragraph above, the Commission has further powers which include censuring an officer or member (ie, making a formal statement of disapproval¹), suspending a member (from attending meeting/s of the local authority) or disqualifying a member from being or from being nominated for election for a specified period. The Commission

¹ Censure would be used when a breach of the relevant Code of Conduct is found, but the misconduct is not serious enough to warrant suspension or disqualification (noting that only censure can apply to officers as well as members). It serves as a public record and warning. [General guidance](#) on censure is provided by the Standards Commission for Scotland

can also recommend that Ministers give directions to an authority on rectifying matters. Legal advice would be taken by the Commission in situations of this kind.

21. When considering whether censure, suspension or disqualification are an appropriate response, a key reference point for the Commission will be the nine [Key Principles of Public Life](#). Where it believes the principles have not been adhered to, either by an officer or an elected member, then any response would likely want to ensure that the issue is raised in a way that supports improvement across the sector.

Responding to statutory reports

State findings

22. In relation to statutory reports, stating findings is the most common form of response. Findings are typically a mix of the following:

Exhibit 1 Findings

Type	Description
Observations on key issues	These can be of a positive or negative nature and can either highlight good practice or accentuate key challenges.
Noting or 'watching brief' type statements	This would put on record the Commission's interest in an area of work highlighted in the annual audit report and where they intend to follow progress.
Recommendation/s to a council	This can vary from 'the council should consider' to 'the council must consider' and will be followed up by auditors as part of the next year's annual audit process. Some of these findings may be timebound, with the Commission stating an expectation of a date being met that would likely precede the publication of the next annual audit report.
Recommendation/s to Scottish Ministers	Ministers would be asked to direct a council to act, but their actual powers will be limited (recognising that councils are accountable to their electorate). Where there is a finding of failure, negligence or misconduct, the Commission can recommend that Ministers make an 'order' giving effect to a recommendation within a finding (but Ministers do not have to make this order- this is set out in Section 103F of the 1973 Act).
Recommendations to the sector as a whole	Where the issue of concern is relevant to all councils, the findings can recommend sector-wide action (this is discussed again in Section 5B).

23. Following its meeting in public, the Commission reports the outcome of its deliberations using a variety of means – publishing the report, press release, interviews, animation, social media – and work is undertaken to maximise stakeholder reach, and local engagement. Where appropriate, this may also include sending the report to relevant stakeholders across the sector. The Commission’s ‘sponsor’ team within Scottish Government is informed of all statutory reports published by the Commission (including Best Value reports), so that any necessary advice can be put to the Minister/s with responsibility for local government.

24. Councils, on receipt of findings (made either following a normal Commission meeting or following a hearing - both having the same status), have a duty to **consider** findings made by the Commission at a meeting of their full council, within three months but can decide whether (or not) to accept any or all the finding.

25. Whilst not obliged to act, councils do generally prepare action plans in response. As set out in annual [audit planning guidance](#) produced by Audit Scotland, auditors are asked to track findings (that contain recommendations) through the annual audit process. Key to the Commission’s credibility with the sector is ensuring that recommendations are realistic and can support improvement. Engagement with the sector plays an important role in maintaining and enhancing credibility.

26. Where a council does not accept a finding, it would likely set out its rationale. It would be for the Commission (with advice from the CoA and the auditor) to consider if it wished to take any more action.

Direct the CoA

27. It may be the case that the Commission identifies an issue through means other than a statutory report from the CoA and directs the CoA to carry out work. This may come from engagement with the sector or from discussion on audit intelligence and risks.

28. However, the more common scenario is that the CoA instigates a s102 report (based on an issue of concern arising from the accounts) and brings it to the Commission. Following their consideration, the Commission may request an update and/or further detail from the CoA within a set time period, eg within 6 months. Where the Commission continues to have serious concerns and reassurance cannot be provided by the CoA, or where new evidence comes to light following the completion of the s102 report, the Commission could request that a further s102 report be undertaken. Either of these actions could incur additional costs as auditors would likely be required to undertake additional work.

Hold a Hearing

29. Whilst the Commission considers and discusses all reports from the CoA at the public session of its monthly meetings, the Commission also has statutory powers that enable it to hold a hearing following consideration of a statutory report (in relation to Best Value or on an issue

of concern raised under the CoA's s102 powers). This is a formal process, over and above the standard report follow up meeting with the council, organised and led by the Commission.

30. A hearing's primary purpose is to assist the Commission to then take appropriate action by listening to appropriate evidence, additional to the evidence in the auditor's and CoA's reports. The Commission will decide at its discretion who will be heard at a hearing and the format of the event. A hearing is held in public and members of the public, including journalists, are welcome to attend.

