

AUDIT SCOTLAND NATIONAL REPORTS TO AUDIT COMMITTEE 2011 - 2012

1. SUMMARY

The Code of Practice for Internal Audit in Local Government (the Code) issued by CIPFA sets out good practice guidance for delivering internal audit services. In compliance, the Audit Committee on a quarterly basis receives Audit Scotland reports pertaining to Local Government. This report provides an overview of reports released from August 2011 to date. The appendices to this report contain key points and a management response document as requested at the September meeting.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and will be followed up by Internal Audit.

3. DETAILS

3.1 The Audit Committee in September requested that national reports be accompanied by management feedback, in respect of actions being undertaken to address national report recommendations. Attached is a management response document for the national reports presented with this report.

3.2 On 25 August 2011, Audit Scotland issued a report entitled, "Scotland's public finances; addressing the challenges". This report highlights that Scotland's public sector budget in 2011/12 is £27.5 billion, a drop of 6% or £1.7 billion from £29.2 billion in 2010/11. The public sector budget will drop to £25.9 billion by 2014/15, representing an 11% or £3.3 billion fall since 2010/11. The council budget settlement for 2011/12 is £211.567 million representing a 4.63% drop from the 2010/11 funding figure of £221.567 million.

3.3 The Audit Scotland report states that with the public sector facing spending cuts, there has to be a focus on long-term financial sustainability to ensure effective public services for the future. Key risks and issues that public sector leaders and politicians need to be aware of are outlined in the report. Strong leadership and governance is vital in order to deal with a very challenging financial outlook. Appendix 4 of the report provides a checklist for long-term financial sustainability to aid management strategy and decision making. The key messages from the report are attached along with management responses.

3.4 On 15 September 2011, Audit Scotland issued a report entitled, "Modernising the planning system". The national report finding is that public bodies involved in planning are now working better together, the time councils take to decide planning applications has not reduced and

there is a widening gap between the costs of processing applications and the income councils receive from fees. The report says that more detailed information on performance and costs is needed to identify efficiencies.

- 3.5 On a national basis planning applications have fallen by 29% over the past 6 years and income also dropped for application fees. The gap between income and expenditure on processing planning applications increased from £6.7 million to £20.8 million over the period 2004/05 to 2009/10. This gap the report states, has to be funded from council central budgets. The report urges management to understand their costs and why they have risen as a first step in identifying where efficiencies can be made. After Part 1 Setting the scene, each subsequent part has a list of recommendations for Council management. The key messages from the report are attached along with a management response.
- 3.6 The full reports can either be viewed at http://www.audit-scotland.gov.uk/work/local_national.php 2011/12 or viewed in the Members Room where a copy is available.

4. CONCLUSIONS

This report is submitted to the Audit Committee for consideration.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

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