

Dundee, Perth, Angus & North Fife Strategic Development Planning Authority

2016/17 Annual Audit Report



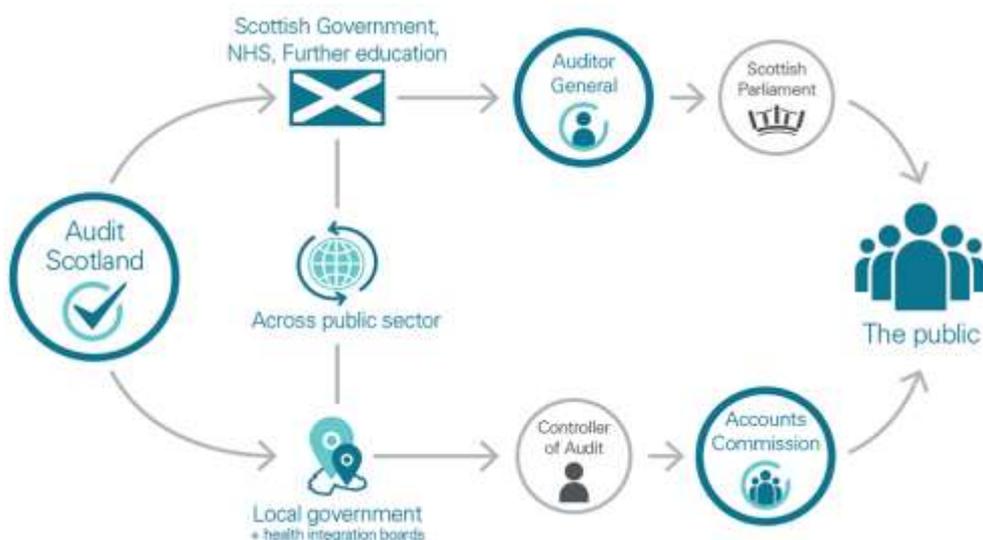
 AUDIT SCOTLAND

To Members of the Dundee, Perth, Angus & North Fife Strategic Development Planning Authority and the
Controller of Audit
28 September 2017

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

Audit of the 2016/17 annual accounts

- 1** Our independent auditor's opinion was unqualified. This covered the financial statements, management commentary, remuneration report and the annual governance statement.
- 2** Changes to the Management Commentary, Annual Governance Report and Annual Remuneration Report were required in order that the accounts complied with guidance and regulation.
- 3** The working papers provided in support of the annual accounts were of a good standard.

Financial management

- 4** Members and senior management scrutinise and monitor the Authority's finances. The Authority operated within budget and provided a rebate of £0.061 million to constituent authorities.
- 5** The Authority uses Dundee City Council's main financial systems for processing and recording of transactions and the preparation of the financial statements. Our testing of these systems confirmed that they were operating effectively. We did not identify any significant internal control weaknesses.

Financial sustainability

- 6** The Authority's financial position is sustainable in the foreseeable future. It has a sufficient level of reserves in place and there is a medium term financial plan. However it is difficult to assess whether future demand and reductions potentially arising from the Scottish Government's planning review will place a strain on the Authority's capacity to deliver services at the current levels.

Governance and transparency

- 7** The Authority has appropriate governance arrangements in place for an organisation of its size.
- 8** The Authority is open and transparent in the way that it conducts its business, with the public able to attend meetings. Minutes of meetings and agenda papers and most other key documents are available on the Authority's website for public inspection.

Introduction

1. This report is a summary of the findings arising from the 2016/17 audit of Dundee, Perth, Angus & North Fife Strategic Development Planning Authority (the Authority).

2. The scope of the audit was set out in our Annual Audit Plan presented to the March 2017 meeting of the Authority and meets the requirements of the Code of Audit Practice 2016 (the Code). This report comprises:

- an audit of the annual accounts
- consideration of aspects of the audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 1](#).

Exhibit 1

Audit dimensions



Source: Code of Audit Practice 2016

3. Supplementary Guidance to the Code allows appointed auditors to use judgement to conclude that the full application of the wider scope is not appropriate based on the risks, nature and size of an audited body (a small audited body clause). In our judgement the small audited body clause applies to the Authority. As a result our audit did not cover the 'value for money' dimension.

4. The main elements of our audit work in 2016/17 have been:

- an interim audit of the main financial systems and governance arrangements
- an audit of the 2016/17 annual accounts including the issue of an independent auditor's report setting out our opinions

- audit work covering selected areas of Best Value relating to arrangements for securing financial management and financial sustainability.