31. Following a hearing, the Commission will consider the evidence it has gathered and will likely then publish findings, which could include recommendations to a local government body and also to Scottish Government Ministers. Ultimately a hearing's outcome should support a body to get back to delivering improved and more efficient services to their communities and to return public confidence.

32. If, following a hearing, the Commission finds that the body has acted illegally, or there has been negligence or misconduct, then the Commission can take steps including censuring or suspending – more details can be found in [Section 103F](#) of the 1973 Act.

33. There are implications of holding a hearing for both the Commission and the body:

- reputation and profile of Commission and the body – the act of holding a hearing would likely attract media and political attention
- the opportunity costs and knock-on implications for other work (within the Commission, Audit Scotland and the body) with resources being committed to a hearing for a period of time
- costs would be incurred in relation to legal advice, staff time (audit, support and communications staff, and within the body)
- Commission member preparation time and travel expenses for both Audit Scotland staff and the Commission.

34. The table below provides criteria that the Commission will use when considering whether a hearing is the best option in response to a statutory report. Documenting its considerations is important.

Exhibit 2

Hearings

Criteria for holding a hearing

1. It would give citizens and other stakeholders who have struggled to have their voices heard a chance to give their views and experiences to an independent body in a public setting
2. Further evidence is required to be gathered that would go beyond the scope of the annual audit, for example the view of the council from key stakeholders within the community
3. Commission wishes to gain a better understanding of an issue, such as leadership, governance or member/office relationships and believes that other staff and stakeholders are better placed to inform that understanding (other than those who have engaged with auditors)
4. Commission needs more information that it believes it can get in a way that is more effective (and possibly more cost effective) than commissioning further audit work
5. Significant information comes to light in relation to an aspect of Best Value that calls the evidence provided by the council into question. This might be before or during the public session of the Commission
6. The council's track record in responding to internal and external audit recommendations is poor and the Commission would like to better understand the action that is being taken

Potential reasons for not holding a hearing

1. Commission is not convinced that holding a hearing would shed more light on the issues than that raised in the CoA report or during the private discussion with auditors and the cost of the hearing would be significantly more than further audit work
2. Commission feels that the council in question is taking the issues raised by the CoA seriously and there is a reasonable degree of confidence that the necessary improvement actions are being put in place
3. The council needs to be given further time to demonstrate the impact of the improvement actions to which it had committed – this could be due to a recent change in political or official leadership
4. The issues are overtly political, and a hearing would not add anything useful to an already strained and difficult situation
5. There is no anticipated benefit to service users in pursuing the issue

5. Responding to concerns

Using options to raise awareness and/or escalate concerns

35. The 1973 Act says that ‘**the Commission shall have power generally to do such acts as may appear to them to be necessary or expedient for the proper discharge of their functions**’. This means that as well as the response to statutory reports, it can do what it thinks is necessary to shine a spotlight on the use of public money (including where it believes there is particularly good practice), escalate issues, support improvement and ultimately aim to ensure services for communities remain sustainable.

36. The next two sections cover the following:

- **Section 5A** covers a process that will be followed should there be significant concerns with delivery of an annual audit. As the foundations for the reports that come to the Commission, audit delays can signal issues within a council or with an auditor, or both, and it is important that work is done, in partnership, to get the annual audit back on track. Late audits also impact finance teams’ capacity to move into budget setting, as well as day to day financial management and reporting
- **Section 5B** covers options that can be used instead of, or in addition to, publishing findings or holding a hearing. The options can also be used as part of an escalation process, where progress in addressing recommendations (within findings) is not being made and concerns persist. Some of the options may also be considered by the Commission where it wishes to highlight good practice.

5A: Audit delivery concerns

Ensuring timely audit; addressing delays as early as possible

37. A key part of the Commission's statutory role is '**securing the audit of all accounts of local authorities**' and to do this, they appoint independent auditors. Under the Local Authority Accounts (Scotland) Regulations 2014, councils are required to produce their unaudited accounts by 30 June and then publish audited accounts by 30 September. The Commission sets target completion dates by which audits should be completed in line with the statutory deadline. Audit Scotland then issues annual planning guidance to communicate the target dates, allowing local government bodies to meet their statutory deadlines.

38. Within Audit Scotland, the Audit Quality and Appointments (AQA) team, who work independently of staff involved in audit work, manage the procurement and appointment of independent audits on behalf of the Commission and manage performance during the five-year appointment round, with regular updates provided to the CoA and Commission. AQA is also responsible for producing and maintaining an Audit Quality Framework and reporting on quality to the Commission and the public.

