

# South Lanarkshire Council

2016/17 Annual Audit Report



 AUDIT SCOTLAND

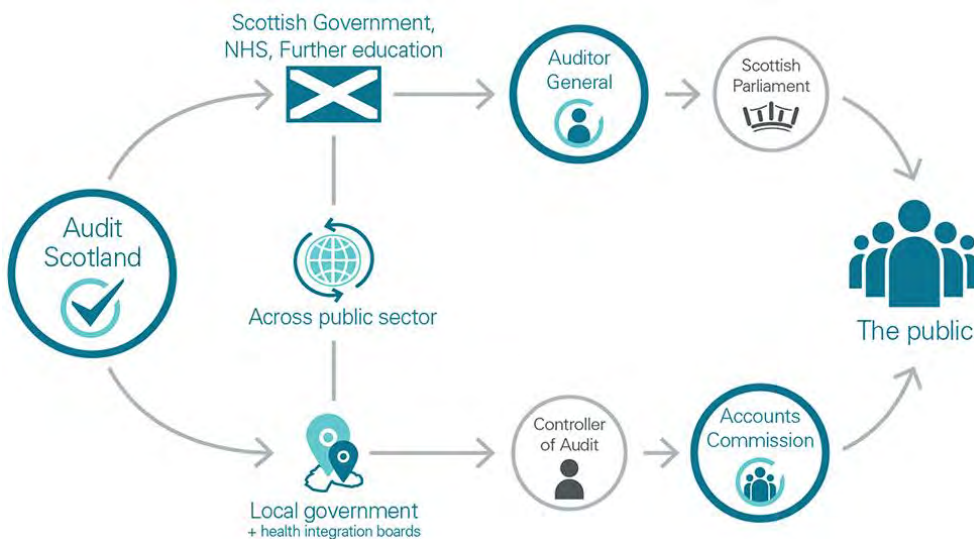
To Members of South Lanarkshire Council and the Controller of Audit

27 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

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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# Contents

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Key messages	4
Introduction	5
Part 1 Audit of 2016/17 Annual Accounts	7
Part 2 Financial management	15
Part 3 Financial sustainability	22
Part 4 Governance and transparency	26
Part 5 Value for money	32
Appendix 1 Action plan 2016/17	36
Appendix 2 Significant audit risks identified during planning	40
Appendix 3 Summary of national performance reports 2016/17	44

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# Key messages

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## Audit of the 2016/17 Annual Accounts

- 1 The financial statements of South Lanarkshire Council for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.
- 2 We have issued an unqualified independent auditor's report on the Council's Annual Accounts and those of the three charities administered by the Council.

## Financial management

- 3 Financial management is effective but the Council could further develop financial reporting.
- 4 The Council is delivering services within budget.
- 5 There are areas of the corporate budget which require review to ensure that costs and income lines are more accurately included in opening budgets.
- 6 The Council has appropriate internal controls in place within main financial systems and our testing confirmed that these were operating effectively.

## Financial sustainability

- 7 The Council's financial position is sustainable in the foreseeable future although rising demand, increasing costs of services and reductions to central funding will continue to place a strain on the Council's capacity to deliver services at the current levels.
- 8 The Council has an adequate level of reserves, has credible short term financial plans in place and is developing a longer term financial strategy.

## Governance and transparency

- 9 The Council is open and transparent in the way that it conducts its business, with the public able to attend meetings of the Council and its committees. Minutes of committee meetings and agenda papers are readily available on the Council's website for public inspection.

## Value for money

- 10 Formal reporting and monitoring arrangements should be introduced to provide assurance that funding to external bodies is being properly used.
- 11 The Council operates an effective performance management framework which leads to action in underperforming areas.
- 12 Comparison of performance against local government benchmark performance indicators for 2015/16 suggests that, broadly, the Council was performing at around the Scottish average levels.

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# Introduction

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1. The scope of our audit was set out in our Annual Audit Plan presented to the March 2017 meeting of the Risk and Audit Scrutiny Forum.
2. This report sets out our findings from:
  - the audit of the Annual Accounts
  - our consideration of the wider dimensions of public sector audit, [exhibit 1](#), as set out in Audit Scotland's [Code of Audit Practice](#).

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## Exhibit 1

### Audit dimensions



Source: Code of Audit Practice 2016

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3. The main elements of our audit work in 2016/17 were:
  - a review of the Council's main financial systems and governance arrangements
  - an audit of the Council's 2016/17 Annual Accounts
  - audit work covering the Council's arrangements for securing Best Value relating to financial governance and resource management, and financial planning
4. The management of South Lanarkshire Council is responsible for, inter alia:
  - preparing financial statements which give a true and fair view

- putting in place proper arrangements for the conduct of its affairs
- ensuring that the financial position is soundly based.

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

**6.** An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made. It is the auditor's responsibility to express an opinion on the financial statements prepared by management. This does not relieve management of the responsibility for the preparation of the Annual Accounts.

**7.** An action plan is included at appendix 1 (page 36) setting out our recommendations to address the issues and risks we identified from our audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management response/timing". We recognise that not all risks can be eliminated or even minimised. What is important is that the Council understands its risks and has arrangements in place to manage them. The Council should ensure that it is satisfied with proposed actions and has adequate mechanisms in place to assess progress and monitor outcomes.

**8.** 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 non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and remains unchanged.

**9.** This report is addressed to both the Council and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**10.** The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

# Part 1

## Audit of 2016/17 Annual Accounts



### Main judgements

**The financial statements of South Lanarkshire Council for 2016/17 give a true and fair view of the state of its affairs and of its net expenditure for the year.**

**Unqualified audit opinions issued on the Council's Annual Accounts.**

**Unqualified audit opinions issued on the three charities administered by the Council.**

### Unqualified audit opinions

**11.** The Council's Annual Accounts for the year ended 31 March 2017 were approved by the Executive Committee on 27 September 2017.