5. The Authority is responsible for preparing annual accounts that show a true and fair view in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It is also responsible for establishing effective governance arrangements and ensuring financial management is effective.

6. Our responsibilities as independent auditor are established by the Local Government in Scotland Act 1973 and the [Code of Audit Practice 2016](#) guided by the auditing profession's ethical guidance.

7. As public sector auditors we provide an independent auditor's report on the annual accounts. We also review and report on the arrangements within the Authority to manage its use of resources such as money, staff and assets. Additionally, we report on aspects of the Authority's best value arrangements. In doing this, we aim to support improvement and accountability.

8. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).

9. This report raises matters from the audit of the annual accounts, risks or control weaknesses. Communicating these does not absolve management from its responsibility to address the issues we raise, and to maintain adequate systems of control.

10. Our annual audit report contains an action plan at Appendix 1. It sets out specific recommendations, responsible officers and dates for implementation.

11. As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken any non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

12. This report is addressed to both the Authority and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk.

13. We would like to thank all management and staff who have been involved in our work for their co-operational and assistance during the audit.

Part 1

Audit of 2016/17 annual accounts



Main judgements

Unqualified independent auditor's opinions on the Annual Accounts.

Changes to the Management Commentary, Annual Governance Report and Annual Remuneration Report were required in order that the accounts complied with guidance and regulation.

The working papers provided in support of the annual accounts were generally of a good standard.

Audit opinions

14. The annual accounts for the year ended 31 March 2017 were approved by the Authority on 31 August 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- unqualified opinions on the management commentary, remuneration report and annual governance statement.

15. Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

Submission of annual accounts for audit

16. We received the unaudited annual accounts on 30 June 2017, in line with the audit timetable set out in our 2016/17 Annual Audit Plan.

17. The working papers provided with the unaudited accounts were generally of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the final accounts process ran smoothly.

Risk of material misstatement

18. Appendix 2 provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also, included within the appendix are wider audit dimension risks, how we addressed these and our conclusions.

Materiality

19. Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved (i.e. true and fair view).

The annual accounts are the principal means of accounting for the stewardship of the authority's resources and its performance in the use of these resources.

The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

20. On receipt of the annual accounts we reviewed our materiality calculations. The materiality levels set for the Authority are summarised in Exhibit 2.

Exhibit 2

Materiality values

| Materiality level | Amount |
|--|--------|
| Planning materiality - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure based on the latest audited accounts. | £2,200 |
| Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 90% of planning materiality. | £1,980 |
| Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. As the financial statements are compiled in £'000s the threshold has been set at £1,000. | £1,000 |

Source: Audit Scotland

How we evaluate misstatements

21. All misstatements identified during the audit, which exceeded our reporting threshold, have been amended in the financial statements.

Significant findings

22. International Standard on Auditing 260 (UK & Ireland) requires us to communicate to you significant findings from the audit. These are summarised in [Exhibit 3](#) (where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included).

Exhibit 3

Significant findings from the audit

| Issue | Resolution |
|--|---|
| <p>1. Management Commentary, Annual Governance Statement and Annual Remuneration Report</p> <p>A number of disclosures required by extant guidance and Regulations had not been presented appropriately in the annual report. This required a</p> | <p>The annual accounts have been amended to include the appropriate disclosures.</p> <p>Action Plan (Appendix 1, recommendation 1).</p> |

| Issue | Resolution |
|---|------------|
| <p>number of amendments as follows:</p> <ul style="list-style-type: none"> introduction of an expenditure and funding analysis in line with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom amendments to the Management Commentary disclosures to ensure compliance with the Local Government Finance Circular 5/2015 amendment to the signatories to the accounts to reflect the requirements of the Local Authority Accounts (Scotland) Regulations 2014 update of the Annual Governance Statement to reflect compliance with Delivering Good Governance in Local Government: Framework (2016) updates to the Annual Remuneration Report to reflect the requirements of The Local Authority Accounts (Scotland) Regulations 2014. | |

Source: Dundee, Perth, Angus and North Fife Strategic Development Planning Authority Annual Accounts 2016/17

Other findings

23. A small number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. None of these adjustments had an impact on the overall position.

