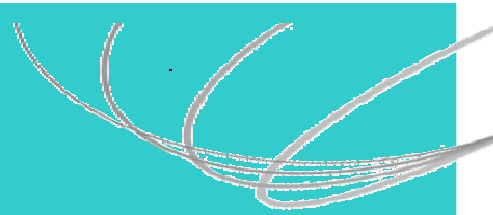


Local Government

A sector plan for our 2006/07 audits



January 2007



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Introduction

The Accounts Commission

- 1.1 The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:
- securing the external audit, including the audit of Best Value and Community Planning
 - following-up issues of concern identified through the audit, to ensure satisfactory resolutions
 - carrying out national performance studies to improve economy, efficiency and effectiveness in local government
 - issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.
- 1.2 These strands of work complement one another and are carried out in a joined-up manner, sharing knowledge and avoiding duplication. Auditors also work with other scrutiny bodies. Together they aim to support improvement while minimising the workload they impose on local services. In particular, Best Value audit reports draw together the findings from inspection to provide a rounded picture of how each council performs.
- 1.3 Audit Scotland provides services to the Commission to support the delivery of its responsibilities, both directly and in partnership with appointed audit firms. This activity is set out within the sector plan.

Purpose of this plan

- 1.4 The sector plan underpins a strategic approach to local authority audit which supports delivery of the Accounts Commission's strategy and Audit Scotland's corporate plan. It provides an overall framework for the work required to deliver local government audit, demonstrating to the Commission and others with an interest that an efficient and effective approach is being taken to our work in the sector.
- 1.5 In order to achieve this overall aim the plan has a number of inter-linked purposes:
- To align audit activity in the local government sector to ensure effective and efficient delivery of Audit Scotland's strategic objectives through effective partnership working across Audit Scotland and the firms.
 - To create a shared understanding about what Audit Scotland is trying to achieve in the local government sector and how we are going about achieving it.
 - To provide a dynamic framework for action in both the short and longer term, upon which future decisions can be made at the appropriate level about what is done and not done.
 - To provide the basis for the allocation of tasks to both smaller work units and individuals, improving coordination between different groups and individuals.
 - To identify the resources (people, finance, other) that will be required for future success and to budget and plan for these.
 - To provide a framework for the management of performance of our work in the local government sector, including overall outcome and success measures.

Relationship with other plans

- 1.6 The sector plan translates the overall strategic intentions set out in the Accounts Commission's Strategy, the AGS Strategic Statement and Audit Scotland's Strategy into specific implications for our work in the local government sector. It is coordinated with other sector plans to accommodate agreed cross cutting activity. It sets an overall framework for the further specification of individual business unit plans. Planning at each level is informed by environmental and external risk analysis activities, including the Priorities and Risks Framework (PRF).

Period of plan

- 1.7 This plan is focussed on activity relating to our 2006/07 audits of local government, culminating in the 2006/07 overview report. It covers the 18 months from October 2006 to March 2008. It is intended that future iterations of this sector plan cover a rolling three year period.

Partnership working

- 1.8 Work set out in the plan will be carried out in partnership between the two main business units of Audit Scotland – Public Reporting Group (PRG) and Audit Services Group (ASG) – and audit firms employed in the local government sector, with the support of Audit Scotland's remaining business units (Audit Strategy, Corporate Services and Communications).
- 1.9 Broadly, ASG and the firms take the lead on reporting issues to individual bodies whereas PRG leads on reporting to wider stakeholders. In general, each audited body should be given the space to tackle issues identified by its auditor before a stakeholder report is made, allowing management to perform its own role and provide an incentive for improvement.
- 1.10 Effective partnership working is based on regular and continuing communication between each of the partners. This includes a schedule of sector meetings attended by senior representatives. These meetings support the consistency of audit priorities, plans and judgements.

Our purpose, aims and high level objectives

Our purpose

We support effective democratic scrutiny of Scottish local government and enable the Accounts Commission to hold local government to account by using the independent audit process to:

- give assurance on probity, stewardship and financial management;
- encourage continuous improvement;
- promote the economic, efficient and effective use of resources;
- secure fair and lucid presentation of financial and performance information,

so that taxpayers can be assured of the propriety and effectiveness of public expenditure.

Aims and high-level objectives

2.1 We aim to:

- Support effective democratic scrutiny by ensuring good governance in local authorities, helping elected and appointed representatives carry out their scrutiny functions effectively. Provide elected representatives and board members with the evidence that allows them to hold public bodies to account and help them to improve.
- Maximise the value of the audit by continually improving the way we work.
- Build an effective and efficient organisation through the management of our business and securing best value in how we manage our financial resources, people and technology.
- Make sure that the work which we do and the reports which we produce are timely, relevant and accessible.