**12.** We reported, in our Independent Auditor's Report:

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

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

**14.** We comment on the audit of charities administered by the Council at the end of this part of the report.

### Submission of the Council's Annual Accounts for audit

**15.** We received the unaudited Annual Accounts on 30 June 2017, in accordance with the audit timetable set out in our 2016/17 Annual Audit Plan. The unaudited Annual Accounts were, generally, of a good standard.

**16.** The working papers provided with the unaudited Annual Accounts were of a high standard and finance staff provided excellent support during the audit. This helped ensure that the final accounts process ran smoothly and enabled us to complete the audit in accordance with the agreed timetable.

### Disclosure checks

**17.** As this is the first year of the new audit appointment, we completed the full Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code) disclosure checklist to confirm that the accounts presented for audit had been prepared in accordance with its requirements. The disclosure checks did not identify any significant departures from the requirements of the 2016/17 Code;

The Council's Annual Accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

however some presentational issues were identified. These were discussed with management and appropriate amendments made in the audited Annual Accounts.

## Management commentary, annual governance statement and remuneration report

**18.** The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 requires councils to publish, along with their financial statements, an annual governance statement, a management commentary and a remuneration report which are consistent with the disclosures made in the financial statements. The Management Commentary should be “fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body”. In our view, the Management Commentary and the Annual Governance Statement submitted for audit suffered from an excess of detail which tended to obscure the key messages.

**19.** Management accepted a number of our suggestions for improvements to the unaudited Annual Accounts. In particular, the financial performance section of the Management Commentary was revised to more clearly show the surplus for the year, transfers to reserves, and earmarking of year-end general fund balances. We would expect that the Annual Accounts will evolve over the next few years to provide a more user friendly guide to the Council’s in-year financial activities and results.

## Risk of material misstatement

**20.** The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and potential impact on the financial statements. We disclosed, in our Annual Audit Plan, the audit work we proposed to undertake to secure appropriate levels of assurance. [Appendix 2](#) sets out the significant audit risks identified and how we addressed each risk in arriving at our opinion on the financial statements.

## Materiality

**21.** Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the perceptions and decisions of users of the financial statements. The assessment of what is material is a matter of professional judgement. A misstatement or omission, which would not normally be regarded as material by value, may be important for other reasons (for example, an item contrary to law).

**22.** Our initial assessment of materiality for the financial statements was undertaken during the planning phase of the audit. We assess the materiality of uncorrected misstatements, both individually and collectively, in forming our opinions on the financial statements.

**23.** On receipt of the Annual Accounts, and following completion of audit testing, we reviewed our original materiality calculations and concluded that they remained appropriate. Our final materiality levels are summarised at [exhibit 2](#).



## Exhibit 2

### Materiality values

Materiality level	Amount
<b>Overall materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£10.4 million
<b>Performance materiality</b> – 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 50% of overall materiality.	£5.2 million
<b>Reporting threshold</b> – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. We consider that an appropriate figure of interest to members would be £100,000.	£100,000

### How we evaluate misstatements

**24.** There were no material adjustments to the bottom line figures in the unaudited financial statements arising from our audit. We did however identify one classification error which impacted on figures on the face of the Balance Sheet, and two errors which affected the amounts disclosed in the property, plant and equipment note. Further details of these are provided at [exhibit 3](#). There were no unadjusted errors in the financial statements which exceeded our reporting threshold.

### Significant findings

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

## Exhibit 3

### Significant findings from the audit

Issue	Resolution
<p><b>1. Social care debts bad debt provision</b></p> <p>The short-term provisions balance at Note 23 - Provisions in the unaudited accounts included £0.698 million for a bad debt provision against debts of £1.382 million owed for residential care. As this is a bad debt provision against an existing debtors balance, rather than a general provision for expected costs, it should have been netted off against the debtors balance and disclosed within the 'Provision for bad / doubtful debt' figure for "Other entities and individuals" at Note 21 - Short term</p>	<p>The audited annual accounts have been amended.</p> <p>The effect is to reduce the short term debtors and provisions balances on the face of the Balance Sheet by £0.698m.</p> <p>There is no impact on the Council's Net Asset position.</p>

Issue	Resolution
<p>debtors.</p>	
<p><b>2. Valuation of Kirkland Park Primary School</b></p> <p>The Code of Practice on Local Authority Accounting in the UK requires all new build assets to be valued at the point they come in to use. One of the assets in use, Kirkland Park Primary School, had not been revalued at the Balance Sheet date. The amount (£8.351 million) recognised on the Balance Sheet represented the cost of building the school.</p> <p>The Asset Management and Property Manager advised that as this a tandem build school (stage 1 is to build the new school on existing playing fields, stage 2 is to demolish the old school and create playing fields on that site) the valuation team had not scheduled a valuation until the whole project is completed.</p>	<p>The Asset Management and Property Manager provided written confirmation that the cost of building the school represents a reasonable approximation for its value in use, and there are no factors that exist to suggest the actual valuation would be materially different from this amount. It has also been confirmed that this is the only asset completed during 2016/17 that has not been formally valued. There is therefore no risk of material error in the accounts in this instance.</p> <p>This practice should be reviewed for 2017/18.</p> <p><a href="#">Action plan (appendix 1, point 1)</a></p>
<p><b>3. Presentation of assets under construction additions and transfers</b></p> <p>The cost of any expenditure on assets under construction should be shown as additions against assets under construction, with the whole cost of the asset then transferred to the relevant asset category at the point which it comes into use.</p> <p>Expenditure on Assets Under Construction which came in to use during the year were shown as additions against Other Land and Buildings in the unaudited accounts. This presentation was incorrect.</p>	<p>The additions and transfers figures for Other Land and Buildings and Assets Under Construction have been revised at Note 18 - Property, Plant and Equipment in the audited accounts.</p> <p>As this change only moved the amounts between categories there is no impact on the Property, Plant and Equipment figure on the face of the Balance Sheet.</p>
<p><b>4. Completeness of asset register and accuracy of cost and accumulated depreciation figures</b></p> <p>Some assets written out of the Balance Sheet and Asset Register had not actually been disposed of or identified as obsolete.</p> <p>This treatment is incorrect as Note 18 - Property, Plant and Equipment should show the cost and accumulated depreciation of all assets still in use by the Council, regardless of whether they have been fully depreciated. To support the monitoring of all assets available for use by the Council, the Asset Register should be a complete record.</p>	<p>Following a review by officers assets with a cost of £19.073 million (but fully depreciated to zero net book value) were added back to the Asset Register. This has been reflected in the cost and accumulated depreciation figures shown for Vehicles, Plant and Equipment at Note 18 - Property, Plant and Equipment in the audited accounts.</p> <p>As all of these assets are fully depreciated to a zero net book value there is no impact on the Property, Plant and Equipment figure on the face of the Balance Sheet.</p> <p>In 2017/18 these assets should be reviewed to identify any that are obsolete or disposed of that can legitimately be removed from the register.</p> <p><a href="#">Action plan (appendix 1, point 2)</a></p>
<p><b>5. Heritage assets</b></p> <p>During 2016/17 the Council identified heritage assets valued at £0.728 million which had not previously been included on the asset register. We therefore recommended that the Council review their inventory of heritage assets to ensure that a complete record is held of any assets with</p>	<p>The Council advised that they have a programme in place to review their heritage assets inventory over the next few years to ensure that any items of significant financial or cultural value are catalogued and appropriately insured.</p> <p>Given the volume of such assets we have accepted this approach as reasonable. As heritage assets</p>