Going concern

24. The financial statements of the Authority have been prepared on the going concern basis. The financial statements show net assets of £0.195 million. The Annual Accounts highlight that: *“The Scottish Government has published its position statement on the Planning Review which includes its intent to remove Strategic Development Plans subject to approval by Parliament of the Planning Bill to be published later this year. The Authority will function at a minimal level to ensure it complies with its duty under the 1997 Planning Act. Despite the uncertainties around the future of SDPA, annual accounts for 2016/17 are prepared adopting the going concern accounting and reporting policy.*

25. We consider it is appropriate to adopt a going concern basis for the compilation of the 2016/17 annual accounts.

Objections

26. The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The Authority complied with the regulations. No objections were received in relation to the accounts.

Part 2

Financial management



Main judgements

Members and senior management scrutinise and monitor the Authority's finances. The Authority operated within budget and provided a rebate of £0.061 million to constituent authorities.

The Authority uses Dundee City Council's main financial systems for processing and recording of transactions and the preparation of the financial statements. Our testing of these systems confirmed that they were operating effectively. We did not identify any significant internal control weaknesses.

Financial performance in 2016/17

26. The Authority approved a three year budget in February 2016. The approved budget for 2016/17 was £0.260 million, with £0.204 million to be met from constituent authorities' requisitions and £0.056 million from general reserve. This was a reduction of £0.002 million (0.1%) from the approved 2015/16 Revenue Budget.

27. The financial performance of the Authority during 2016/17 highlighted an underspend against budget of £0.045 million, after payment of a rebate to constituent councils of £0.061 million. The underspend enabled the Authority to reduce its usage of the general reserve in 2016/17 to £0.011 million, rather than the £0.056 million included in its 2016/17 budget.

28. , As a result, the general reserve balance reduced to £0.196 million from £0.207 million in 2015/16.

29. . The more significant variations against budget are summarised in [Exhibit 4](#).

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Exhibit 4

Summary of significant variations against budget

| Area | Variance Favourable/ (unfavourable) | Main reason(s) for variance |
|-------------|---|--|
| Staff costs | £0.053 million | The previous Strategic Development Planning Authority (SDPA) manager's post was initially filled by a part time secondment for the six months from April 2016 and from |

| Area | Variance Favourable/ (unfavourable) | Main reason(s) for variance |
|-----------------------|---|--|
| | | September 2016 the function has been absorbed into the Head of Tay Cities Deal's role with no associated cost for the Authority. |
| Supplies and services | £0.031 million | The planned printing and advertising of the Strategic Development Plan did not take place during the year (£0.015 million). There was also lower spend on general office expenses (£0.008 million).. |
| Third party payments | £(0.046) million | Rebate to the four constituent councils, partly offset by underspend in external consultancy fees. |

Source: Dundee, Perth, Angus and North Fife Strategic Development Planning Authority Annual Accounts 2016/17

Budgetary monitoring and control

30. The Joint Committee met twice in 2016/17 receiving financial monitoring reports at its February 2017 meeting. From our review of this report we concluded that it provided an overall picture of the budget position at service level. Also, the reports forecast out-turn position for the year and include narrative explanations for significant variances against budget. They allow members to scrutinise the Authority's finances.

31. A three year budget was approved by the Joint Committee in February 2017. The 2017/18 budget was set at £0.352 million, including a planned rebate to the constituent councils of £0.184 million (a full rebate of the amount of the 2017/18 contributions from the constituent authorities). Excluding the planned rebate, the 2017/18 budget is £0.168 million which is a £0.092 million (35%) reduction on the budget of £0.26 million for 2016/17. The reduction is mainly a result of lower staff cost, printing costs and the fall out of examination costs in 2017/18.

32. We have concluded that budget monitoring processes are effective.

Financial capacity within the Authority

33. Dundee City Council's Executive Director of Corporate Services (Section 95 officer) has the role of Treasurer with responsibility for finance, and has direct access to the Acting SDPA manager and the Joint Committee. We concluded that the Section 95 officer has appropriate status within the Authority and complies with the principles set out in CIPFA's *Role of the Chief Financial Officer (2016)*.

Internal controls

34. Dundee City Council, as host authority, provides support in some key areas of business, particularly in finance, legal services and information technology.

35. As part of our audit we identified and inspected the key internal controls in a number of Dundee City Council's systems used by the Authority for the processing and recording of transactions and the preparation of the financial statements. Our objective was to gain assurance that the Authority has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

36. No significant control weaknesses were identified which could affect the Authority's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Prevention and detection of fraud

37. We have responsibility for reviewing the arrangements put in place by management for the prevention and detection of fraud. Dundee City Council acts as the host authority responsible for the financial arrangements for the Authority. We reviewed these arrangements including policies and codes of conduct for staff and elected members, whistleblowing and fraud prevention and how they impact on the Authority.