2.2 Our objectives are to achieve this by:

- An effective annual audit programme.
- The effective delivery of the Best Value audit programme.
- An effective national studies programme.
- The effective publication of performance information.
- Managing our external relations effectively.
- Supporting good corporate governance of the Accounts Commission.

- 2.3 A fuller description of our objectives under each of these headings is set out in the sections that follow, together with details of the activities we will undertake to meet our aims during the period of this sector plan. The way in which we will measure our progress and performance is also described

Building a more effective and efficient organisation

- 2.4 In support of our overall aims and objectives we will undertake a range of cross-cutting improvement activity, including the following key aspects.
- 2.5 We will continue to develop and improve our planning processes to ensure that our local government work is properly coordinated and is increasingly effective and efficient. This will include development of the sector plan as a basis for the strategic allocation of resources.
- 2.6 We will continue to develop and refine our audit methodologies and approaches. This will include implementation of Audit Scotland's newly defined quality management framework and revision of Audit Scotland's business processes appropriately. A key component of this is the seamless audit project which aims to better integrate annual and best value audit processes. We will also consider new ways in which the experience of service users can be built into the audit process.
- 2.7 We will ensure that everyone working on local government audits has the knowledge and skills to support new ways of working. For Audit Scotland's own staff we will support senior managers through a Management Development Programme.
- 2.8 We will participate in Audit Scotland's programme of internal best value reviews and help to identify ways in which the public value of audit can be measured.
- 2.9 We will improve internal and external communications. We will participate in the implementation of Audit Scotland's Information and Knowledge Management Strategy, ensuring that all those involved in undertaking our work can make better use of available information and knowledge. We will further develop our information capacity to support the full range of audit work, including the development of area profiles.
- 2.10 For Audit Scotland's staff, we will participate in the development and implementation of the Diversity Excellence Model, a framework for mainstreaming diversity in Audit Scotland. We aim to apply best practice in diversity and equality in both the way we operate and in the work that we do and report.
- 2.11 Audit Scotland teams will participate in and support other corporate Audit Scotland initiatives, including new finance system, electronic document and records management system and environmental management strategy.

Responding to the key issues and priorities for the sector

In determining how we will deliver on our overall purpose and aims during the period of this plan we consider the main issues facing local government in the period ahead, the priorities of local government bodies and their stakeholders and the areas where the audit process can add most value.

Overview

- 3.1 Local government is working in an environment of major change, and the period up to and beyond the council elections in 2007 will be no exception, as the process of public sector reform and modernisation evolves. For example:
 - the statutory duty of best value requires continuous improvement in council services;
 - there is an ongoing need for local authorities to achieve greater efficiency in the use of public resources;
 - community planning raises significant challenges in relation to joint working across the public sector.
- 3.2 More fundamental change may well be brought about through new approaches to integrated service delivery and governance, and the new electoral arrangements for the local elections in 2007 are expected to alter the political complexion in some councils. Developments in cross cutting policy areas such as sustainable development and equalities will be required, as will improved techniques in managing performance, managing risk and in workforce development and planning.
- 3.3 The challenge for local government is to find new ways of working across services and with other organisations to achieve the best results for citizens and service users.
- 3.4 The Scottish Executive is pursuing major change through public sector reform and modernisation. It has wide-ranging policies aimed at improving the lives of the people of Scotland and delivering better public services.
- 3.5 Many of these policies will be delivered through councils, requiring them to balance local and national priorities. The Executive influences this through guidance, national standards and targets, and financial mechanisms such as specific grants and 'ring-fenced' funding.
- 3.6 Efficient use of public resources is central in achieving Best Value, but the efficiency agenda has recently been given a higher profile. *Building a Better Scotland* sets out the Executive's plans for cash and time-releasing efficiencies across the public sector. Local government is expected to deliver annual efficiencies of £325 million by 2007/08.
- 3.7 Councils spend around £16 billion in revenue terms each year; use assets worth about £20 billion; and employ around 258,000 full-time equivalent staff. Central government financial support has increased steadily in recent years, but the rate of growth is levelling off. Councils also face cost pressures such as equal pay claims and higher pensions contributions. There are also growing demands on services, particularly social work services for children and older people.
- 3.8 People have increasing expectations of council services, in line with the flexibility and responsiveness they expect in other aspects of their lives and the demands on council services are changing.

2006/07 Priorities and Risks Framework

- 3.9 The Priorities and Risks Framework (PRF) is an audit planning tool which helps ensure that audit work is properly focused and takes account of local authority national priorities and risks. It is one element of our approach which is designed to meet the requirements of the Code of Audit Practice and International Standards on Auditing which require auditors to obtain an understanding of the client's business and environment. Our understanding of the business is also informed by work undertaken to identify issues and risks which are unique to the local situation.
- 3.10 Working with local government and stakeholders, we identify the key issues facing the sector in the coming year and select the priorities for coverage. The PRF is designed primarily to focus the annual audit, but also influences the national performance audit study programme and informs sectoral reporting such as the local authority overview report. PRF discussions held at individual bodies provide a useful source of early intelligence about the risks facing the local authority sector as a whole.
- 3.11 The key national priorities and risks identified are:

Governance & performance management	Efficient government & efficient use of resources
Supporting political governance	Financial planning
Community planning & partnership working	Workforce management
Performance management	Procuring & managing assets

- 3.12 Details are provided in the PRF itself, with the issues being faced by local authorities being described (http://www.audit-scotland.gov.uk/audit/pdfs/prf_Localgov.pdf).

