

# **Argyll & Bute Council – 2003/2004**

**A job worth doing follow-up report**

**Raising the standard of internal audit in Scottish Councils**

Asif A Haseeb ACMA MBA, Senior Audit Manager, Audit Scotland  
7<sup>th</sup> Floor, Plaza Tower, East Kilbride, G74 1LW  
T 01355 619200 F. 01355 619201

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## Executive Summary

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### Background

1. All councils are required to have arrangements in place for ensuring propriety, regularity and Best Value in their stewardship of public funds. It is the responsibility of management to ensure that adequate internal controls are in place which:
  - ensure that their council's resources are applied in the manner, and on the activities, intended
  - deter fraud and irregularity
  - ensure the most effective use of resources.
2. Internal audit aids management by objectively examining, evaluating, and reporting to management on the adequacy of internal control arrangements.
3. Critical to the success of internal audit is the clear recognition by management of its own responsibilities and those of internal audit. The CIPFA statement on the role of the finance director in local government<sup>1</sup> states 'the responsibility for ensuring effective internal audit should be that of a senior director who is at the heart of the corporate management of the authority'.
4. In August 2001, Audit Scotland prepared a national report 'A Job Worth Doing' – Raising the Standard of Internal Audit in Scottish Councils. The study was requested by the Accounts Commission in order to establish a clear picture of performance of internal audit services in all councils in Scotland, and to provide benchmarking data to support continuous improvement. In the 2001 study, council performance was assessed against the 2000 CIPFA Code of Practice for Internal Audit in Local Government (the Code) and councils were placed in one of four performance bands:
  - four councils almost fully complied with the Code (band 1)
  - sixteen councils generally complied with the Code (band 2)
  - eight councils partially complied with the Code (band 3)
  - four councils generally did not comply with the Code (band 4).
5. Argyll and Bute Council were, in 2001, one of the four councils who generally did not comply with the Code (see Exhibit 1 on page 3).
6. Following the national report in August 2001, a local report was issued to management in Argyll and Bute Council. This outlined the strengths and weaknesses of the internal audit section and made specific recommendations to address the weaknesses identified. The Council was expected to use the information in both the national Accounts Commission's report and the local report to challenge their current levels of performance and take action to achieve the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government.

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<sup>1</sup> *Statement on the Role of the Finance Director in Local Government*, CIPFA 1999.

## Why Conduct a Follow Up Audit

7. The Accounts Commission wishes to ensure that councils adopt the highest standards of internal control and financial stewardship. However, the Controller of Audit's Overview of the 2001/02 local authority audits, published in February 2003 noted 'It is disappointing that auditors' reports on 2001/02 local authority audits continue to contain references to weaknesses in financial controls'. It also noted that 'external auditors' reports for 2001/02 identify a significant number of cases where they were unable to place reliance on internal audit or where the degree of reliance was limited.
8. It is therefore important to find out how much progress councils have made since the original study, in particular whether the 12 councils in the lower two performance bands have improved their performance and whether the councils in the higher bands have been able to maintain a reasonable standard of performance. In addition, it is important that councils as a whole have made progress in addressing the weaknesses identified in 'a job worth doing'.
9. Audit Scotland has undertaken a follow up value for money study, on behalf of the Accounts Commission, looking at the internal audit arrangements in Scottish councils. A national report summarising the findings from the study for all Scottish councils has been issued by Audit Scotland. This local report is intended to provide an independent assessment of the performance of internal audit at Argyll and Bute Council and identify, where appropriate, actions to assist the Council in obtaining best value from internal audit services.

## Objectives for the Audit

10. The aim of the follow up audit was to examine the arrangements for securing internal audit services and to benchmark internal audit service performance. This was done by re-assessing the extent to which the authority's internal audit services meet standards of good practice documented by the "Code of Practice for Internal Audit in the United Kingdom", (CIPFA, October 2000) in relation to the following 6 issues:
  - setting clear and properly focused objectives for their work
  - maintaining audit independence
  - resourcing their work programme
  - planning and controlling their work
  - reporting and follow-up arrangements
  - being accountable for their performance.
11. Within these issues, 15 statements of good practice were considered and an assessment made of Internal Audit's compliance with these statements. The assessment was based on interviews and evidence gathered from the Council's Chief Executive, Head of Strategic Finance, and the Internal Audit Manager.

## Overall Conclusion

12. The results of the national assessment summarising the extent of council compliance with the CIPFA Code of Practice standards of good practice are shown in appendix 2. The assessment shows councils have made improvements in all aspects of internal audit since the original study in 2001, although there is still scope for further improvement. The performance of councils was split into 4 bands (see Exhibit 1) and Argyll and Bute Council is included in band one. This is a significant improvement from band four in 2001. This band includes those councils that most fully comply with the CIPFA Code.

### Exhibit 1

#### Number of councils in each performance band

The number of councils in the highest performance band has risen from 4 to 17.

Performance band	Number of councils	
	2004	2001
1. Almost fully comply	17	4
2. Generally comply	11	16
3. Partially comply	4	8
4. Generally did not comply	0	4

*Source: External auditors' returns 2001 and 2004*

13. Our general view is that the Council complies almost fully with most of the 15 statements of good practice. A more detailed assessment together with a comparison with other Scottish Council's is recorded at appendix 3.

## Summary of Main Strengths and Areas for Improvement

14. The Council's internal audit arrangements were reassessed in early 2004. We noted that the Council has well developed procedures and performance in most areas of the study. Examples of good practice already in place include:
- Internal audit has a clear terms of reference (TOR) document. This specifically refers to the CIPFA Code of Practice, has been approved by the Audit Committee, and is widely communicated throughout the Council via the intranet
  - Internal Audit is accountable to an Audit Committee. This meets every quarter and consists of 5 elected member plus 2 members of the public, who were appointed for their interest in audit and/or Council matters. The Section 95 officer (Head of Strategic Finance), Internal Audit Manager, and External Auditor are invited to attend all meetings
  - The Internal Audit Manager provides an overall assessment to both management and the Audit Committee of the robustness of internal control for the Council's main systems, based on the work done in the year
  - All audit reports are issued in the name of the Internal Audit Manager, and do not require to be approved by the Head of Strategic Finance