38. Based on the evidence reviewed by us, we concluded that the Authority has adequate arrangements for the prevention and detection of fraud.

Part 3

Financial sustainability



Main judgement

The Authority's financial position is sustainable in the foreseeable future. It has a sufficient level of reserves in place and there is a medium term financial plan. However it is difficult to assess whether future demand and reductions potentially arising from the Scottish Government's planning review will place a strain on the Authority's capacity to deliver services at the current levels.

Financial planning

39. It is important that longer-term financial strategies are in place which link spending to the Authority's strategies. The [Local Government in Scotland: Financial overview 2015/16](#) (November 2016) highlighted that the need for budgets and forecasts to reflect actual spending and should be linked to the organisation's business objectives.

40. As highlighted above, the Authority approved a three year budget in February 2017 that forecast the impact of relevant pressures based on delivering the existing Project Plan (as agreed by the Joint Committee in October 2012) together with assumptions about the continuation of current legal duties.

41. The Planning etc. (Scotland) Act 2006 requires the next Strategic Development Plan (SDP) to be submitted within 4 years after the approval date of the current plan. The proposed plan was submitted to Scottish Ministers in June 2016 and is awaiting approval.

42. The Scottish Government published a consultation document with 22 proposals for the future of the Scottish planning system and invited comments on these proposals by 4 April 2017. The proposals include the removal of Strategic Development Plans and the transfer of strategic planning from councils to the Scottish Government through an enhanced National Planning Framework. By 2019/20 the Scottish Government is expected to have announced and progressed any legislation associated with the current Scottish planning review. No further work is to be taken on Tayplan 3 (the next iteration of the SDP) until there is further clarity on the future of the Authority.

Reserves

43. The Authority holds a general fund reserve, the main purpose of which is to provide a contingency fund to meet unexpected expenditure and as a working balance to help cushion the impact of uneven cash flows. The Joint Committee agreed in February 2014 to hold a minimum of £0.025 million as a balance in reserve. The usable reserves held by the Authority at 31 March 2017 were £0.196 million (2015/16 £0.206 million).

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

44. The budget update report presented to the Joint Committee in February 2017, projected that the general reserve balance would reduce to £0.026 million by 31 March 2017 (mainly as a result of the rebate to constituent authorities). This will reduce the reserve balance closer to the Authority's approved reserve policy. The report projected the reserve balance to increase to £0.095 million by March 2020, but this is dependant on any impact arising from the Scottish Government's planning review.

45. We consider the Authority's financial position to be sustainable in the foreseeable future, however further information would be required to conclude on long term financial sustainability given the ongoing planning review.

Part 4

Governance and transparency



Main Judgements

The Authority has appropriate governance arrangements in place for an organisation of its size.

The Authority is open and transparent in the way that it conducts its business, with the public able to attend meetings. Minutes of meetings and agenda papers and most other key documents are available on the Authority's website for public inspection.

Governance arrangements

46. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

47. Members and management of the Authority are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.

48. We considered the role and responsibility of Authority's governing committee, (the Joint Committee), comprising of three members from each of the constituent authorities. The Joint Committee is responsible for oversight of the creation and review of the area's Strategic Development Plan, meeting not less than twice a year to discuss any matters. We considered the frequency of meetings, and quality of information provided to the Joint Committee to be sufficient.

49. Overall we have concluded that the governance arrangements in place are appropriate for an organisation the size of the Authority.

Proposed change to the Scottish planning system

50. An independent review published in 2016 recommended that Strategic Development Plans should be replaced by an enhanced National Planning Framework. The Scottish Government published its consultation document in January 2017 which outlined proposed changes to the system.

51. An independent analysis of the responses to the consultation and a position statement were published in June 2017. A Planning Bill is expected to go to Parliament in winter 2017 which should clarify the role of planning authorities in the future.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

Internal Audit

52. Internal audit provides senior management and members with independent assurance on an organisation's overall risk management, internal control and corporate governance processes. The Authority uses Dundee City Council's main financial systems and therefore relies on the work of the Council's internal audit service to provide assurances over the controls in place for those systems.