Study programme consultation

- 3.13 Audit Scotland has recently consulted on our future programme of national studies. This ensured that the programme is relevant and timely, addresses the right issues and that individual studies help to improve public services. It was developed taking account of views expressed by key stakeholders such as local authorities, the Scottish Executive and the Scottish Consumer Council and has been approved by the Accounts Commission. It includes a number of joint studies with the Auditor General and provides the basis for study work to the end of 2008.
- 3.14 The programme (<http://www.audit-scotland.gov.uk/audit/forwardwork.htm>) is designed to provide a mix of projects reflecting the range of responsibilities covered by the Accounts Commission and the Auditor General. National studies complement other audit work including Best Value audits, overview reports and annual audits. It is important that the range of audit work generates reports on major themes facing the Scottish public sector. The programme includes studies relating to environmental sustainability, educational performance, health, workforce issues and community safety, all important topical public policy subjects. It also includes studies that provide post legislative evaluation and relate to best value and the efficient government agenda.
- 3.15 Detailed scoping work for new projects will enable the Accounts Commission to confirm whether a particular study should proceed, what its focus should be and the expected outputs. The timing of each study will be determined after further business planning to match commitments with available resources.

An effective annual audit programme

Objectives

- 4.1 We will conduct an annual audit of all local authorities and other bodies within the Accounts Commission's remit, providing a public report on the outcome of that audit that adds value to the authority's work and informs the public about the authority's performance and areas for improvement. We will deliver and report on audits of financial statements and other 'wider dimension' audit work in accordance with the Code of Audit Practice approved by the Commission.
- 4.2 We will enable the Commission to review and report nationally the significant issues arising from all of our work in the local government sector through preparation of an integrated overview report.
- 4.3 We will provide assurance on the fairness of local government accounts and whether local authorities have robust measures in place to avoid fraud, have arrangements for risk management embedded in their processes, have sound governance arrangements including effective audit committees.
- 4.4 We will respond to correspondence from members of the public, elected representatives and others who raise concerns about the use of local authority funds. We will do so in a way that complements our other work, is consistent with our wider responsibilities for public sector audit and provides information about the organisations we audit.
- 4.5 We will review the significant issues arising from audit work to assist the Controller of Audit to decide whether to report matters to the Accounts Commission through the statutory reporting process, as set out in the 1973 Act. Where any such reports are considered to be required we will support their preparation.
- 4.6 We will continue to modernise our audit processes to ensure that our work is risk based and adds value to audited bodies. We will help to revise the Code of Audit Practice to promote high standards of modern, risk focused audit.
- 4.7 We will enable the Commission to monitor the quality and delivery of financial audit through a quality assurance programme operated by Audit Scotland.

Links to other work

Cross sectoral

- 4.8 A number of partnership arrangements, including shared services, are operated or are under development. In these cases, following an assessment of risk, auditors will look for opportunities to conduct joint and/or cross-cutting pieces of work that are of value to the clients involved. As community planning and shared services continue to develop opportunities for valuable work in such areas are expected to increase.
- 4.9 A cross-sectoral (local government/ health) review of Community Health Partnerships will be piloted. This will cover CHP arrangements in Glasgow and Edinburgh.
- 4.10 Quality assurance will operate as part of an overall programme that covers all sectors.

Local government

- 4.11 Overview reporting will continue to be important, bringing together the key issues arising from all of our work in the sector, including local authority audit reports, ongoing audit intelligence, best value audit findings, SPI data and the main findings of national studies.

- 4.12 Annual reports to members and the controller of audit will make use of all relevant audit work including study programme, SPI and BV audits. Continuing audit work will incorporate an assessment of authorities' progress in implementing action plans arising out of previous best value audits.
- 4.13 Care will be taken to coordinate messages between different reporting vehicles, ensuring that they are consistent. Regular sector meetings will support this.