- Internal Audit determines its own priorities, based on a risk assessment and in consultation with management
  - Audit plans are prepared after consultation with managers across the council. The Strategic Audit Plan and Annual Audit Plan are approved by the Audit Committee
  - Progress on the annual audit plan is reported quarterly to the Audit Committee
  - External audit consult with internal audit prior to preparing annual plans (and vice versa) to highlight areas where external audit can place reliance on internal audit's work. Regular meetings are held between the Internal Audit Manager and external audit to monitor progress of each others annual audit plans
  - The Council has a partnership agreement with KPMG. This provides internal audit with access to relevant people with specialist experience whenever required. It also enables structured professional training to be provided
  - An Annual Audit Report is produced, and a summary is presented to the Audit Committee. This provides an overall assessment on internal audit's performance for the year, and an audit opinion based on the work carried out during the year
  - Recent audit reports demonstrate that internal audit agree specific, measurable, achievable, realistic, time based (SMART) action plans with management
  - All staff are involved with professional accounting bodies and have to abide by their respective codes of ethics.
15. Areas where we consider Internal Audit's or Council procedures could be further developed include:
- The anti fraud and corruption strategy and fraud response plan do not provide sufficient guidance regarding the roles and responsibilities of internal audit and management, nor do they include a protocol for informing the police
  - The corporate risk register has only been in operation for nine months and still requires to be fully tested to confirm whether it is robust
  - The strategic plan does not provide details of any high risk factor areas that have been eliminated from the plan due to manpower or skills shortages
  - There is no procedure requiring Heads of Service/Directors to inform or remind internal audit of any impending inspectorate visits
  - Audit files contain no distinction between compliance and substantive tests, nor is there any guidance available regarding indicative sample sizes
  - The performance reports to the Audit Committee are slightly misleading since they report whether, on average, reports are issued within 10 days of completion, and whether the overall percentage of jobs are completed on time. While this is useful, it should be supplemented with statistics for each job carried out.
16. The report contains an action plan, (section 2) which sets out suggested actions to be taken in response to audit findings. The action plan should be read in conjunction with the relevant references from the main report (section 3).
17. The co-operation and assistance afforded to audit staff during the course of the work is gratefully acknowledged.

## Action Plan

Page/ Para Ref	No.	Recommendation	Responsible Officer	Action	Date	As at 30 July 2004
		<b>Internal audit set clear and properly focused objectives</b>				
11/3	1.	Internal Audit TOR should be reflected in the council's standing orders and financial regulations.	Head of Democratic Services and Governance	The Internal Audit TOR will be included in the revised Scheme of Administration etc.	Dec 2004	Ongoing
11/3	2.	The anti fraud and corruption strategy and fraud response plan should be updated to clearly reflect the roles and responsibilities of internal audit and management, and should include a protocol for informing the police.	Head of Democratic Services and Governance	The anti fraud and corruption policy will be updated as part of (1) above.	Dec 2004	Ongoing
		<b>Planning and controlling internal audit work</b>				
15/3	3.	The authority's risk management process should be formalised. This should be tested by internal audit and incorporated into their risk assessment process.	Head of Democratic Services and Governance	A Risk Strategy is being developed and a draft will be available by the end of July 2004. A report setting out the proposed future action on Risk Management & Governance Strategy will be submitted to the SMT in August 2004.	August 2004	Complete
15/3	4.	The strategic audit plan should be more specific regarding the nature of audit work to be carried out, or the Departments that will be audited, over the period of the plan.	Internal Audit Manager	The Annual Audit Plan for 2004/2005 contains more detail, and has been issued to all Departmental Directors.	Implemented	Complete.

Page/ Para Ref	No.	Recommendation	Responsible Officer	Action	Date	As at 30 July 2004
15/3	5.	Management should be informed of any high risk factor areas that have been eliminated from the plan due to manpower or skills shortages within internal audit.	Internal Audit Manager	To be addressed in the 3 year Audit Plan for 2005/2008.	Sept 2004	Ongoing
16/3	6.	The budget for special investigations should be reviewed for appropriateness.	Internal Audit Manager	A review is carried out on a monthly basis with the Audit Committee informed of all changes.	Ongoing.	Complete.
16/3	7.	A procedure requiring Directors to inform/remind internal audit of any impending inspectorate visits should be established.	Internal Audit Manager	A memo has been sent to Departmental Directors asking them to inform Internal Audit of any impending inspectorate visits.	July 2004	Complete.
16/3	8.	Audit test lead schedules should clearly describe the test carried out, the findings/conclusions reached, and the recommendations.	Internal Audit Manager	Test schedules are being introduced across all audits 2004/2005.	Implem- ented	Complete.
16/3	9.	The audit manual should incorporate the procedures for completing compliance and substantive audit testing, and should provide guidance on sample sizes.	Internal Audit Manager	The training manual covers compliance and substantive testing. This will be integrated with the Internal Audit Manual.	Sept 2004	Ongoing
16/3	10.	The audit manual should be updated and/or appropriate training should be provided to internal audit staff to advise them of good practice for audit working papers (regarding completion of audit tests, file referencing, signing off etc).	Internal Audit Manager	KPMG, in co-operation with Internal Audit, will provide training.	Sept 2004	Ongoing



Page/ Para Ref	No.	Recommendation	Responsible Officer	Action	Date	As at 30 July 2004
		<b>Resourcing the internal audit work programme</b>				
18/3	11.	Given the large geographic area of the Council, an increased number of portable laptops should be provided to internal audit staff.	Internal Audit Manager	Internal Audit has received new laptops and at present these are sufficient to fulfil our present operational requirements.	Implemented	Complete.
18/3	12.	Continuous Professional Development records should quantify the number of hours gained during the year. It should be ensured that these meet with the relevant professional body's requirements.	Internal Audit Manager	An appropriate amendment has been made.	Implemented	Complete.
		<b>Holding internal audit to account for its performance</b>				
21/3	13.	The Audit Committee should be provided with information regarding the percentage of recommendations that have been implemented within an appropriate timescale.	Internal Audit Manager	A new process for reporting is presently being defined.	Nov 2004	Ongoing
21/3	14.	The performance data provided to the Audit Committee regarding the percentage of reports issued within 10 days of work being completed, and the percentage of audit assignments in the audit plan completed within budget should be provided for each audit assignment as well as the overall average.	Internal Audit Manager	A new process for reporting is presently being defined.	Nov 2004	Ongoing
21/3	15.	Internal audit's preliminary arrangements towards gaining EFQM accreditation should be pursued to completion.	Internal Audit Manager	Further work will be done in co-operation with KPMG.	Dec/ Jan 2004/ 2005	Ongoing

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## Introduction

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1. Local Authorities are required to have in place arrangements for ensuring propriety, regularity and Best Value in their stewardship of public funds. It is the responsibility of management to ensure that adequate internal controls are in place:
  - to ensure that their council's resources are applied in the manner, and on the activities, intended
  - to deter fraud and irregularity
  - to ensure the most effective use of resources.
2. Internal audit supports management in maintaining sound corporate governance and internal controls. It does this by objectively examining and evaluating council systems and reporting any inadequacies in internal control for action by management.
3. In August 2001, the Accounts Commission report, 'A job worth doing – raising the standard of internal audit in Scottish councils', examined the internal audit arrangements in Scottish councils. Council performance was assessed against the CIPFA Code of Practice for Internal Audit in Local Government (the Code). Councils were placed in one of four performance bands depending upon the extent to which they complied with the Code. The report made recommendations to councils on how to improve their internal audit service.
4. Since 2001, there have been a number of developments which impact on councils' arrangements for internal audit and the skills that internal auditors will need to provide an effective audit service. From 2002/03, the Accounting Code of Practice (ACOP) required local authorities to include within their accounts a statement on their system of internal financial control. Internal audit services have a key role to play in producing evidence to support this statement. In addition, risk management has assumed a higher profile since the original study and there is increasing pressure on councils to have well-developed audit committee arrangements.
5. All of these factors have an impact on councils' arrangements for internal audit and the skills that internal auditors will need to provide an effective audit service. This report assesses current council performance and makes recommendations that will assist the councils to develop an excellent internal audit service for the future.