Issue	Resolution
significant financial or cultural value.	are carried at valuation and not depreciated, their omission or inclusion has no impact on the Council's income and expenditure position.  <a href="#">Action plan (appendix 1, point 3)</a>
<p><b>6. Amounts written-off but not yet approved for write-off</b></p> <p>The Council's financial regulations specify that sums due to the authority should only be written off after consideration by the Finance and Corporate Resource Committee. Of the £1.102 million of sundry debt written off during the year only £0.408 million had been approved for write-off at the time of preparation of the unaudited annual accounts.</p>	<p>Approval was obtained to write-off the remaining amounts at the September meeting of the Finance and Corporate Resources committee. No change was therefore required to the audited annual accounts.</p> <p>In 2017/18 approval should be obtained for write off prior to approval of the unaudited accounts</p> <p><a href="#">Action plan (appendix 1, point 4)</a></p>
<p><b>7. University of West of Scotland Eco Campus</b></p> <p>During 2016/17 the Council entered into an agreement with a private developer and the University of West of Scotland (UWS), to facilitate the relocation of the UWS to the Eco Campus at Hamilton Technology Park. As the agreement provides for a number of potential outcomes dependent on future events taking place, we believe a contingent asset should be disclosed in accordance with the requirements of IAS37 – <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p>	<p>A contingent asset has been disclosed in the audited Annual Accounts.</p>

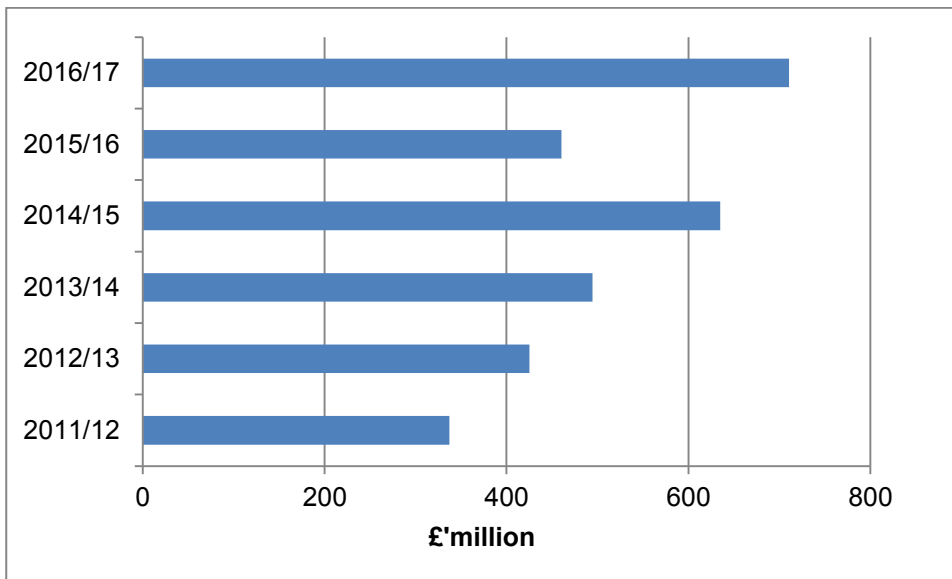
## Pension liability

**26.** This section is included for information to members as we consider that the large movement requires explanation and comment. We are satisfied that the Council's disclosure of its pension liability complies with accounting practice.

**27.** As at 31 March 2017, the Council's pension liability stood at £710.537 million compared to £460.391 million as at 31 March 2016. This is also reflected in the Balance Sheet for the group.

**28.** The pension liability represents the difference between expected future payments to pensioners and the underlying value of pension fund assets available to meet this cost. In year payments made to the pension fund by the Council comprise employer and employee contributions. [Exhibit 4](#) sets out the historic movement of the Council's pension liability.

## Exhibit 4 Pension fund liability 2011 – 2017



Source: South Lanarkshire audited Annual Accounts 2016/17

**29.** South Lanarkshire Council is a member of Strathclyde Pension Fund, one of the largest in the UK. The valuation of pension fund assets and liabilities is assessed by professional actuaries each year and is dependent on a number of external variables, including projected rates of return on assets, interest rates and mortality estimates. As required by international accounting standards the Council recognised its share of the net liabilities of the pension fund on the Balance Sheet.