Measuring performance

- Year-on-year improvement in audit outcomes and processes.
- Issue an acknowledgement of correspondence within 10 working days - % compliance (KPI 2.1).
- Provide a substantive response to correspondence within one month of the acknowledgement date - % compliance (KPI 2.1).
- Local government overview report published within 11 months of year under review (KPI 3.2).
- % of outline audit plans submitted and fees agreed by 31 January (KPI 10.1/2).
- % of Council accounts submitted for audit by 30 June (KPI 8A.1/2).
- % of other local government body accounts submitted for audit by 30 June (KPI 9A.1/2).
- % of Council accounts certified by 30 September (KPI 8B.1/2).
- % of other local government body accounts certified by 30 September (KPI 9B.1/2).
- % of annual reports to council members and controller of audit issued by 31 October (KPI 8C.1/2).
- % of annual reports to other local government body members and controller of audit issued by 31 October (KPI 9C.1/2).
- Number of sector and technical forum meetings held within agreed timescales (KPI 13.2/3).
- Number and percentage of quality reviews completed where code requirements were satisfactorily met (KPI 14).

The effective delivery of the Best Value audit programme

Objectives

- 5.1 We will deliver a programme of Best Value and Community Planning (BV) audits, providing a formal report arising from each audit that enables the Commission to:
 - make findings designed to assist the council and inform the public;
 - where appropriate, hold public hearings on the issues arising from the audit reports;
 - where necessary, make recommendations to Scottish ministers and local authorities.
- 5.2 Our BV audits will provide baseline information about local authority performance, inform the development of local authority action plans for improvement and demonstrate progress in the achievement of targets.
- 5.3 We will complete a successful first cycle of BV audits and identify lessons learned for the future, both about the process and about real improvements in service delivery.

Links to other work

Cross sectoral

- 5.4 Relevant evidence/ context may be available from national studies in other sectors and any assessment of Best Value in central government departments. Development of Audit Scotland's approach to the audit of Best Value in the central government and health sectors will be informed by the local government approach. This, in-turn, will inform continued development of the BV audit in local government.

Local government

- 5.5 BV audits will draw on all available sources of evidence including annual audit work, national study programme, SPIs and the work of inspectorates. The local auditor is a key part of each best value audit team for individual audits, bringing financial skills and local knowledge and ensuring continuity.
- 5.6 Follow-up work to assess whether sufficient progress has been made with the Council's improvement plan will be carried out by local auditors as part of their normal audit work.
- 5.7 Our seamless audit project aims to better integrate annual and best value audit processes.

Measuring performance

- Progress of BV audits against agreed project plans and milestones, including:
 - Audit start
 - Draft report to Accounts Commission
 - Report Published
- Delivery of audits within available budgets.
- Initial cycle of BV audits complete by end of 2008.
- Impact of BV audits considered as part of review of the Audit of Best Value and Community Planning.

An effective national studies programme

Objectives

- 6.1 We will conduct a programme of national studies and publish reports that highlight best practice and contribute to:
- the achievement of improved performance for the benefit of service users
 - an increase in shared working among local authorities and others
 - demonstrable efficiencies in the use of resources and elimination of waste.
- 6.2 We will undertake studies that have maximum impact, both in terms of helping public bodies to improve and in holding them to account. The programme of work will focus on national issues and topics which cross organisation and sector boundaries, illustrating themes of relevance to service users.

Links to other work

Cross sectoral

- 6.3 A cross-cutting interim review of efficient government was led by PRG Central Government Team, building on work undertaken by auditors in all sectors. This covered the extent to which projects identified in Efficiency Technical Notes and gains reported by the Executive agree with the Efficient Government Plan. A sample of 12 projects was also completed to identify scope for continued improvements in the assessment of efficiency gains. A report was published in December 2006.
- 6.4 Cross-cutting studies of waste management, police call management and improving the school estate are being undertaken.
- 6.5 The future study programme includes a number of joint Commission and AGS reports which will deal with issues that are also pertinent to both central government and health sectors. Lead responsibilities for these have not yet been agreed.

Local government

- 6.6 Key findings from completed studies will be covered in the overview report, together with an outline of the future programme. Legislation requires close linkage between studies work and the SPIs (and vice versa). Study findings will help to support Best Value audit conclusions. Issues arising from Best Value audits inform the studies programme. Relevant messages will be reported to individual authorities through annual audits.

Measuring performance

- More joined up reporting with more direct impact – reviewed by corporate impact group.
- Progress of each study against agreed project plans and milestones, including:
 - Project brief/ plan submitted for approval
 - Key findings meeting held with sponsors
 - Draft report to Commission PA committee

- Report Published

- % of local performance audit outputs linked to national study work delivered within specified timescales contained in local audit plans (KPI 11.1/2).
- Number and % of auditors involved in work on national performance audit studies who attended appropriate workshops (KPI 16).
- Quality reviews indicate requirements of agreed project methodology applied satisfactorily.