### Objectives of the audit

6. The overall aim of the follow up study is to measure the progress councils have made since the publication of 'A Job Worth Doing'. The study also aims to help councils achieve Best Value from their internal audit arrangements and to achieve the highest standards of governance and financial stewardship.
7. The Council was re-assessed against the CIPFA Code in early 2004 using the original study methodology developed by Audit Scotland. Six critical success factors/issues were identified and assessed, with these being supported by fifteen statements of good practice set out in the CIPFA Code of Practice. The critical success factors were identified as:

- setting clear and properly focused objectives for their work
  - maintaining audit independence
  - resourcing their work programme
  - planning and controlling their work
  - reporting and follow-up arrangements
  - being accountable for their performance.
8. Audit Scotland has undertaken this follow up study by assessing the performance of internal audit services in all Scottish councils against the six critical success factors and the standards set by the CIPFA Code of Practice.
  9. A new CIPFA Code was published in September 2003 to take account of new Accounts and Audit regulations in England. Although the Code has been radically restructured, it is still based on the 1990 Auditing Practices Board (APB) guidelines. To enable the measurement of progress by councils on a consistent basis, the re-assessment was based on the 2000 CIPFA Code. However, additional questions covering the changes made in the 2003 Code - mainly in relation to audit committees and internal control statements – were asked to enable Audit Scotland to assess the degree of change required in Scottish councils to meet the obligations of the new Code.
  10. The assessment was based on interviews and evidence gathered from the Council's Chief Executive, Head of Strategic Finance, and the Internal Audit Manager. In addition, benchmarking information on the Council's Internal Audit service was collected, including an analysis of staffing numbers, expenditure and level of qualification.
  11. Details of the study scoring methodology are given in appendix 1. The results of the national assessment summarising the overall extent of council compliance with the CIPFA Code of Practice standards of good practice are shown in appendix 2. The assessment shows councils have made improvements in all aspects of internal audit since the original study in 2001, although there is still scope for further improvement. The performance of councils was split into 4 bands (see Exhibit 1 on page 3) and Argyll & Bute Council is included in band 1. This is a significant improvement from band 4 in 2001. Band 1 refers to those councils that most fully comply with the CIPFA Code.
  12. The remainder of section 3 addresses each of the six critical success factors and compares expected good practice for the fifteen statements of good practice with findings obtained following interviews and evidence gathered. For each critical success factor we have recorded areas where we consider that Internal Audit's procedures are well developed and areas where we consider improvements could be made. In each of the statements of good practice we have concluded whether Argyll & Bute Council's performance has improved since the 2001 study. This is also recorded in more detail in appendix 3, together with a comparison with other Scottish councils.

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## CRITICAL SUCCESS FACTOR 1: Setting Clear and properly focused objectives

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### Broad expectations of good practice

1. To assess Internal Audit's success in setting clear and properly focussed objectives, three statements of good practice were compared to the current practices and procedures operating locally. The three statements of good practice were:

**Statement 1.** Within this critical success factor it is expected that in addition to financial regulations and standing orders, internal audit sections will have clear and formal terms of reference (TOR) that establish the responsibilities and objectives of internal audit and define the scope of its activities. These terms of reference should have been subject to consultation and agreement with heads of service, councillors, and members of the audit committee or similar scrutiny mechanism, where there is one. The terms of reference should be communicated widely across the council.

**Statement 2.** Managers should have established and be maintaining an adequate system of internal control to enable them to discharge their responsibilities. Internal audit are expected to evaluate the adequacy and effectiveness of controls.

**Statement 3.** The roles of staff, management and internal audit in relation to fraud should be clearly defined and communicated.

### Summary of findings

2. The key areas where either Argyll & Bute Council's procedures or approach are well developed include the following:
  - Internal audit has a clear TOR document. This specifically refers to the CIPFA Code of Practice, has been approved by the Audit Committee, and is widely communicated throughout the Council via the intranet
  - The communication arrangements between the Audit Committee, elected members, and the Internal Audit Manager are clearly set out in the TOR
  - There is a clear separation between the respective roles of management and internal audit. Management are responsible for the operation of their systems and the inherent controls within them. Internal audit are responsible for ensuring that these controls operate effectively
  - Heads of Service have been made aware that they should consult any major system changes with Internal Audit
  - The Internal Audit Manager provides an overall assessment to both management and the Audit Committee of the robustness of internal control for the Council's main systems, based on the work done in the year
  - The Internal Audit Manager reports the basis for complying with Section 95 of the Local Government (Scotland) Act 1973 to the responsible finance officer. To help demonstrate this, records of meetings with Directors, at which internal financial control statements are reviewed, are retained
  - Internal Audit produce a "Focus Reports". These highlight any frauds or serious control weaknesses, and are circulated to External Audit/ KPMG/ Members/ Directors/ Heads of Service on a confidential basis. The first one was prepared for

the 6 months to 30 September 2003 and was issued in October 2003. It is intended to report quarterly thereafter. Frauds detected can (and have) had an impact on risk rankings within the Annual Internal Audit Plan

- The Council has a Whistle-blowing Policy for employees to report concerns at work on a confidential basis. This forms part of the induction programme for new employees, and is communicated to all staff via the Council intranet.
3. Areas where the Council's procedures or approach are identified as being weak or in need of improvement included the following:

- The TOR are not reflected in the council's standing orders and financial regulations. The Internal Audit Manager advised us that there are plans to address this, however, it is the responsibility of Corporate Services to implement any changes

***Refer to Action Point No. 1***

- There is an anti fraud and corruption strategy and fraud response plan. However, we do not consider that these fully reflect the roles and responsibilities of internal audit and management since:
  - They do not give general guidance on the requirements for alleged cases of fraud or corruption to be reported immediately to directors (nor are directors responsibilities regarding prevention of fraud very specific)
  - They do not note the requirement for directors to notify internal audit of suspected cases of fraud
  - They do not note the requirement for internal audit to carry out fact finding (nor is Internal Audit's role in preventing fraud very specific)
  - They do not specify how and when to confront the accused
  - There is no link to the Council's disciplinary procedures
  - There is no guidance regarding when to contact police.