39. Without timely, high-quality audit, the CoA cannot report to the Commission, so they work closely with AQA to ensure that audits remain on track each year. However, delays do occur for a variety of reasons, and a process is set out below to take an 'early intervention' approach and addressing delays as early as possible.

40. Whilst recognising that quality is of paramount importance (and monitored regularly by AQA), the process set out below focuses on timeliness of audit given the impact that delays can have, and often signalling underlying issues such as capacity in finance and/or audit teams. The table sets out a four-stage escalation process that can be followed and emphasises the need for a partnership approach to be taken. It should be noted that timescales will, necessarily, vary depending on individual circumstances.

41. The role of public audit is to provide independent assurance and accountability. As such, the Commission recognises that there may be wider public interest in understanding the reasons for delays and will consider carefully the timeliness of its own public reporting on significant audit delays.

Exhibit 3 Audit Delivery Escalation Process

Stage	Action
1	AQA performance reports highlight areas where delays are occurring. AQA takes steps to investigate and understand the reasons for delays, using intel and correspondence from the audited body and auditor. They may also meet with the audited body and/or auditors with the aim of getting delivery back on track. The CoA is also a key point of contact for Chief Executives who have concerns about audit delivery and will also liaise with the body's Section 95 Officer. ² The Accounts Commission and Audit Scotland's Board are informed of progress through quarterly performance reports.
2	Where delays persist and delivery continues to slip, the CoA writes to the auditor, and the Chief Executive and Section 95 Officer of the audited body asking to meet to discuss, at a strategic level, plans to recover audit timelines. Following the meeting, the CoA provides a high-level update to the Accounts Commission on the degree to which they are assured that partners are working constructively together.
3	Where delays persist and deadlines agreed by the body and auditor at the meeting are not met, AQA and the CoA discuss the situation to ascertain where the issues lie:
3a	Where it is believed the audited body is largely responsible for the delays, the CoA will ensure that auditors are sighted on likely next steps. The Chair of the Accounts Commission writes to the Council Leader, copied to the auditor, to seek an update within a set time period. At this point, the Chair also informs the Scottish Government Director – Local Government Division of the action taken: <ul style="list-style-type: none"> i. Following the set time period, if the Chair believes that a high level of reassurance has been provided and demonstrable progress has been made, CoA and AQA keep a 'watching brief' and monitor delivery. ii. Following the set time period, if the Chair is of the view that reassurances have not been provided and there is no tangible progress, a letter is sent to the Minister, a copy of which is shared with the Council Leader and auditor. The process then likely moves to Stage 4 (below). <p>At this point, the Commission will decide whether reporting publicly on the significant audit delays is appropriate.</p>

² A Section 95 Officer in local government in Scotland is the Chief Financial Officer (CFO) who is legally responsible for the proper administration of the council's financial affairs, as mandated by Section 95 of the 1973 Act. The role includes financial leadership, ensuring resources align with priorities, and overseeing the preparation and certification of the council's annual accounts

Stage	Action
3b	Where it is believed the delays are largely due to the auditor , the Chair of the Accounts Commission writes to the Auditor, copied to the Audit Scotland Board Chair, highlighting their concerns and seeking reassurances that the Audit Scotland Board is managing the delivery of the audit with the auditor. The CoA informs the council of action taken.
4	Where delays persist and deadlines are consistently missed:
4a	If the CoA believes that the ongoing delays are as a result of an audited body's lack of willingness/inability/lack of capacity to prioritise the audit, they will likely bring forward a statutory (s102) report (which would place the issue in the public domain). This report is based on the work of the independent auditor.
4b	If it can be determined that the auditor is at fault and has not been able to remedy a default of the contract/appointment within agreed timescales, AQA may, as a last resort, recommend to the Accounts Commission the removal of an auditor from an appointment or, in an extreme case, terminate an audit appointment(s).

5B: Issues emerging from statutory reports

Escalating issues emerging from reports; responding to other concerns; highlighting good practice

42. The following are options for the Commission when responding to reports or ongoing concerns, to further highlight issues of concern and to escalate where this is deemed necessary and/or appropriate. The pros and cons of each option will be considered fully by the Commission, with advice from Audit Scotland staff as appropriate/required.

43. Some of the options can be used as an alternative to simply producing findings, or in addition to findings, and seek to focus on working with the body, as opposed to moving straight to a hearing – essentially, they seek to fill the space between findings and a hearing. Whilst it should be recognised that holding a hearing is an appropriate response in some cases, there are other options that should be explored beforehand, including involving community planning partners where appropriate.