The effective publication of performance information

Objectives

- 7.1 Audit Scotland will issue, on behalf of the Commission, an annual direction to local authorities which sets out the range of performance information which they are required to publish. The indicators (the Statutory Performance Indicators – SPIs) will cover a wide range of services and highlight variation in performance among councils and the change in performance over time.
- 7.2 In consultation with local government interests and the Scottish Executive we will review local authorities' arrangements for producing performance information. We aim to ensure that:
 - information is published to allow the public to make comparisons between the performance of different councils and also year on year comparisons of the performance of their own council;
 - the information presented to the public is fair, timely, unbiased, accurate and drives change and that its accessibility is improved for policy makers, service providers and for the general public.
- 7.3 Auditors will assess whether adequate arrangements are in place in individual authorities for the collection and publication of accurate and complete statutory performance information, and whether these are functioning effectively.
- 7.4 As councils develop their public performance reporting, we will keep under review the relevance of national statutory performance indicators, seeking to minimise the reporting burden on councils.

Links to other work

Local government

- 7.5 Performance management is underdeveloped in most councils and the SPIs continue to be the main means of monitoring comparative performance available to auditors. Best Value audits use SPIs and other reported performance information as a basis for commenting on aspects of performance. The overview report draws on the SPIs to provide an overall picture of improvement across the range of council services for which comparisons may be drawn. Annual audit reports will also use SPIs and other reported performance information as a basis for commenting on performance.

Measuring performance

- Improved content of performance information and more accessible to the public.
- Progress against agreed SPI project plans and milestones.

Managing our external relations effectively

Objectives

- 8.1 We will implement Audit Scotland's external relations strategy, which is designed to better understand the views of our clients and stakeholders and leverage our unique position in Scottish public life. This will mean building effective relationships with elected representatives and board members and finding new ways of reporting our work and engaging with our clients and stakeholders.
- 8.2 We will improve our working practices to ensure that our external engagement is more joined up. This will mean sharing information about who we are engaging with, when and about what, and ensuring that we deliver consistent messages and avoid duplication.
- 8.3 We will work closely with other audit regulation and inspection agencies to maximise the impact of our work, and minimise the burden on public bodies.
- 8.4 We will ensure a smooth transition to the new public audit appointments, building effective relationships with new clients.

Links to other work

Cross sectoral

- 8.5 Cross sector engagement will be led by members of the management team, with support from their teams. This will establish the tone for external relations throughout the organisation and help set out the key issues for Audit Scotland. Five strategic themes have been established for development:
 - Efficient Government
 - The changing nature and role of public audit
 - Supporting effective democratic scrutiny
 - The public value and impact of audit, and Audit Scotland in particular
 - The developing international role of Audit Scotland.
- 8.6 We will require to coordinate our engagement with the Scottish Executive with auditors working in the central government and health sectors.

Local government

- 8.7 External relations are integral to each of our objectives and workstreams. We will increasingly take a strategic approach to ensure that engagement is properly coordinated, there are clear engagement leads identified on behalf of Audit Scotland for each organisation and roles and processes are clarified.

Measuring performance

- Actively seeking feedback from our clients and stakeholders;
- Tracking changes that occur as a result of our work;
- Reviewing the quality of our work through the corporate quality framework;
- Assessing public perceptions of our work.

Supporting good corporate governance of the Accounts Commission

Objectives

- 9.1 We will provide reports to the Commission about the performance of Audit Scotland against criteria related to their objectives. We aim to show continuous improvement in the performance of our functions.
- 9.2 We will support the work and proceedings of the Commission and its committees by the provision of verbal and written reports on significant issues emerging from our audits, responding to significant concerns or areas of particular interest that they identify.
- 9.3 We will support the Commission to work closely with ministers, officials of the Scottish Executive and the committees of the Scottish Parliament.

Links to other work

Cross sectoral

- 9.4 This is a wide ranging area. General corporate governance is promoted through the Commission's business supported by the Commission's Secretary. Performance and financial information is coordinated with similar reporting to the Auditor General and Audit Scotland's Management Team etc.

Local government

- 9.5 There are links to all aspects of our local government work.

Measuring performance

- Full compliance with best practice.

Appendix A: Workstreams and projects

An effective annual audit programme

Activity	Who?	Milestones/Outputs
Preparation and publication of 2006/07 overview report.	PRG	<ul style="list-style-type: none"> Internal reference group – TBC. Draft report circulated for comment – TBC. Liaison with key overview report stakeholders including COSLA, SOLACE, the Scottish Executive, CIPFA Directors of Finance Group etc. - TBC Report published February 2008.
Provide opinion on annual financial statements of each local authority.	Firms/ ASG	<ul style="list-style-type: none"> Opinions issued by 30/9/07.
Provide annual report to members and controller of audit for each authority.	Firms/ ASG	<ul style="list-style-type: none"> Reports issued by 31/10/07.
Provide tailored reports to management on specific national and local issues/ risks arising from the audit (including any additional audit work agreed with clients)	Firms/ ASG	<ul style="list-style-type: none"> Reports to clients submitted in line with agreed timescales.
Certify grant claims and other returns.	Firms/ ASG	<ul style="list-style-type: none"> Certification provided to funding body in line with agreed timetable (by stipulated deadline or within 3 months of receipt if no deadline stipulated).
Provide assurance on PPP and other significant procurement projects as agreed.	Firms/ ASG	<ul style="list-style-type: none"> Reports to clients submitted in line with agreed timescales in support of procurement timetable.
Promote client participation in National Fraud Initiative and review commitment and progress.	Firms/ ASG	<ul style="list-style-type: none"> Reference in 2006/07 final reports to body's commitment and progress. Local reports to management as considered required.
Preparation and publication summarising results of the 2006/07 National Fraud Initiative.	Strategy, Firms/ ASG.	<ul style="list-style-type: none"> Issue/ agreement of minimum data set for each client Auditors return minimum data set – TBC. National report published – May 2008.