***Refer to Action Point No. 2***

**Conclusion**

4. The Internal Audit section has demonstrated improvements in statements of good practice 1, 2 and 3 since the original study in 2001. The Council is now in the top performing band for statements of good practice 1 and 2, and in the 2<sup>nd</sup> top performing band for statement of good practice 3.
5. Recommendations 1 and 2 are designed to help improve the existing good practices being followed by the internal audit section in setting clear and focussed objectives.

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## CRITICAL SUCCESS FACTOR 2: Maintaining internal audit independence

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### Broad expectations of good practice

1. To assess Internal Audit's success in maintaining independence, two statements of good practice were compared to the current practices and procedures operating locally. The two statements of good practice were:

**Statement 4.** The internal audit section is expected to have independence in terms of its organisational status to permit it to properly perform its duties. It is not enough for internal audit actually to operate with due independence – it also must be seen to be independent.

**Statement 5.** The internal audit section is expected to be free of operational responsibilities. Each internal auditor should have an objective attitude of mind and be in a sufficiently independent position to be able to exercise judgement, express opinion and present recommendations with impartiality.

### Summary of findings

2. The key areas where the Council's procedures or approach are well developed include the following:
  - The Internal Audit Manager reports direct to the Council's Section 95 officer (Head of Strategic Finance)
  - All audit reports are issued in the name of the Internal Audit Manager, and do not require to be approved by the Head of Strategic Finance
  - Various aspects of internal audit work are reported quarterly to the Audit Committee. In addition, the internal Audit Manager has regular informal meetings or emails with the Chair of the Audit Committee. Internal Audit performance is reported annually to the Audit Committee
  - Internal Audit determines its own priorities, based on a risk assessment and in consultation with management
  - Internal Audit have unrestricted access to all people, systems, documents and property, as they consider necessary for the proper fulfilment of their responsibilities. This is clearly specified in the Authority's TOR and is also incorporated in contract clauses for major joint funding projects (such as the PPP for waste management)
  - The Internal Audit Manager is free to report without fear or favour, has the right of final edit and issues reports in his own name or the name of the auditor who carried out the work
  - Internal audit is independent of any line management tasks. This is specifically referred to within the TOR
  - There is a staff register of interests, which records details of family members and close friends of internal audit staff who work for other services in Argyll and Bute Council. The Internal Audit Manager does not allow systems operated by these people to be audited by the appropriate internal audit staff member

- Planned assignments are undertaken by a small group of four auditors, the background of whom is known to management. This, combined with the staff register of interests helps ensure that jobs are appropriately assigned to avoid conflicts of interest of a personal or past history nature.
3. There are no areas where the Council's procedures or approach are identified as being weak or in need of improvement.

**Conclusion**

4. The Internal Audit section has demonstrated improvements in statements of good practice 4 and 5 since the original study in 2001, and is now in the top performing band for each of these statement of good practice.

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## CRITICAL SUCCESS FACTOR 3: Planning and controlling internal audit work

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### Broad expectations of good practice

1. To assess Internal Audit's success in effective planning and controlling of work, four statements of good practice were compared to the local practices and procedures. The four statements of good practice were:

**Statement 6.** Internal audit should identify potential internal control system problems, prioritise concerns, and plan its work from the basis of a risk assessment of a wide range of risks across the council – including both financial and operational systems.

**Statement 7.** Internal audit should have a structured planning framework of strategic plans, annual plans, and project plans for individual assignments. Work should be prioritised and managed in line with internal audit's assessment of corporate risks.

**Statement 8.** Internal audit should seek to foster constructive working relationships and mutual understanding with management, external auditors, inspectorates, any other review agencies and, where one exists, with the audit committee or equivalent mechanism.

**Statement 9.** A sound system of control of the internal audit unit and of individual assignments should exist to ensure that internal audit objectives are achieved and work is performed effectively. The Chief Internal Auditor should have suitable arrangements for managing internal audit work.

### Summary of findings

2. The key areas where the Council's procedures or approach are well developed include the following:
  - Internal Audit priorities are based on a risk assessment process which includes, as one of its factors, the opinion of management. As part of the 3 year strategic plan, management are asked to assess the risk factors associated with a wide range of areas within the systems they are responsible for, and to arrive at an overall risk index
  - The risk index forms the basis for prioritising audit work
  - The Strategic Audit Plan in place at the time of the assessment covers the years 2002/03 – 2004/05. This is reviewed every year on an ongoing basis to reflect the changed priorities of the Council
  - Audit plans are prepared after consultation with managers across the council. The Strategic Audit Plan and Annual Audit Plan are approved by the Audit Committee
  - An audit agreement documents is prepared for each audit assignment. These allocate resources, set out the scope and objectives of the assignment and establish target timescales for completion and reporting
  - Progress on the annual audit plan is reported quarterly to the Audit Committee
  - Any significant changes to audit plans require to be notified to, and approved by the Audit Committee



- Heads of Service are consulted in advance of the timing of audit work and indicative completion dates to minimise disruption
  - All audit files contain a “Note on Audit Planning Process”. This requires that the Auditor contacts the appropriate service manager and informs him/her of the scope of the audit, the audit approach, the names of auditors and timing/number of days of audit. This document also requires that the auditor keeps management updated of any findings throughout the audit, and that there is an exit meeting
  - External audit consult with internal audit prior to preparing annual plans (and vice versa) to highlight areas where external audit can place reliance on internal audit’s work. Regular meetings are held between the Internal Audit Manager and external audit to monitor progress of each others annual audit plans
  - The Internal Audit Manager attends all Audit Committee meetings, and holds informal meetings with the Chair of the Audit Committee throughout the year
  - There is an internal audit manual. This is available electronically to all internal audit staff
  - Internal audit staff are allocated to assignments according to their skills and experience and in accordance with their PDR. There are regular Internal Audit section meetings, at which progress of assignments is discussed
  - All audit files require to be reviewed by lead auditors or internal audit managers.
3. Areas where the Council’s procedures or approach are identified as being weak or in need of improvement included the following:

- The risk assessment process was developed in co-operation with KPMG and is explained in the strategic audit plan. Corporate Services are responsible for the authority’s risk management process and for the upkeep of the risk register. We were advised, though, that the post of Corporate Governance Manager has still to be filled, that the risk register has only been in operation for nine months and that it still requires to be fully tested to confirm whether it is robust. Internal audit advised us that they have carried out a brief review of the risk register, but do not always agree with its findings. They anticipate that the 2004-05/2007-08 strategic audit plan will take full cognisance of the risk register