44. Although not presented sequentially, the options towards the end of the table do ‘escalate’ the issue. The Commission can use the options by way of a decision-making model and consideration of each should be documented before a course of action is agreed upon. Choosing to try one (or some) shows all interested stakeholders the action taken to seek early solutions and focus on improvement.

45. It is important that key stakeholders, in particular Solace, Directors of Finance, COSLA and Scottish Government are aware of the Commission’s options and routes for escalation and that we operate on a ‘no surprises’ basis. These stakeholders should be assured that the Commission will be transparent around its consideration of which option/s to deploy and only escalate where it is in the interest of service users and the wider community. The CoA has a key engagement role with, in particular, Chief Executives and Directors of Finance and their engagement may, in some cases, run alongside any escalation options decided upon by the Commission.

Exhibit 4

Response options

General

Option	Action
a. Publish report as presented by the CoA	<p>Commission may choose to publish the CoA report 'as is' adding only a very short introduction to the report (as opposed to adding 'findings').</p> <p>The Chair may choose to raise issues or good practice contained within the report via social media or with all auditors</p>
b. Make findings that are published with the report	<p>Findings can be aimed at the sector as a whole, at the council or a mix of both – see Section 4 for more detail.</p> <p>All findings will be discussed with the council at a follow up meeting and then monitored through the annual audit process.</p>
c. Chair communicates with the sector	<p>Where a statutory report has raised an issue that is of relevance and significance to all 32 councils, the Chair could write to various groups of local government stakeholders, and/or could produce an output that would be widely promoted. This could take the form of a blog/briefing or letter from the Chair to Chief Executives and/or Council Leaders, should an issue arise that is relevant to all councils. Depending on the issues, a meeting might also be sought with, for example, Directors of Finance.</p>

Specific to issue or body

Option	Action
d. Chair requests an update letter or briefing from the CoA	<p>Ask the CoA, by a specified timescale, to update the Commission, in either public or private session (depending on issue), on progress via correspondence. The CoA would work with auditors and likely liaise with the Council Chief Executive.</p>
e. Chair writes to Chief Executive (copied to CoA and Auditor)	<p>Chair writes to Chief Executive for one/some of the following reasons:</p> <ul style="list-style-type: none"> To put on record the Commission's recognition that significant progress has been made in relation to previous audit recommendations or findings To request a written update from the council in a set time period, if Commission expectations have not been met around, for example, time bound findings To encourage the Council to seek external support for example from Solace or the Improvement Service, to help it address identified issues in the report and findings.

Option	Action
f. Chair writes to Council Leader (copied to Chief Executive, Auditor and CoA) – private or public (depending on issue)	<p>When the expectations set out in the letter to the Chief Executive (above) have not been met or reassurance has not been provided, this letter will do one of the following:</p> <ul style="list-style-type: none"> request a meeting to discuss the issue, but be clear about what the Commission can/cannot do request that elected member and officer representatives from the Council come to West Port/Glasgow/Inverness office for a discussion with representatives of the Commission, in private seek a series of meetings with the Council to keep the momentum up in relation to the issue of concern. This could be with the Commission Chair, Deputy Chair and/or CoA.
g. Use the Commission’s convening powers for a partnership engagement meeting	<p>Where a report raises issues around the effectiveness of partnership arrangements, or where barriers/blockages exist to improving outcomes, the Commission may want to hear from partners, recognising that many policy and service areas will fall out with the direct control of the council.</p> <p>The Commission could invite statutory Community Planning partners and/or other key stakeholders to a private session of the Commission to understand the issue further and support senior leaders to focus on finding solutions and improvement. At this point the Scottish Government Director with responsibility for Local Government and relevant ‘Place Director’ could be informed and involved as appropriate, in their enabling role.</p> <p>Following a partnership engagement meeting, the Commission may direct the CoA to do some specific work in a s102 report.</p> <p>Note: this option could also be used to hear more about good practice and innovative partnership approaches covered in statutory reports.</p>

Alerting Scottish Government or Parliament

Option	Action
h. Chair alerts Scottish Government Director with responsibility for Local Government	<p>Where reassurance is not provided by the Council, the chair will inform the Scottish Government Director, noting that they will (depending on the issue) likely want to brief the Minister with responsibility for Local Government.</p>
i. Chair writes to Scottish Government Ministers	<p>Private/public (depending on issue) – this could, for example, highlight instances where a council has persistently failed to address recommendations by auditors and where the Commission considers this to be a risk to services within communities. It could also highlight persistent issues within the community planning partnership.</p>

Option	Action
j. Chair writes to relevant Parliamentary Committee convener	This would place the issue in the public domain and could be used to spotlight significant progress or innovation, or to make the Committee aware of a key risk identified by the Commission.