Activity	Who?	Milestones/Outputs
Participate in joint inspections of Police, Fire, Education and Social Work Services as agreed.	Firms/ ASG	<ul style="list-style-type: none"> Agreed outputs provided in line with established timetable for individual inspections.
Collate summary information from planning and risk assessment activity at individual authorities.	PRG, Firms/ ASG	<ul style="list-style-type: none"> Area of particular interest identified and circulated to Auditors by 22/12/06. Returns from Auditors by 28/2/07. Summary provided to Commission FAA by 31/3/07 Summary to auditors distributed following Commission consideration – April 2007.
Collate summary information from audit activity completed at individual authorities.	PRG, Firms/ ASG	<ul style="list-style-type: none"> Content/ coverage agreed at sector meeting May 2007. Returns issued to auditors by 30/6/07. Returns from Auditors by 30/9/07.
Day-to-day handling of correspondence (c. 150 items annually) including unsolicited letters, e-mails and telephone calls highlighting potential audit issues. Liaison with other bodies on individual cases.	PRG	<ul style="list-style-type: none"> Responses handled in accordance with established protocol. All relevant correspondence shared with auditors on a continuing basis.
Initial fact finding and further investigation of issues raised in correspondence where required. Significant findings reported to authorities.	PRG, Firms/ ASG	<ul style="list-style-type: none"> Report to PRG in accordance with agreed coverage/ timetable. Local reports to management as considered required.
Discussion with other 'complaint handlers' about protocols and memoranda of understanding.	PRG	<ul style="list-style-type: none"> TBC.
Identification of issues that may require or benefit from a statutory report by the controller.	PRG, Firms/ ASG	<ul style="list-style-type: none"> Potential issues raised by auditors at earliest opportunity.
Further investigation of issues under consideration as subjects of potential statutory reports where required.	PRG, Firms/ ASG	<ul style="list-style-type: none"> Report to PRG in accordance with agreed coverage/ timetable.
Preparation of statutory public interest and special reports.	PRG	<ul style="list-style-type: none"> As required. Local reports to management as considered required, coordinated with statutory reporting.
Pilot cross sectoral review of Community Health Partnerships – Glasgow and Edinburgh.	ASG	<ul style="list-style-type: none"> Scope agreed by end February 2007. Reports to clients by end May 2007.

Activity	Who?	Milestones/Outputs
Quality assurance programme.	Strategy, Firms/ ASG	<ul style="list-style-type: none"> • Completion of questionnaire on ISQC1 quality control arrangements - TBC. • QA review of 2006/07 local government audits – TBC.
Sector meetings	All	<ul style="list-style-type: none"> • Strategic meetings – November 2006, May 2007, November 2007. • Technical Forum – February 2007, June 2007, September 2007.

The effective delivery of the Best Value audit programme

Activity	Who?	Milestones/ Outputs
Edinburgh BVA	BV/ ASG	<ul style="list-style-type: none"> • Report to Commission January 2007
Scottish Borders BVA	BV/ SM	<ul style="list-style-type: none"> • Report to Commission January 2007
Inverclyde Follow up BVA	BV/ ASG	<ul style="list-style-type: none"> • Start Dec 2006 • Report to Commission January 2007 • Subsequent report to Commission
Clackmannanshire BVA	BV/KPMG	<ul style="list-style-type: none"> • Report to Commission May 2007 (post election)
Aberdeen City BVA	BV/ HL	<ul style="list-style-type: none"> • Start Aug 2006 • Report to Commission May 2007 (post election)
Midlothian BVA	BV/ ASG	<ul style="list-style-type: none"> • Start Nov 2006 • Report to Commission May 2007 (post election)
East Lothian BVA	BV/ ASG	<ul style="list-style-type: none"> • Start Nov 2006 • Report to Commission June 2007
Falkirk BVA	BV/ ASG	<ul style="list-style-type: none"> • Start March 2007 • Report to Commission January 2008
Moray follow up BVA	BV/ ASG	<ul style="list-style-type: none"> • Start June 2007 • Report to Commission October 2007
West Dunbartonshire Follow-up	BV/KPMG	<ul style="list-style-type: none"> • Start TBC • Report to Commission by 31 July 2007.
Orkney BVA	BV/ SM	<ul style="list-style-type: none"> • TBC
North Lanarkshire BVA	BV/ PWC	<ul style="list-style-type: none"> • TBC
Aberdeenshire BVA	BV/ ASG	<ul style="list-style-type: none"> • TBC
Perth & Kinross BVA	BV/ HL	<ul style="list-style-type: none"> • TBC
Argyll and Bute Follow up BVA	BV/ RR	<ul style="list-style-type: none"> • TBC
South Ayrshire BVA	BV/ ASG	<ul style="list-style-type: none"> • TBC
South Lanarkshire BVA	BV/ PWC	<ul style="list-style-type: none"> • TBC
Fife BVA	BV/ SM	<ul style="list-style-type: none"> • TBC