***Refer to Action Plan No. 3***

- We do not consider the strategic audit plan is sufficiently informative regarding the nature of audit work (or at least the Departments that will be audited) over the period of the plan

***Refer to Action Plan No. 4***

- The strategic plan clearly notes the systems being audited, the days allocated to them, and the risk factor. However, there is no mention of any high risk factor areas that have been eliminated from the plan due to manpower or skills shortages within internal audit

***Refer to Action Plan No. 5***

- Progress on the annual audit plan is reported quarterly to the audit committee. The most recent report at the time of our fieldwork (in November 2003) demonstrated that Internal Audit were on course to complete most planned work. There were, however, a few significant overspends (special investigations, PIs and DLOs). While these were compensated by underspends elsewhere and by spending less

time on audit support work, there was a risk that one of the lower ranked audits (Public Transport) may require to be delayed until 2004/2005. We consider that the budget for special investigations may be underestimated, and that this requires to be reassessed

***Refer to Action Plan No. 6***

- There is no procedure requiring Heads of Service/Directors to inform or remind internal audit of any impending inspectorate visits

***Refer to Action Plan No. 7***

- A sample of 5 audit files were selected for audit testing to determine whether adequate working papers are prepared to support internal audit findings, conclusions and recommendations. Our testing highlighted that working paper files are comprehensive with adequate evidence of information obtained in support of findings. A Systems Audit Methodology (SAM) control summary was prepared for each of the systems covered by testing. However, we noted that:
  - although most SAM documents are cross-referred to audit testing schedules, the schedules do not, in our opinion, clearly describe the test carried out, the conclusions reached, or the findings/recommendations
  - in most files reviewed there were no distinctive compliance test or substantive test documents, nor was there guidance or an indication of sample sizes that should be used. We noted that this is not addressed by the audit manual. We consider these should be an integral part of a risk based audit approach
  - where compliance testing was carried out, the test programme was not always signed off to demonstrate whether the test was completed, nor was the test programme always cross referenced to the appropriate working paper in the audit file
  - the above often resulted in a lot of (good) work being carried out within the body of a file that could not be easily identified to any specific audit objective
  - there were a considerable amount of working papers which were not referenced.

***Refer to Action Plan No. 8, 9 and 10***

**Conclusion**

4. The Internal Audit section have demonstrated improvements in each of statements of good practice 6 to 9 since the original study in 2001. The Council are now in the top performing band for statements of good practice 8 and 9, and the 2<sup>nd</sup> top performing band in statements of good practice 6 and 7.
5. Recommendations 3 to 10 are designed to help improve the existing good practices being followed by the internal audit section in planning and controlling their work.

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## CRITICAL SUCCESS FACTOR 4: Resourcing the internal audit work programme

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### Broad expectations of good practice

1. To assess Internal Audit's success in resourcing the section, two statements of good practice were compared to the local practices and procedures. The two statements of good practice were:

**Statement 10.** It is expected that the chief internal auditor will be suitably qualified and experienced in internal audit and is an effective manager. The internal audit section should have sufficient staff from a range of disciplines, with varying skills experience and qualifications. Any identified gaps should be filled via training and recruitment.

**Statement 11.** Internal audit staff are trained to meet the current and future challenges they are likely to confront. Within a framework of continuing professional development, training is tailored to the needs of individuals, planned, and continuous at all levels.

### Summary of findings

2. The key areas where either the Council's procedures or approach are well developed include the following:
  - The Internal Audit Manager is professionally qualified and has wide experience of internal audit and its management
  - The present internal audit staffing structure was arrived at following the 2000/01 Audit Scotland national and local internal audit VFM reports, subsequently followed by a service review that was carried out by Professor Midwinter. The Council considers that the current structure enables it to meet its objectives
  - The Internal Audit section currently has 6 staff in post, of which 4 have Consultative Committee of Accountancy Bodies (CCAB) qualifications. One of the 4 staff with a CCAB qualification also holds an IT qualification. The other 2 staff members are working towards relevant qualifications
  - The Council has a partnership agreement with KPMG. This provides internal audit with access to relevant people with specialist experience whenever required
  - Audit staff have job descriptions that reflect their current positions
  - An induction programme is provided to new staff. Professional training is provided by KPMG on various areas that will provide staff with more knowledge on auditing techniques and issues. More specific training courses – such as contract audit, e procurement, benefit fraud surveillance training, CAAT training, – are also provided where required subject to budget availability
  - When audits are allocated to staff, it is determined whether there is sufficient knowledge on the subject by existing staff. If there isn't, KPMG are asked to provide training and/or an appropriate course is sought for employees
  - The Performance Development Review (PDR) process helps to demonstrate that various types of training are provided in a bid to tailor the needs of individual auditors.
3. Areas where the Council's procedures or approach are identified as being weak or in need of improvement included the following:

- In general, internal audit have adequate resources to enable it to meet its work objectives efficiently and effectively. However, our enquiries highlighted that there are only 2 laptops shared by the 6 internal audit staff, and that there have been no new laptops provided since 1998. This seems a low number, given the large geographical area covered by audit staff working in Argyll and Bute Council

***Refer to Action Plan No. 11***

- Continuous Professional Development (CPD) records are kept for all qualified staff. However, these only list courses attended. They do not quantify the total amount of CPD hours gained per year.

***Refer to Action Plan No. 12***

### **Conclusion**

4. The Internal Audit section have demonstrated improvements in statements of good practice 10 and 11 since the original study in 2001. The Council is now in the top performing band for statement 10, and the 2<sup>nd</sup> top performing band for statement 11.
5. The 2001 national report identified that a richer skill mix was most commonly found in better performing councils. The 2004 national report highlighted that a higher proportion of internal audit staff (55% in comparison with 45%) now hold a professional accountancy qualification. Argyll and Bute Council have attained Band 1 status (i.e. those Councils that most fully comply with the CIPFA Code) with 67% of staff having a professional accountancy qualification.
6. Recommendations 11 and 12 are designed to help improve the existing good practices being followed by when resourcing the internal audit work programme.

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## CRITICAL SUCCESS FACTOR 5: Effective reporting and follow up arrangements

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### Broad expectations of good practice

1. To assess Internal Audit's success in reporting and follow up arrangements, two statements of good practice were compared to the local practices and procedures. The two statements of good practice were:

**Statement 12.** Internal audit should ensure that findings, conclusions and recommendations arising from each internal audit assignment are communicated promptly to the appropriate level of management and that responses are provided to these findings.