46. In relation to option g, the [Community Empowerment \(Scotland\) Act 2015](#) places specific duties on community planning partners (CPP) to co-operate with other partners in carrying out community planning and focusing on improving local outcomes. Under the 2015 Act, running the CPP and making sure it works effectively is a shared enterprise. It applies duties to support shared leadership and collective governance on specified community planning partners – the local authority, NHS, Police Scotland, Scottish Fire and Rescue Service and Scottish Enterprise, Highlands and Islands Enterprise, and South of Scotland Enterprise.

47. Given these revised duties, it would seem reasonable for the Commission to be able to convene a meeting of partners, where there is audit evidence that, for example, relationships have broken down. The rationale for any meeting should be clearly grounded in local outcome improvement.

48. In relation to option i, it is worth reemphasising that currently, following all statutory reports, the Commission's sponsor team within Scottish Government is informed and can provide necessary advice to the Minister/s with responsibility for local government.

49. Ministers can only direct a council where they have a statutory power to do so, for example in areas of education and social care. By way of illustration, the School Education Act 2004 provides Scottish Ministers with powers to direct education authorities to take specific action to secure improvement as identified after inspection. So, should a Commission report highlight an ongoing issue relating to education improvement, Ministers would be able to direct the local authority to act.

50. It is worth reiterating that a council is not required to take on board the findings of the Commission (just to consider them). However, as discussed in [Section 1](#) of this Framework, building relationships and credibility with the sector will be key to ensuring that the Commission's messages are listened to, valued, and responded to proactively for the benefit of service users.

Appendix: Functions and powers of the Accounts Commission

51. As set out in the [Local Government \(Scotland\) Act 1973](#), the primary functions of the Accounts Commission are:

- securing the audit of all accounts of local authorities
- considering any reports made in relation to such accounts
- making recommendations to the Scottish Ministers and to local authorities.
- advising the Scottish Ministers on matters relating to the accounting of local authorities.

52. The Commission also has the power to undertake studies into and make recommendations on the following:

- the securing of 'Best Value' by local authorities (as set out in the [Local Government in Scotland Act 2003](#))
- improving economy, efficiency and effectiveness in the provision of services by local authorities; and
- improving the financial or other management of local authorities.

53. The Commission fulfils its statutory role by firstly setting out a 'statement of purpose' along with the Auditor General for Scotland and Audit Scotland ([Public Audit in Scotland](#)) and agreeing an audit approach for local government – this is currently set out in the joint [Code of Audit Practice](#) for a five-year term (the current code covers the period up to and including 2026/27).

54. Audit Scotland then supports the Commission in appointing independent auditors for local government bodies and assessment of Best Value. Under the current Code of Audit Practice, independent external auditors come from external firms or Audit Scotland's Audit Services Group. The Commission reviews performance in relation to audit delivery every quarter. An Audit Quality Framework is also agreed, and audit quality is reviewed twice a year.

55. The local government bodies covered by the Commission are:

- 32 councils
- 30 Integration Joint Boards (IJBs)*
- 11 local government pension funds
- 32 other entities including Valuation Joint Boards, regional planning authorities and regional park authorities.

***IJBs** are partnerships between councils and NHS boards to manage community health and social care services

56. The Auditor General for Scotland's remit covers all other devolved public bodies in Scotland – these can be found [here](#).

57. The focus of the response options in this framework is Scotland's **32 councils**, but they could apply to other local government bodies where the CoA or the Commission has a concern. For example, where financial risks in relation to IJBs are highlighted within annual audit reports – particularly given constrained finances and significant demand pressures – the options presented could equally apply to these bodies if deemed necessary.

58. Once the Commission has in place the arrangements to secure financial audit and assess Best Value, it considers reports from the CoA under their powers set out in **section 102 of the 1973 Act** (and extended in the 2003 Act to cover Best Value and Community Planning).

59. These reports fall broadly into two categories:

- Reports on how councils are **securing Best Value** (currently one for each council in the current five-year audit appointment period)
- Reports on issues of concern arising from the annual audit process.

60. Following consideration of reports, the Commission has the powers to respond in a number of ways, set out in [Section 4](#) of this Framework.

Response Framework

Supporting Best Value and improvement;
Escalating concerns appropriately



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