**30.** Historically, there has been considerable volatility year on year of the valuation of liabilities across the public sector. Small changes in actuarial assumptions can have a significant impact on the calculation of closing liabilities. Hymans Robertson LLP, the pension fund actuary, has indicated that the variable which had the greatest impact on the calculation of the 31 March 2017 liability was the decrease in the discount rate applied to investments. The discount rate is the rate which is used to estimate future returns on pension fund investments. Thus the expectation of lower future returns on pension fund investments has increased the overall liability.

**31.** At the last triennial valuation (31st March 2014) the Strathclyde Pension Fund was 94.3% funded and had assets of £15.8 billion. The pension fund has a 12 year funding strategy in place to address the deficit. The March 2017 valuation exercise has taken place but the final outcome will not be known until later in the current financial year.

### Audit of charities administered by South Lanarkshire Council

**32.** Members of the council act as trustees for 70 trusts. Each trust has been included in one of three registered Scottish charities, [exhibit 5](#).

**33.** As a consequence of the interaction of the Local Government in Scotland Act 1973 with charities legislation, a full and separate audit and independent auditor's report is required for each registered charity irrespective of its size.

**34.** Our duties as auditors of the charities administered by South Lanarkshire Council are to:

- express an opinion on whether the charity's financial statements properly present the trusts financial position and are properly prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements
- report on other matters by exception to the trustees and to the Office of the Scottish Charity Regulator (OSCR).

**35.** We have given an unqualified opinion on these matters with respect to the 2016/17 financial statements of the relevant charities administered by South Lanarkshire Council.

## Exhibit 5

### Charities administered by South Lanarkshire Council

Charity	Scottish charity number	Net assets as at 31 March 2017
South Lanarkshire Council Charitable Trusts	SC025089	£1,096,337
East Kilbride Information Technology Centre Trust	SC015221	£26,953
South Lanarkshire Council Educational Trusts	SC028135	£141,811
<b>Total net assets</b>		<b>£1,265,101</b>

Source: Charities audited accounts 2016/17

**36.** Some trusts are of considerable age and beneficiaries may no longer be easily identifiable in the simplistic terms of the documents of a bygone era. For example, the James Alexander Coal Bequest was set up for the purposes of "providing coal for the poor of the village of Leadhills". Consequently, funds have accumulated in some trusts as no disbursements have been made for a number of years.

**37.** We are advised by officers of South Lanarkshire Council's Legal Service that schemes of amalgamation and rationalisation are being prepared for the three charities. This will allow, through the alteration of objects and the merging and de-restriction of funds, increased flexibility in terms of potential beneficiaries and awards. Following approval from OSCR and the Council, the revised schemes will be in place in 2017/18.

**38.** Elected members will be trustees of the new charities. The duties of charity trustees are more onerous than those of elected members. When acting as charity trustees, members need to ensure that they take decisions in the best interest of the charity and not necessarily the Council. Trustees have an absolute duty to administer the charity in accordance with the terms of the charity's governing constitution.

**39.** The Council does not currently have adequate arrangements in place to enable trustees to demonstrate they are exercising their duties appropriately. Members and officers should implement revised governance arrangements for charities. The new arrangements and guidance should include:

- provision for separate meetings of members when acting as charity trustees

- provisions for receiving and approving accounts
- lines of reporting between Council officers and charity trustees
- training and guidance on the duties of charity trustees.

[Action plan \(appendix 1, point 5\)](#)

## **Going concern**

**40.** The financial statements of the Council, its group and the associated charities have been prepared on the going concern basis.

## **Other findings**

**41.** Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual accounts.

## **Whole of Government Accounts**

**42.** The Council submitted a consolidation pack for the whole of government accounts audit on 21 July 2017. We will audit the return and submit it by the due date of 2 October 2017.

# Part 2

## Financial management



### Main judgements

**Financial management is effective but the Council could further develop financial reporting.**

**The Council is delivering services within budget.**

**There are areas of the corporate budget which require review to ensure that costs and income lines are more accurately included in opening budgets.**

**The Council has appropriate internal controls in place within main financial systems and our testing confirmed that these were operating effectively.**

### Financial management

**43.** The setting of the annual budget impacts directly on citizens as it determines rents, council tax and other fees and charges. The budget also, implicitly, sets the level and quality of service to be provided to citizens. Management and members should assure themselves that explanations for underspends are based on an analysis of underlying activity and that the delivery of agreed service levels have not been compromised. Management and members must be alert to the possibility that underspent budgets may indicate estimation and modelling issues in the underlying budget setting process.

**44.** Regular monitoring of expenditure and income against agreed budgets is central to effective financial management. Where significant variances are being reported or forecast by Resource Directorates, explanations based on underlying activity should be provided to members to allow them to assess performance. The narrative provided by Resource Directorates supporting revenue outturn figures do not, generally, provide activity based variance explanations. Budget holders should be reminded that variances should be explained in terms of activity.

**45.** It is important that members understand the financial information presented in budget monitoring reports and are equipped with the knowledge and skills to enable them to scrutinise and challenge effectively. Local government finance is a complex business with many facets. Management have advised that, members have been provided with training both in-house and by CIPFA. Members and management are to consider whether members would benefit from further training to help them discharge their financial responsibilities. Management should also consult with members to ensure that the structure, format and language used in budget monitoring reports adequately meets their needs. Members have a responsibility to take advantage of the training opportunities provided.

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

## Financial performance in 2016/17

**46.** The Council sets an annual budget to meet its service and other commitments for the forthcoming financial year. Funding comes from three main sources: general and specific government grant; miscellaneous receipts; and local taxation.

**47.** In March 2016, the Council approved a revenue budget of £662.802 million for 2016/17 which was a £14.433 million reduction on the base budget set for 2015/16. A package of savings, totalling £43.081 million, was incorporated into the budget.