**Statement 13.** Internal audit should produce reports and submit them to management to ensure that proper consideration is given to the issues raised and recommendations made. Internal audit is responsible for ensuring that management has implemented recommendations or has understood and assumed the risk of not taking action. The results of follow up work should be used by internal audit to update its risk assessment and plan its future work.

### Summary of findings

2. The key areas where either the Council's procedures or approach are well developed include the following:
  - An Annual Audit Report is produced, and a summary is presented to the Audit Committee. This provides an overall assessment on internal audit's performance for the year, and an audit opinion based on the work carried out during the year
  - The audit manual has procedures in place for producing and clearing reports
  - Before issuing final reports, internal audit discuss the contents with management, and submit a draft to confirm the factual content
  - There is a statement in each report that highlights management's responsibility regarding acceptance of the risk of non-implementation of recommendations
  - Recent audit reports demonstrate that internal audit agree specific, measurable, achievable, realistic, time based (SMART) action plans with management. These identify the person responsible for implementing recommendations and set timescales. All action plan items are graded between fundamental, major, and minor
  - Where service managers fail to implement improvement actions, this is reported to Directors and Heads of Services. In more extreme cases, this is reported to the Audit Committee, who can request that managers provide them with a written explanation regarding why a recommendation has not been implemented.
3. There are no significant areas where the Council's current procedures or approach could be improved with regard to reporting and follow up arrangements.

### Conclusion

4. The Internal Audit section has demonstrated improvements against statements of good practice 12 and 13 since the original study in 2001, and is now in the top performing band for each of these.

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## CRITICAL SUCCESS FACTOR 6: Holding internal audit to account for its performance

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### Broad expectations of good practice

1. To assess the success in holding Internal Audit to account for its performance, two statements of good practice were compared to the local practices and procedures. The two statements of good practice were:

**Statement 14.** The chief internal auditor is expected to promote and maintain adequate quality standards in the internal audit unit within a performance management framework. The performance of internal audit should be independently reviewed.

**Statement 15.** Internal audit should employ and demonstrate high standards of professional and ethical behaviour. To allow this, internal auditors staff are expected to be impartial and avoid any conflicts of interest.

### Summary of findings

2. The key areas where either the Council's procedures or approach are well developed include the following:
  - Internal Audit is accountable to an Audit Committee. This meets every quarter and consists of 5 elected member plus 2 members of the public, who were appointed for their interest in audit and/or Council matters. The Section 95 officer, Internal Audit Manager, and External Auditor are invited to attend all meetings
  - An annual audit plan is presented to the Audit Committee
  - Internal Audit use a set of performance indicators to monitor their performance. These are reported annually to both the Audit Committee and the Senior Management Team
  - Questionnaires are also used to obtain feedback on performance. A copy of each questionnaire is retained in each working papers file. These are summarised, and the average "score" is reported to the Audit Committee at the year end
  - Internal Audit staff receive training on new systems or whenever there is a major change to a system. If this is not provided, the system managers may be called to the Audit Committee to explain why not
  - All staff are involved with professional accountancy bodies and have to abide by their respective codes of ethics
  - The performance of internal audit is developed through various means including the review process (i.e qualified accountants reviewing work of less experienced staff), induction training, PDR process and the production/update of an audit manual
  - A register of staff interests is kept up to date. This helps to ensure that internal auditors are seen to be impartial in discharging their responsibilities.
3. Areas where the Council's procedures or approach are identified as being weak or in need of improvement included the following:
  - Various performance indicators have been devised in consultation with the Audit Committee. On the whole we find these to be satisfactory. However, there are

areas where we consider improvements could be made to the information provided. These are:

- internal audit report the percentage of recommendations accepted by audit clients. We consider this would be improved if they were also to report the percentage of recommendations that have been implemented within an appropriate timescale
- the reported performance indicators show that 100% of reports are issued within 10 days of work being completed, and that 100% of audit assignments in the audit plan are completed within budget. This is somewhat misleading since it is known that certain audits missed one (or both) of these targets. Officers advised that these PIs are recorded as 100% since, overall, (i.e. on an average basis) each of these targets was achieved.

***Refer to Action Plan No. 13 and 14***

- Internal audit is not accredited under a national or international quality standard (eg Investors in People (IiP), European Foundation of Quality Management (EFQM), etc. We were advised, though, that the internal audit section has recently commenced the process towards gaining EFQM accreditation.

***Refer to Action Plan No. 15***

## **Conclusion**

4. The Internal Audit section has demonstrated improvements in statements of good practice 14 and 15 since the original study in 2001. The Council now is in the top performing band for statement 15, and the 2<sup>nd</sup> top performing band for statement 14.
5. Recommendations 13 to 15 are designed to help improve the existing good practices being followed by the internal audit section in holding themselves to account for their performance.

## Appendix 1: Assessment methodology

### Undertaking the assessment

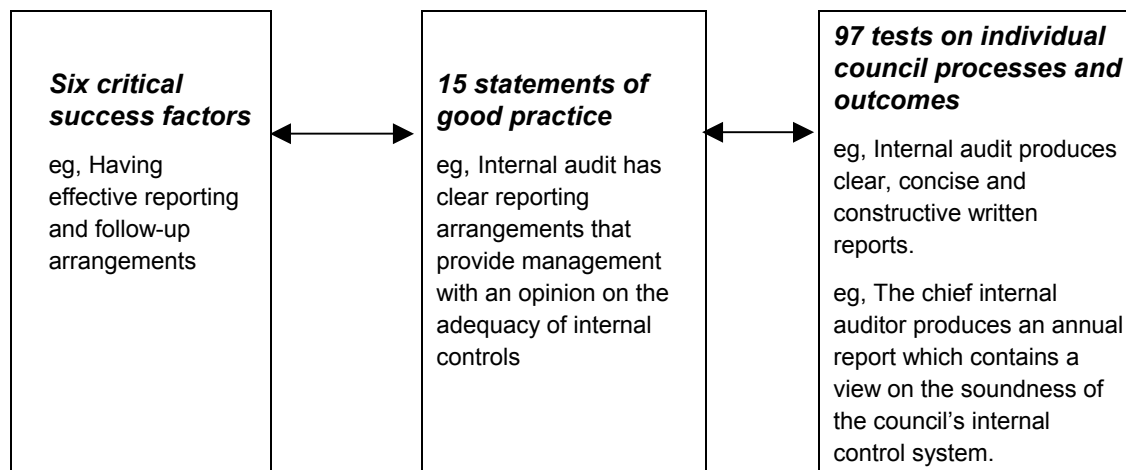
External auditors assessed each council's arrangements for internal audit against accepted good practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government. The assessments for the follow-up study were completed during early 2004 and reflect councils' arrangements at 1 March 2004 while the assessments for the initial study were completed in February 2001.