Activity	Who?	Milestones/ Outputs
Dumfries & Galloway BVA	BV/ ASG	<ul style="list-style-type: none"> • TBC
East Dunbartonshire BVA	BV/KPMG	<ul style="list-style-type: none"> • TBC
Other follow-up BV audits requiring a statutory report as identified by the Accounts Commission	BV/ ASG/ Firms	<ul style="list-style-type: none"> • TBC
Lessons learned review to assess the effectiveness of the audit process and consider changes for the next round of audits once all 32 councils have had an initial BV audit.	BV	<ul style="list-style-type: none"> • Public consultation request November 2006. • Deadline for consultation responses 12/1/07. • Analysis of consultation responses reported to Commission – TBC. • Independent review reported to Commission – TBC.
Supporting the Accounts Commission in its consideration of how to apply its responsibilities for auditing best value to the different circumstances of police and fire authorities.	BV	<ul style="list-style-type: none"> • Report to Commission November 2006 on pilot inspection in police authority. • Other TBC.
Development of seamless audit methodologies and approaches.	ASG/ BV	<ul style="list-style-type: none"> • Stocktaking of current project progress complete and updated project plan established 31/3/07. • Seamless audit methodologies available for application during 2007/08 audits – 31/10/07.
Work with inspectorates on reviews at individual clients to share intelligence and coordinate activity to maximise impact and minimise burden on client organisation.	BV	<ul style="list-style-type: none"> • As required. • Compliance with relevant protocols, where established.

An effective national studies programme

Activity	Who?	Milestones/ Outputs
Follow up the Commission's verification work on modernisation in the Scottish Fire Service with a performance study on the impact of the changes.	PRG	<ul style="list-style-type: none"> Publication Feb 2007
Police call management study, examining three elements of call management – caller experience, police performance (including response times and the use of call grading policies) and costs – all of which are important in measuring the efficiency and effectiveness of the service.	PRG	<ul style="list-style-type: none"> Publication May/ June 2007
Improving the Scottish School Estate	PRG	<ul style="list-style-type: none"> Publication Summer 2007
Following considerable recent investment by councils in waste management aimed at driving performance towards EU targets, a sustainable waste management study will evaluate both current progress and the innovative approaches adopted by many local authorities to increase recycling rates.	PRG	<ul style="list-style-type: none"> Publication Summer 2007
Follow-up previous studies on Youth Justice with a review of the changes and improvements that have been made over the last few years.	PRG	<ul style="list-style-type: none"> Publication Summer 2007
Equalities and community planning.	PRG	<ul style="list-style-type: none"> Publication Winter 2007
Second stage of a study of the impact of the teachers agreement looking at the impact of the agreement on children and their education.	PRG	<ul style="list-style-type: none"> Publication date to be confirmed.
Future programme development and consultation.	PRG	<ul style="list-style-type: none"> Proposed 2007/08 study programme submitted to Commission December 2006.
<p>Work on studies in new study programme. Proposed studies include:</p> <ul style="list-style-type: none"> Leisure services Local Government Asset Management Civil Contingency Planning Mental Health Free Personal Care Strategic procurement Delivering an integrated transport system. 	PRG	<ul style="list-style-type: none"> Scoping of proposed studies - TBC Content and timetable of future programme confirmed – TBC.

Activity	Who?	Milestones/ Outputs
Additional input commissioned by PRG.	ASG/ Firms.	<ul style="list-style-type: none"> • Dependent on scoping/ approaches determined as most suitable.
Quality assurance programme.	Strategy.	<ul style="list-style-type: none"> • TBC.