**48.** During 2016/17, the Council received additional funding for specific projects and initiatives, and made other budget revisions, totalling some £18 million which increased the overall revenue budget for the year to £680.640 million. The additional allocations included Scottish Government funding of £3.364 million for free school meals, £2.427 million for the teacher's induction scheme and £1.650 million for discretionary housing payments.

**49.** The Council reported an underspend for the year of £38.283 million against their revised revenue budget for 2016/17. The most significant elements making up the underspend are summarised at [exhibit 6](#). The 2016/17 net underspend against budget has resulted in the Council's general fund balance increasing from £32.967 million at 31 March 2016 to £56.941 million at 31 March 2017. The council's usable reserves now stand at £98.042 million.

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## Exhibit 6

### Summary of significant variances against final budget

Area	Variance from budget £'million
Financing charges	£28.909
Council Tax income	£3.643
<b>Total</b>	<b>£32.552</b>

Source: Revenue Budget Monitoring Final Outturn and Annual Report and Accounts – 2016/17 report to Executive Committee (June 2017)

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**50.** Estimates are subject to error and it can be expected that even well prepared estimates will occasionally turn out significantly different from forecast. However, the general pattern of the Council's performance against these budgets is one of persistent surpluses and the accumulation of unplanned reserves. [Exhibit 7](#) provides an analysis of variances against these budgets over the past three years.



## Exhibit 7

### Significant variances against final budget 2014/15-2016/17

Variance	2014/15 £'million	2015/16 £'million	2016/17 £'million	3 year total £'million
Financing charges	£8.134	£3.079	£28.909	£40.122
Council Tax income	£3.906	£4.289	£3.643	£11.838
<b>Total</b>	<b>£12.040</b>	<b>£7.368</b>	<b>£32.552</b>	<b>£51.960</b>

Source: Revenue Budget Monitoring Final Outturn and Annual Report and Accounts – 2016/17 report to Executive Committee (June 2017), Revenue Budget Monitoring Final Outturn and Annual Report and Accounts – 2015/16 report to Executive Committee (July 2016) and Revenue Budget Monitoring Final Outturn and Annual Report and Accounts – 2014/15 report to Executive Committee (June 2015)

**51.** At exhibit 7 the financing charges underspend for 2016/17 includes £18.3 million attributable to a decision taken during 2016/17 to defer the repayment of loans of that amount to future years. If this is excluded from the financing charges shown above, the remaining underspend for the year on estimated loan charges is £10.609 million, a very significant sum.

**52.** The persistent variances suggest that the annual budget set for these areas does not accurately reflect the anticipated costs or income. There is a risk that service delivery to local communities may be adversely affected by unplanned reductions in spending. The Council should review the basis of the financing charges and council tax budgets to identify whether it wishes to release funds to alleviate cost pressures elsewhere.

[Action plan \(appendix 1, point 6\)](#)

**53.** Earmarked reserves are portions of the general fund reserve which councils choose to set aside to meet known or predicted commitments. The Council has categorised various amounts totalling £44.398 million as “earmarked”.

**54.** It is not clear that all of the earmarked reserves relate to “known or predicted” expenditure. The Council are already free to set a budget using part or all of the general fund balance, should they so resolve. Members should request specific assurances on how and when earmarked reserves will be spent. Management should review the scale of the earmarking and reassign to general reserves any amounts for which there is no clearly identifiable specific commitment.

[Action plan \(appendix 1, point 7\)](#)

## Housing Revenue Account (HRA)

**55.** The Council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget set for the year. The council does not have the power to budget to accumulate HRA reserves.

**56.** In February 2016 the Council approved a 3% increase in the average weekly rent levels for tenants for 2016/17. The rent level set reflected the income required to fund the revenue budget of £81.036 million.

**57.** Statutory guidance requires that a fair proportion of trading operations' surplus be allocated to the HRA. During 2016/17 the HRA received a credit of £2.071 million in respect of the surplus on Property Services.

**58.** After the allocation of the surplus on Property Services, the HRA reported a deficit for the year of £2.294 million which was funded from the accumulated HRA balance brought forward from previous years. Despite this the HRA accumulated surplus still stands at £10.251 million at 31 March 2017 which should provide a buffer against similar overspends in the short-term.

## Efficiency savings

**59.** The Council's approved revenue budget for 2016/17 incorporated a package of efficiency savings totalling £43.081 million. These comprised £18.951 million (44%) of corporate savings to be achieved through securing additional funding and income collection, and a reduction in annual financing charges. The remaining £24.130 million (56%) related to budget savings to be delivered through reductions in the net service expenditure of each of the Council's five Resource Directorates.

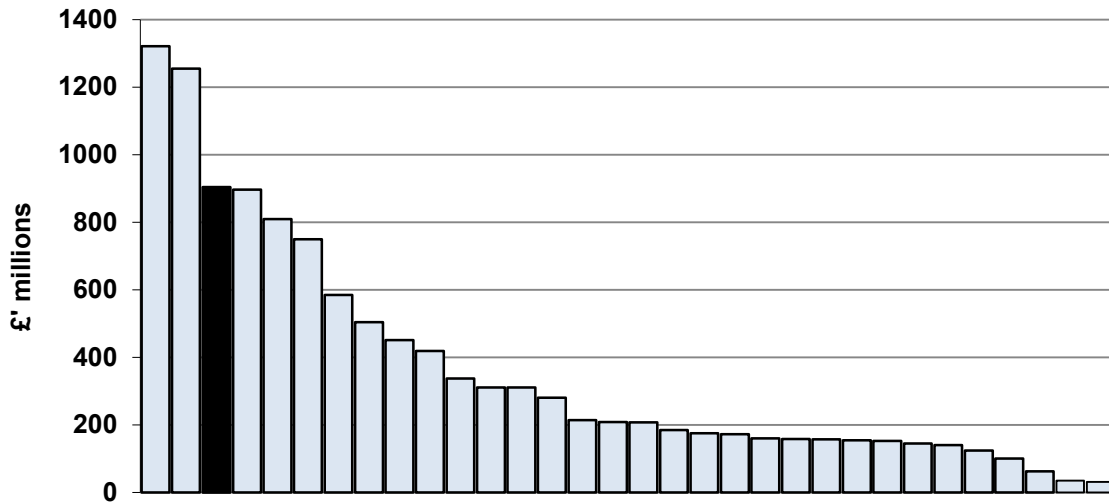
**60.** During 2016/17 the majority of the identified efficiency savings were delivered as planned. Additional funding and income was also received and a number of other in-year cost savings were achieved which all contributed towards the £38.283 million underspend.