53. We carried out a review of the adequacy of the internal audit function and concluded that overall, the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

54. The internal auditor's annual report to Dundee City Council provides the internal auditor's opinion on the systems of control and is relied on for the purposes of providing assurance to the Authority, although this is not reported to the Joint Committee.

55. The internal audit assurance is a key source of assurance for the Authority's Annual Governance Statement and in our view, formalising the reporting of the reviews to the Joint Committee would provide evidence that all appropriate areas have been considered for inclusion in its annual governance statement.

Recommendation 2

The Authority should report annually to the Joint Committee on internal audit's work on the main financial systems used by the Authority. This would provide evidence to support the content of the Authority's Annual Governance Statement.

Transparency

56. Transparency means that the public has access to understandable, relevant and timely information about how the Authority is taking decisions and how it is using resources such as money, people and assets.

57. The Authority demonstrates a commitment to transparency with Joint Committee meetings open to members of the public and agendas and minutes of the meetings available on the Authority's website. Many key documents including the strategic development plan (and progress on update) and planning performance framework are available on the website.

58. As highlighted in our Annual Audit Plan *the Local Authority Accounts (Scotland) Regulations 2014* requires an Authority to publish on its website its signed audited annual accounts and the audit certificate by 31 October. Officers are aware of this requirement and are committed to publishing the 2016/17 audited annual accounts on the Authority's website by 31 October 2017.

59. Overall, we concluded that the Authority conducts its business in an open and transparent manner

Appendix 1

Action plan 2016/17

2016/17 recommendations for improvement

| Page no. | Issue/risk | Recommendation | Agreed management action/timing |
|----------|---|---|--|
| 9 |  <p>1. Management Commentary, Annual Governance Statement and Annual Remuneration Report</p> <p>A number of disclosures required by extant guidance and regulations had not been presented appropriately in the annual accounts.</p> <p>Risk: The accounts may not comply with current guidance and regulations.</p> |  <p>The Authority should ensure that there is a process in place to ensure that the requirements of existing guidance and regulations are met.</p> |  <p>The Statements have been amended to ensure compliance with guidance and Regulations.</p> <p>Any further requirements will be reflected in future years.</p> <p>Responsible officer: Treasurer</p> <p>Action by: June 2018</p> |
| 17 | <p>2. Internal Audit</p> <p>The internal auditor's annual report to Dundee City Council provides the internal auditor's opinion on the systems of control and is relied on for the purposes of providing assurance to the Authority. This is not reported to the Joint Committee.</p> <p>The internal auditor's annual report is a key source of assurance for the Authority's Annual Governance Statement and in our view, formalising the reporting of the reviews to the Joint Committee would provide evidence that all appropriate areas have been considered for inclusion in its annual governance statement</p> <p>Risk: Members may not be able to fully scrutinise the control arrangements impacting on the Authority.</p> | <p>The Authority should report annually to the Joint Committee on internal audit's work on the main financial systems used by the Authority. This would provide evidence to support the content of the Authority's Annual Governance Statement.</p> | <p>Dundee City Council's Senior Manager – Internal Audit has agreed to compile an assurance statement proportionate to the operations of the SDPA. This statement will be presented to the Joint Committee annually and refer them to her Internal Audit Report (reported to the Council's Scrutiny Committee in June each year), which summarises the activities of Dundee City Council's (DCC's) Internal Audit Service during the period and provides an independent annual opinion on the overall adequacy and effectiveness of DCC's governance, risk management and control framework.</p> <p>Responsible officer: Senior Manager – Internal Audit</p> <p>Action by: June 2018</p> |