The effective publication of performance information

Activity	Who?	Milestones/ Outputs
Development of future SPIs including appropriate consultation. Work with the Scottish Executive, local government and the improvement service to develop a broader performance management framework for local government which reduces dependence on SPIs.	PRG	<ul style="list-style-type: none"> • Consultation publication – June 2007
Preparation and publication of annual Directions.	PRG	<ul style="list-style-type: none"> • Publication 30 Nov 2007
Provide guidance and support to authorities and auditors on SPI definitions and emerging issues.	PRG	<ul style="list-style-type: none"> • Issue SPI Audit Guide to auditors December 2007. • Other continuing support – Information on Extranet as appropriate
Assess reliability of authorities' arrangements to prepare SPIs.	ASG/ Firms	<ul style="list-style-type: none"> • Police & Fire returns by 30/6/07 • Council returns by 31/8/07
Collate, validate and make available annual SPI information for comparative purposes.	PRG	<ul style="list-style-type: none"> • Publication of 2007/07 data on the web site - December 2007
Identify overall trends and specific highlights from SPI information.	PRG	<ul style="list-style-type: none"> • Publication in LG Overview report – Jan 2008 • Provide information for BV audits – as appropriate
Participate in joint agency project to develop voluntary KPIs for corporate services: estates management, finance, human resources, ICT and procurement.	PRG	<ul style="list-style-type: none"> • Report from consultants commissioned by the UK audit agencies – October 2006 • Report to Commission – November 2006. • Further refinement and sharing with stakeholders – TBC.
Report any deficiencies in arrangements for the publication of appropriate performance information to individual authorities, keeping the effectiveness of improvement action under review. (Note 1)	ASG/ Firms	<ul style="list-style-type: none"> • Local reports to management as considered required. • Reference to any significant deficiencies in 2006/07 reports to members.

Notes:

1. Coordination of reporting/ messages will be necessary between local auditor and best value audit teams, particularly in the year of a full best value audit.

Managing our external relations effectively

Activity	Who?	Milestones/ Outputs
Stakeholder relationship management – develop plan for each stakeholder to coordinate engagement (including Scottish Executive, COSLA, SOLACE, CIPFA Directors of Finance Group etc.)	PRG, ASG	<ul style="list-style-type: none"> Initial plans in place for primary stakeholders by 31/3/07.
Client relationship management for each individual authority – develop plan for each client to coordinate engagement.	ASG/ Firms/ BV	<ul style="list-style-type: none"> Initial engagement plans in place for all clients by 31/3/07. Agree coordination between auditor and BV team in accordance with timetable.
Develop key account management model/ approaches and the improved intelligence and knowledge management systems necessary to support this.	ASG/ BV/ firms.	<ul style="list-style-type: none"> Current position statement prepared 31/3/07. Agreed approach implemented by 31/10/07.
National inspectorate relationship management – develop a plan for each inspectorate and the public services ombudsman.	PRG	<ul style="list-style-type: none"> TBC – refer to scrutiny review progress.
Communications plan established for each audit output.	ASG/ Firms/ BV, PRG, Strategy	<ul style="list-style-type: none"> Communications plan in place prior to issue/ publication of each output.
Operational engagement with inspectorates and the ombudsman's office.	Firms/ ASG	<ul style="list-style-type: none"> Intelligence sharing taking place on continuing basis.
Auditor handover, disengagement and engagement.	Firms/ ASG	<ul style="list-style-type: none"> Handover complete by 31/12/06.

Supporting good corporate governance of the Accounts Commission

Activity	Who?	Milestones/ Outputs
Providing reports on current and emerging issues, including regular intelligence briefings drawn from across all audit work.	PRG ASG/ Firms	<ul style="list-style-type: none"> Quarterly reports to financial audit and assurance committee – TBC.
Providing reports on financial and auditor performance.	Strategy/ Corporate Services	<ul style="list-style-type: none"> Quarterly reports to Commission – TBC.
Providing reports on progress of studies and BV audits.	PRG	<ul style="list-style-type: none"> Quarterly reports to performance audit committee – TBC.
Providing support to the Commission in the event that it decides to hold a hearing on a statutory report.	PRG	<ul style="list-style-type: none"> As required.
Providing support to the Commission when it gives briefings to committees of the Scottish Parliament.	PRG	<ul style="list-style-type: none"> Annual briefing to Audit Committee on overview report – TBC. Annual briefing to local government committee on overview report – TBC. Other as required.
Providing support to other activities of the Commission e.g. presentations, briefings, ministerial and other meetings.	PRG, ASG/ Firms Strategy	<ul style="list-style-type: none"> As required.

Other

Activity	Who?	Milestones/ Outputs
Sector plan development to cover a longer period, provide more detailed resourcing information and help support future budgeting/ SCPA bids.	ASG/ PRG/ Strategy	<ul style="list-style-type: none"> Initial sector plan prepared by 31/1/07. Update/ roll forward prepared – TBC.
Development of seamless audit methodologies and approaches.	ASG/ BV	<ul style="list-style-type: none"> Post implementation review of first year of application of modernised audit completed by 31/12/06. Stocktaking of current project progress complete and updated project plan established 31/3/07. Seamless audit methodologies available for application during 2007/08 audits – 31/10/07.
Correspondence review.	PRG	<ul style="list-style-type: none"> TBC.