## Borrowing in 2016/17

**61.** The Council's outstanding borrowings as at 31st March 2017 were £937.482 million. This is down £76.040 million on the previous year but outside of the two major cities, South Lanarkshire still had the highest long term borrowing figure of any Scottish local authority, [exhibit 8](#). However, the borrowing level is comparable to that of councils of a similar size. This position reflects the borrowing required to fund the Council's current capital programme, and other ongoing commitments, and is in line with the approved treasury management strategy. Given the current low level of interest rates we do not believe the level of borrowing presents any risk to the financial sustainability of the Council in the short-term.

## Exhibit 8

### Scottish council long term borrowing



Source: Scottish local authority 2016/17 unaudited annual accounts

## Capital programme

### General Fund capital programme

**62.** The Council approved a three year capital programme covering 2014/15-2016/17 in February 2014.

**63.** The approved programme included projects totalling £69.272 million scheduled for 2016/17. At the start of 2016/17 an updated programme was prepared which scheduled projects totalling £101.677 million for the year. Significant elements of the 2016/17 programme were:

- primary schools modernisation (£36.305 million)
- roads investment programme (£12.003 million)
- street lighting improvement (£11.509 million)
- Glasgow City Region City Deal (£25.077 million)

**64.** During the course of 2016/17 the capital programme was revised downwards by £18.335 million to £83.342 million. The capital programme final outturn expenditure was £81.924 million (an underspend of £1.418 million) against the revised capital budget of £83.342 million.

### Housing capital programme

**65.** In February 2016, the 2016/2017 Housing Capital Programme of £34.109 million was approved by the Executive Committee. This was revised throughout the year to give a final Housing Capital Programme for 2016/17 of £38.849 million.

**66.** Expenditure of £43.943 million was incurred on the Housing Capital Programme which represented £5.094 million greater than anticipated delivery. The majority of this reflects the continuing work on the Housing Investment Programme

which had advanced further than anticipated. This included Heating, Doors and Windows works to achieve Energy Efficiency Standards for Social Housing. Additional land purchases were also approved during 2016/17 to allow for the development of the Council House New Build programme in future financial years.

**67.** The overspend was funded by specific government grant income for new builds together with one-off additional funding and the acceleration of capital funded from current revenue.

## Internal controls

### Interim testing

**68.** As part of our interim audit work we reviewed the high level controls in a number of systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the Council's financial statements. Our findings, which were reported to the Risk and Audit Scrutiny Forum in June 2017, included recommendations to enhance the existing control system.

**69.** Although we found no errors from our interim audit work, as a consequence of our assessment of control weaknesses we performed additional audit work to allow us to obtain the necessary assurances for the audit of the 2016/17 financial statements. Specifically, we extended our substantive testing of journals and verified a sample of employee data. This testing did not identify any errors or other issues that would impact on the reliability of the information within the financial statements.

### Approval and payment of invoices

**70.** The Council's Financial Regulations require that invoices are only passed for payment once they have been matched to the original order and goods received notification. During our financial statements audit, we found that a member of staff had not followed this procedure and had approved an invoice for £0.228million for payment without matching it to the original order raised on the Council's i-Procurement system. This was identified by the Council as part of the year-end closedown procedures and the invoice was retrospectively matched to the original order on the system.

**71.** While the checks in place identified the payment of the unmatched invoice, staff should be reminded of the importance of following the approval processes to reduce the risk that the Council makes payments for goods or services that have not yet been received.

[Action plan \(appendix 1, point 8\)](#)

## Arrangements for the prevention and detection of fraud

**72.** The Council's arrangements in relation to the prevention and detection of fraud and irregularities were reviewed and found to be satisfactory.

### National Fraud Initiative in Scotland

**73.** The National Fraud Initiative (NFI) in Scotland brings together data from local government, health boards and other public sector bodies. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud. If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.

74. The latest position on NFI investigations by the Council is summarised at [exhibit 9](#).

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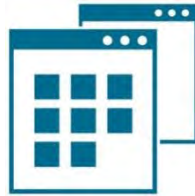
## Exhibit 9 National Fraud Initiative

Total number of matches



12,147

Number recommended for investigation



4,081

Completed/closed investigations



2,552

Source: NFI website

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75. The Council set an internal target for completion of investigations by 30 September 2017. The results of NFI activity will be reported to the Risk and Audit Scrutiny Forum in due course. Overall, we concluded that the Council has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.

# Part 3

## Financial sustainability



### Main judgements

**The Council's financial position is sustainable in the foreseeable future although rising demand, increasing costs of services and reductions to central funding will continue to place a strain on the Council's capacity to deliver services at the current levels.**

**The Council has credible short term financial plans in place and is developing a longer term financial strategy.**

**The Council has an adequate level of reserves.**

### Setting strategic priorities

**76.** The Council Plan is the key document in setting out the strategic priorities for the Council. The current plan expires in 2017. It is important that the Council agrees a refreshed Council Plan soon.

**77.** Following the local government elections in May the administration of the Council changed. The new administration is currently working with officers towards agreeing the Council's new strategic priorities. The priorities will be reflected in the new Council Plan (Connect) and the 2018/19 budget, to be set next February. The revised strategic priorities and how effectively these are reflected in the Council's plans and performance monitoring will be reviewed as part of our ongoing audit work.