The performance assessment framework used by external auditors is based on six critical success factors. Auditors scored council performance by testing almost 100 processes and outcomes within 15 areas of good practice (Exhibit A). These reflect the issues that the study advisory group for the initial study and other consultees (including council internal auditors and the Commission's appointed external auditors) felt were essential for delivering an effective internal audit service.

#### Exhibit A

##### Structure of the assessment

Fifteen statements of good practice and 97 tests on council processes and outcomes support the six critical success factors.



Source: Audit Scotland

External auditors tested documentary evidence, processes and outcomes to assess the degree of compliance with good practice. The following example shows how the scoring system was applied to documentary evidence:

- 1 = 'no' – performance does not comply with good practice (eg, document does not exist or very early draft)



- 2 = 'qualified no' – performance on the whole does not comply with good practice (eg, terms of reference are available in draft but have yet to be approved and are not in use operationally, or a formally approved document which misses out most of the important issues)
- 3 = 'qualified yes' – performance on the whole complies with good practice (eg, formally approved document which misses some important issues or a draft document that, although yet to be formally approved, is in use operationally)
- 4 = 'yes' – performance complies with good practice (eg, formally approved document covering all of the important issues).

## Consistency and validation checks

To ensure auditors' assessments were consistently scored, the study team provided training and undertook robust validation procedures including:

- holding training workshops for auditors to familiarise them with the methodology and assessment process
- holding further workshops to ensure that auditors' assessments were undertaken consistently
- conducting consistency checks on auditors' assessments and council data returns
- having a sample of 40% of assessments subjected to independent peer review by other external auditors.

Although the study team has made every effort to ensure that the assessments have been scored on a consistent basis, there always remains a small element of subjectivity in scoring performance.

## Assessing overall performance

The scores for each test were used to calculate the average score for each statement. These were then used to calculate a council score for each of the six critical success factors.

In the initial study, scores for the six critical factors and the 15 statements for each council were used to create bands of performance. Exhibit B shows the link between council scores and performance bands. These same ranges were used in the follow-up study to place councils in performance bands.

## Exhibit B

### The link between council scores and performance bands

Councils' actual scores from the initial study were used to assess overall compliance and to create performance bands.

Overall compliance with the Code <sup>2</sup>	Performance bands created from analysis of actual results – initial study	
%	Performance band	Range
83 – 100	1	3.50 - 4.00
70 – 83	2	3.10 - 3.50
50 – 70	3	2.50 - 3.10
25 – 50	4	1.75 - 2.50
0 – 25	5	1.00 - 1.75

Source: Audit Scotland

Exhibit C shows how the average scores convert to 'hotel star' ratings (see Appendix 2). The star ratings indicate each council's performance overall, and for each area. Because the ratings for each statement have been rounded adding them together may not produce the council's overall score.

## Exhibit C

### The relationship between 'hotel stars' and average scores

The 'hotel stars' reflect the performance bands.

Average scores for each statement		'Hotel stars' symbol
Equal to or more than	But less than	
3.50	4.00	*****
3.10	3.50	****
2.50	3.10	***
1.75	2.50	**
1.00	1.75	*

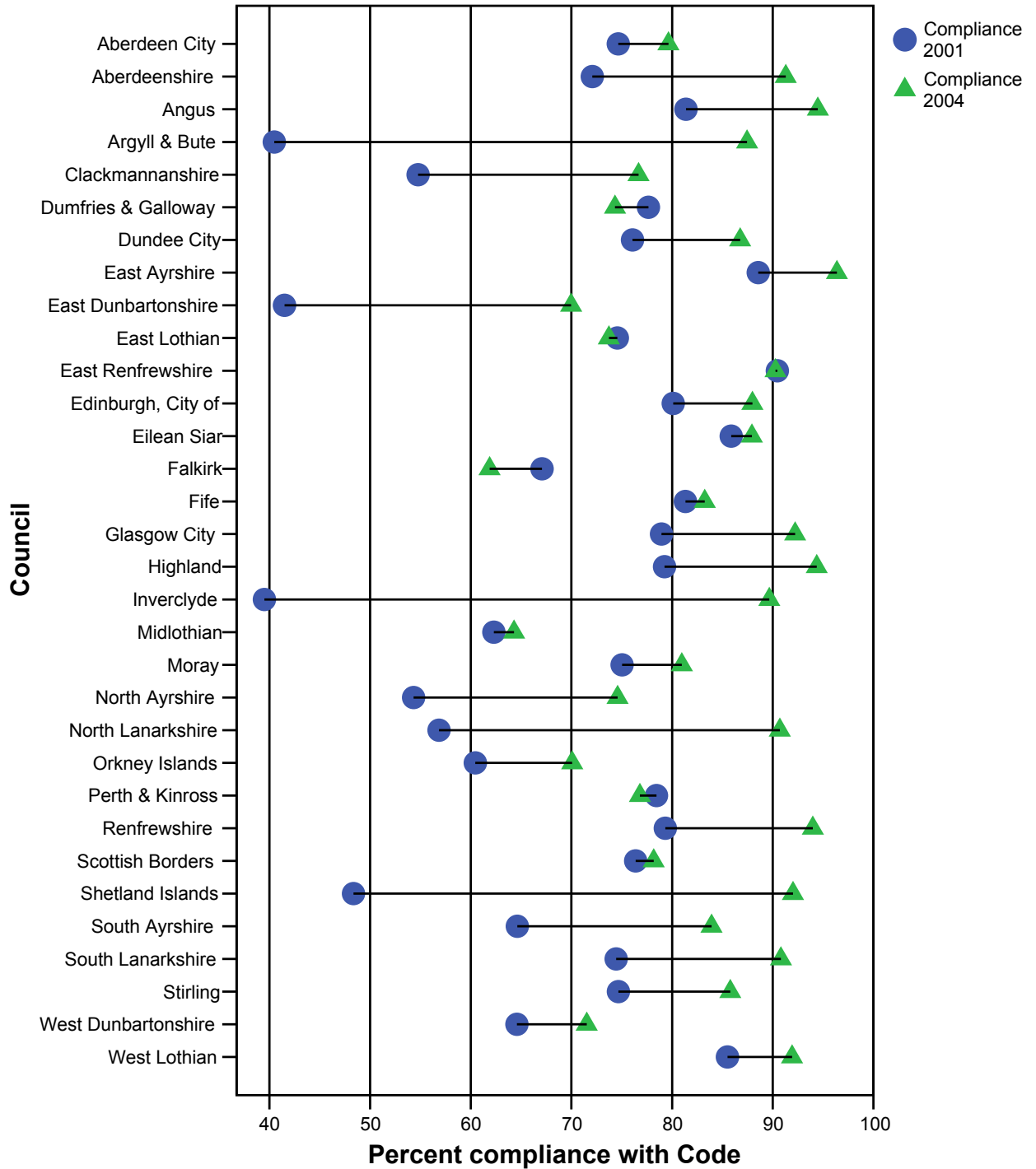
Source: Audit Scotland

<sup>2</sup> The percentage compliance was calculated for each score in the following manner – *Percentage compliance = (score – 1) / 3 \* 100*. Because the lowest score that a council could achieve is 1 and the highest is a 4, a score of 2.5 represents a percentage compliance score of 50%.