Appendix 2

Significant audit risks identified during planning

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

| Audit risk | Assurance procedure | Results and conclusions |
|--|--|---|
| Risks of material misstatement in the financial statements | | |
| <p>1 Risk of management override of controls</p> <p>ISA 240 also requires auditors to consider management's ability to manipulate accounting records and prepare fraudulent or biased financial statements by overriding controls that otherwise appear to be operating effectively.</p> | <ul style="list-style-type: none"> detailed testing of journal entries review of accounting estimates for bias evaluation of significant transactions that are outside the normal course of business. | <p>Journal entry adjustments were tested and no indications of management override of controls were found.</p> <p>Judgements and estimations applied were tested to confirm they were appropriate and reasonable. No issues were highlighted with the judgements and estimates applied.</p> <p>We confirmed that income and expenditure was properly accounted for in the financial year.</p> <p>We reviewed transactions during the year – no issues were highlighted where significant transactions were outside the normal course of business.</p> |
| <p>2 Risk of fraud over expenditure</p> <p><i>ISA 240 The auditor's responsibilities relating to fraud in an audit of financial statements</i> include certain requirements relating to the auditor's consideration of fraud. The Code of Audit Practice requires consideration of risk of fraud over expenditure. The Authority incurs material expenditure which requires audit coverage.</p> | <ul style="list-style-type: none"> detailed testing of transactions focusing on the areas of greatest risk. | <p>No significant issues were found in relation to controls in place across the key financial systems.</p> <p>We reviewed expenditure transactions during the year – no issues highlighted in relation to the risk of fraud over expenditure.</p> |
| <p>3 Revisions to the presentation of the financial statements</p> <p>The 2016/17 Code of Practice on Local Authority Accounting makes a number of changes in the presentation of the financial statements. These changes</p> | <ul style="list-style-type: none"> focussed testing on the financial statements to ensure that the changes have been properly actioned. | <p>Review of annual accounts to confirm they were appropriate and reasonable. Issues highlighted in relation to compliance with regulation and guidance. The Annual Accounts were amended to ensure compliance (see 'significant</p> |

| Audit risk | Assurance procedure | Results and conclusions |
|---|---|--|
| <p>include revisions to the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Annual Governance Statement and the requirement for a new Expenditure and Funding Analysis. These changes present a risk of material misstatement in the financial statements if they are not properly actioned.</p> | | <p>findings' at exhibit 3 on page 9).</p> |
| <p>4 The Local Authority Accounts (Scotland) Regulations 2014</p> <p>The regulation stipulate that:</p> <ul style="list-style-type: none"> • unaudited accounts are required to be considered by the Authority by 31 August • audited accounts are to be approved by the Authority by 30 September • publication on the Authority's website of: the signed audited financial statements by 31 October; and the annual audit report by 31 December <p>In previous years, the Authority's schedule of meetings resulted in the Authority not adhering to these regulations. Further to this, the audited financial statements and annual audit report are yet to be published on the Authority's website. There is a risk that the Authority is in breach of regulatory requirements.</p> | <ul style="list-style-type: none"> • communication with management and those charged with governance regarding timetable of accounts process. | <p>Officers confirmed that the 2016/17 accounts will be placed on the Authority's website.</p> <p>Reviewed the Authority's arrangements during 2016/17 to confirm compliance with the regulations.</p> <p>Meeting of the Joint Committee was held on 31 August 2017 to allow the Authority to comply with the requirement to consider the accounts in 2016/17 and approve the audited accounts in line with the regulations.</p> <p>No issues highlighted.</p> |
| <p>Wider dimension</p> | | |
| <p>5 Members training</p> <p>The 2017 local government elections may result in changes in the Authority's membership. There is a risk that there is a loss of skills and experience amongst members.</p> | <ul style="list-style-type: none"> • review of the Authority's induction and training arrangements for members following the local government elections. | <p>Reliance is placed on the training provided by constituent authorities.</p> <p>Consideration of training, specific to the functions undertaken by the Authority will be considered once the future of the Authority is known.</p> |

Appendix 3

Summary of national performance reports 2016/17



| | | | |
|------|---|--|--|
| Apr | | | |
| May |  Common Agricultural Policy Futures programme: an update | | |
| Jun |  South Ayrshire Council: Best Value audit report |  The National Fraud Initiative in Scotland | |
| Jul |  Audit of higher education in Scottish universities |  Supporting Scotland's economic growth | |
| Aug |  Maintaining Scotland's roads: a follow-up report |  Superfast broadband for Scotland: a progress update |  Scotland's colleges 2016 |
| Sept |  Social work in Scotland |  Scotland's new financial powers | |
| Oct |  Angus Council: Best Value audit report |  NHS in Scotland 2016 | |
| Nov |  How councils work – Roles and working relationships in councils |  Local government in Scotland: Financial overview 2015/16 | |
| Dec |  Falkirk Council: Best Value audit report |  East Dunbartonshire Council: Best Value audit report | |
| Jan | | | |
| Feb |  Scotland's NHS workforce | | |
| Mar |  Local government in Scotland: Performance and challenges 2017 |  i6: a review |  Managing new financial powers: an update |

Local government relevant reports

[Local government in Scotland: Financial overview 2015/16 – November 2016](#)

[Local government in Scotland: Performance and challenges 2017 – March 2017](#)

Dundee, Perth, Angus & North Fife Strategic Development Planning Authority

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