### Financial planning

**78.** The Accounts Commission's March 2017 [Local government in Scotland: Performance and challenges](#) report highlighted the importance of medium to long term financial planning given the continuing pressures that councils face into the future. While it is acknowledged that the Council faces considerable difficulties in predicting future financial settlements the Accounts Commission recommend that when future Scottish Government funding is not known, councils should plan for a range of possible scenarios so they are prepared for different levels of funding.

**79.** Historically the Council's financial strategy has been delivered in a series of short term financial plans and policies, typically having a span of one to three years. The Council's medium to longer term financial planning could be further developed and refined. As part of its approval of the revenue budget strategy for 2018/19 in June 2017, the Executive Committee requested that a medium /long term strategy is prepared and presented by the end of 2017.

### Funding position

**80.** In common with other public sector bodies, the Council faces complex challenges in maintaining a sustainable financial position into the future. Pressures

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.

arise from increasing costs, changing demographics and increased demands by the public and legislature.

**81.** South Lanarkshire Council set its 2017/18 revenue budget in February 2016, based on the Scottish Government one-year financial settlement of £545.981 million, a reduction in general revenue funding of £0.188 over 2016/17. The Council's net expenditure to be funded from local taxation and central revenue support funding was £673.338 million. The 2017/18 budget included savings of some £18.815 million and £9.240million use of reserves.

## Savings plans

**82.** The Council achieved most of its efficiency savings target in 2016/17. Total efficiencies realised in 2016/2017 amounted to £22.496 million, across all Resource Directorates.

**83.** The Council has estimated that it must make efficiency savings of £34.961 million for 2017/18 and £42.129 million in 2018/19 as part of its plans to maintain financial balance.

## Reserves

**84.** The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows.

**85.** The overall level of usable reserves held by the Council increased by £23.990 million to £98.042 million, mainly attributable to the increase in the general fund reserve balance of £23.974 million, [exhibit 10](#)

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## Exhibit 10 Usable reserves

Reserve	31 March 2016 £' million	31 March 2017 £' million
General fund	£32.967	£56.941
Housing revenue account reserve	£12.545	£10.251
Repair and renewal fund	£5.142	£5.910
Capital fund	£19.753	£21.607
Insurance fund	£3.645	£3.333
<b>Total usable reserves</b>	<b>£74.052</b>	<b>£98.042</b>

Source: South Lanarkshire Council 2016/17AnnualAccounts

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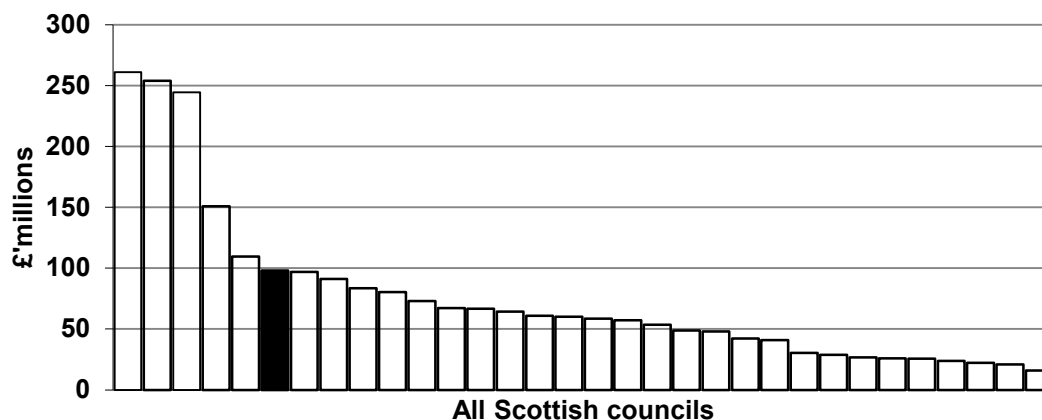
**86.** The usable reserves include some funds which are earmarked by the Council. We have commented further on earmarked reserves at paragraphs 53 and 54.

**87.** The CIPFA Local Authority Accounting Panel (LAAP) bulletin 99 provides guidance to "chief finance officers" on the establishment and maintenance of reserves. It does not prescribe a maximum or minimum level of reserves, but

places the responsibility on the chief finance officer to advise the authority on the levels of reserves and the processes necessary for their creation and use.

## Exhibit 11

### Scottish councils' usable reserves at 31 March 2017



Source: Scottish councils' unaudited Annual Accounts 2016/17

88. [Exhibit 11](#) provides a comparison of usable reserves across Scottish councils. South Lanarkshire Council's usable reserve holdings are similar in size to comparable councils.

89. Overall we conclude that the financial position is sustainable, currently and in the foreseeable future, although rising demand, increasing costs and reduced central funding will continue to place a strain on the council's capacity to deliver services at the current levels. The council has an adequate level of reserves, is containing its expenditure within annual budgets and has credible short term financial plans in place.

## Glasgow City Region City Deal

### Good Practice

The Council adopted a proactive approach through early design and delivery of Glasgow City Region City Deal funded projects enabling it to access capital funding earlier than anticipated.

90. The Glasgow City Region City Deal will bring over £1 billion of investment to the area. The availability of City Deal funding has enabled South Lanarkshire Council to bring forward the following capital projects:

- Cathkin Relief Road – new build of a £21 million single-carriageway road, (opened in February 2017).
- Stewartfield Way – £63 million upgrade to dual both carriageways and improve traffic flow.
- Greenhills Road – £23 million project to dual two sections of the road and improve junctions and bus infrastructure.
- Community growth areas – £62 million scheme delivering a number of education, transport and community infrastructure projects across the four



community growth areas identified: Newton, Hamilton, Larkhall and East Kilbride.