**Appendix 2: Extent of Council Compliance with the CIPFA Code of Practice**

**Councils' improvement since the initial study**

Councils originally in the lowest performance band have made the greatest improvement.



Source: External auditors' returns 2001 and 2004

### Appendix 3: External audit assessments by council

The colour of the 'hotel stars' indicates whether, in 2004, performance has improved (green), remained the same (black) or deteriorated (red) in comparison with 2001. Within bands, councils are listed in alphabetical order, not in order of performance.

Band	Council	Internal audit has an agreed terms of reference	The respective roles of management and internal audit in maintaining internal control are clearly defined and communicated	Internal audit has a clear role in relation to fraud	Internal audit has sufficient organisational status to be able to undertake its work effectively	Internal audit is free of operational responsibilities that could compromise its independence	Internal audit bases its work on a comprehensive risk assessment	Internal audit operates within a structured planning framework	Internal audit has effective relationships with council members, council managers, external audit, inspectors and other agencies
		1	2	3	4	5	6	7	8
Band 1	Aberdeenshire	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Angus	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Argyll & Bute	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Dundee City	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★	★★★★★
	East Ayrshire	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	East Renfrewshire	★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Edinburgh, City of	★★★★★	★★★★★	★★★★★	★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Eilean Siar	★★★★★	★★★★★	★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Glasgow City	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Highland	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Inverclyde	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	North Lanarkshire	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Renfrewshire	★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Shetland Islands	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	South Lanarkshire	★★★★★	★★★★★	★★★★★	★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Stirling	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
West Lothian	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	
Band 2	Aberdeen City	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★	★★★★★
	Clackmannanshire	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Dumfries & Galloway	★★★★★	★★★★★	★★★★★	★★★	★★★★★	★★★★★	★★	★★★
	East Lothian	★★★★★	★★★★★	★★★★★	★★★	★★★	★★	★★	★★★★★
	Fife	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★	★★★
	Moray	★★★★★	★★★★★	★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	North Ayrshire	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	Perth & Kinross	★★★★★	★★	★★★★★	★★★★★	★★★	★★★★★	★★	★★★★★
	Scottish Borders	★★★★★	★★★★★	★★★	★★★★★	★★	★★	★★★★★	★★★★★
	South Ayrshire	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
	West Dunbartonshire	★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★	★★★★★	★★★★★
Band 3	East Dunbartonshire	★★★★★	★★★★★	★★★★★	★★★★★	★★★	★★	★★★★★	★★★★★
	Falkirk	★★	★★★★★	★★★★★	★★	★★	★★	★★★★★	★★★★★
	Midlothian	★★★★★	★★	★★★★★	★★★	★★★★★	★★	★★	★★★
	Orkney Islands	★★★★★	★★	★★★★★	★★★★★	★★★★★	★★	★★★★★	★★★★★
	Scotland	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

Number of councils by assessment band for each statement

Band	Assessment	1	2	3	4	5	6	7	8
1	★★★★★	25	12	26	24	24	12	13	25
2	★★★★	6	11	5	7	4	8	6	5
3	★★★	1	6	1	1	4	7	11	2
4	★★	0	3	0	0	0	4	2	0
5	★	0	0	0	0	0	1	0	0
Total no. of councils		32	32	32	32	32	32	32	32

	Internal audit properly manages, controls and records its work	Internal audit is adequately staffed and resourced	Internal audit staff are suitably trained and developed	Internal audit has clear reporting arrangements that provide management with an opinion on the adequacy of internal controls	Internal audit follow up their recommendations to ensure action is taken	Internal audit has a performance management framework that ensures continuous review of its performance	The chief internal auditor promotes and maintains professional standards in internal audit
	9	10	11	12	13	14	15
<b>Band 1 Council</b>							
Aberdeenshire	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Angus	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Argyll & Bute	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Dundee City	☆☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆	☆☆☆☆	☆☆☆☆☆
East Ayrshire	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
East Renfrewshire	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆☆	☆☆☆☆☆
Edinburgh, City of	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Eilean Siar	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆	☆☆☆☆☆
Glasgow City	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Highland	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Inverclyde	☆☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆
North Lanarkshire	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Renfrewshire	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Shetland Islands	☆☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
South Lanarkshire	☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Stirling	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆☆	☆☆☆☆☆
West Lothian	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆
<b>Band 2</b>							
Aberdeen City	☆☆☆☆☆	☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆
Clackmannanshire	☆☆☆☆☆	☆☆☆☆	☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆	☆☆☆☆☆
Dumfries & Galloway	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆	☆☆☆	☆☆☆☆☆
East Lothian	☆☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆	☆☆☆
Fife	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆☆☆	☆☆☆☆☆
Moray	☆☆☆☆☆	☆☆☆☆	☆☆☆	☆☆☆	☆☆☆	☆☆☆	☆☆☆☆☆
North Ayrshire	☆☆☆☆	☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆	☆☆☆☆☆
Perth & Kinross	☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆☆
Scottish Borders	☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆☆
South Ayrshire	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆	☆☆☆☆☆
West Dunbartonshire	☆☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆☆	☆☆	☆☆☆	☆☆☆☆☆
<b>Band 3</b>							
East Dunbartonshire	☆☆☆	☆☆☆☆	☆☆☆	☆☆☆☆☆	☆☆☆	☆☆☆	☆☆☆☆
Falkirk	☆☆☆☆	☆☆☆	☆☆	☆☆☆☆	☆☆☆☆	☆☆☆	☆☆☆☆
Midlothian	☆☆☆	☆☆☆	☆☆	☆☆☆☆	☆☆☆☆	☆☆	☆☆☆☆☆
Orkney Islands	☆☆☆☆☆	☆☆	☆☆☆☆	☆☆☆	☆☆☆☆	☆☆☆☆	☆☆☆☆☆
Scotland	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆	☆☆☆☆☆

Number of councils by assessment band for each statement

Band	Assessment	9	10	11	12	13	14	15
1	☆☆☆☆☆	24	16	19	25	9	14	27
2	☆☆☆☆	6	11	6	3	9	5	1
3	☆☆☆	2	4	5	4	11	12	4
4	☆☆	0	1	2	0	2	1	0
5	☆☆	0	0	0	0	1	0	0
	Total no. of councils	32	32	32	32	32	32	32

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