91. These projects are funded through 86% City Deal capital grant and 14% member authority contributions with the City Deal capital grant being received retrospectively over a period of up to 30 years.
92. Up to 31 March 2017, South Lanarkshire Council had incurred expenditure of £19.355 million on the roads infrastructure projects detailed above. As a number of other local authorities who are members of the Glasgow City Region City Deal have yet to commence their City Deal projects, South Lanarkshire Council were permitted to draw down £16.175m of City Deal capital grant contribution for their expenditure during 2016/17.
93. Internal audit provided the Glasgow City Region City Deal Project Office with good assurance over the controls in place to ensure capital monitoring, grant administration and risk management arrangements have been developed for all current projects.

## Asset management

94. Asset management is a broad term that encompasses the various actions the Council undertakes to ensure that its assets are efficiently planned, designed, delivered, managed and reviewed in a cost effective and sustainable manner. The plan is an important tool in supporting the Council's strategic objectives. It also helps to ensure that assets remain appropriate to changing community needs and expectations.
95. The Executive Committee approved a Corporate Asset Management Plan (AMP) in September 2016. The plan will also provide a framework within which rational decisions on the retention, redeployment, refurbishment or disposal of assets can be made thus contributing to future efficiency savings.
96. There are a few local government benchmarking performance indicators relating to asset management, which cover condition and suitability of assets, as well as specific indicators for road maintenance. The Council's 2016 asset management indicators showed 86% of assets were in satisfactory condition, and 95% of properties were suitable for service delivery. Both of these were above the Scottish average.

# Part 4

## Governance and transparency



### Main Judgements

**The Council is open and transparent in the way that it conducts its business, with the public able to attend meetings of the Council and its committees. Minutes of committee meetings and agenda papers are readily available on the Council's website for public inspection.**

#### Governance arrangements

**97.** A full Council meeting, where all councillors meet to debate and take decisions on key policy and strategies, is the governing body of South Lanarkshire Council. Following the local government elections in May 2017, 64 members representing the 20 multi-member wards were elected across South Lanarkshire. The political composition is as follows:

- Conservative - 14
- Liberal Democrat - 1
- Independent - 5
- Scottish Labour - 19
- SNP - 25

**98.** The Local Government (Scotland) Act 1973 allows councils to delegate decision-making to committees or sub-committees. Committees are vital in the process of enabling a council to manage the functions and services it provides. Some of its committees are required by law (for example, licensing committees), while others are set up to facilitate the efficient discharge of council functions. There is no requirement for councils to adopt a particular decision-making and scrutiny structure: it is a matter for each council to decide what is most appropriate for its particular circumstances and context.

**99.** Following the local government elections in May 2017 the new Council approved the same decision making structure as had been used for the previous administration. Essentially this means that all committees and forums report to the Council through an Executive Committee. The decision making structure may evolve further over time.

#### Risk and Audit Scrutiny Forum (RASf)

**100.** The purpose of an audit committee is to provide those charged with governance (the Council) with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes

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.

**101.** The “Audit Committee Principles in Local Authorities in Scotland” guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) sets out a number of principles for audit committees and notes that it is good practice for them to be formally constituted committees reporting directly to the council. It also includes as an appendix suggested terms of reference for local authority audit committees.

**102.** The current terms of reference of the Council's RASF are limited. The forum has not been delegated the responsibility to approve the annual accounts for signing; its role is only to consider audit reports, and other relevant matters, and to report to the Executive Committee. This in our view dilutes the status of the forum and may not promote the most effective level of scrutiny of governance and performance. Management have advised that arrangements have been reviewed and that a paper is being prepared for the Council.

**103.** To be able to contribute meaningfully to the work of the RASF, new and existing members need to understand their role and responsibilities. The responsibility of the RASF should be clearly defined and communicated to members, which could be done by way of an “audit committee handbook”, this is done in a number of public sector organisations and we consider this good practice. The purpose of a handbook is to articulate the principles underlying the RASF's role and provide guidance to help members gain a better understanding of the processes and practices that create an effective scrutiny regime.

[Action plan \(appendix 1, point 9\)](#)

## Internal audit

**104.** The internal audit service, in any organisation, is an important element of internal control providing members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud.

**105.** Audit Scotland's Code of Audit Practice (the Code) requires external auditors to carry out an annual assessment of the adequacy of the internal audit function. To avoid duplication, we place reliance on internal audit work where possible.

**106.** Overall we found internal audit to be operating effectively and we planned to place reliance on their work in a number of areas for both our financial statements audit responsibilities and in terms of our wider responsibilities under the Code in relation to governance and performance.

**107.** All public sector internal audit services are obliged to adopt Public Sector Internal Audit Standards (PSIAS). As part of South Lanarkshire Council's external quality control arrangements the Chief Internal Auditor from Stirling Council undertook a review of the internal audit section's compliance with the Public Sector Internal Audit Standards during 2016/17. The report from this review is still to be finalised but no issues have been identified that would impact upon our ability to place reliance on the work of the internal audit section.

**108.** During 2016/17 a significant amount of internal audit resources were diverted to two ad hoc investigations one of which concerned a significant breach of procurement governance arrangements. Management reacted positively to the interim audit findings and agreed a formal action plan to address the issues. Follow-up work is to be undertaken during 2017/18 to ensure action plans have been implemented as agreed and that overall governance has improved.

**109.** Due to the impact of the investigation work undertaken during the year, internal audit required to defer a number of reviews planned for 2016/17 into quarter one of 2017/18. The reviews selected for deferral were those which had no direct impact on internal audit's ability to provide an annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance,

risk management and control arrangements. This change to the internal audit plan was communicated to the March meeting of the Risk and Audit Scrutiny Forum.

**110.** The Audit and Compliance Manager issued her Annual Assurance Report in June 2017 which included her opinion that good assurance could be placed upon the reasonableness and effectiveness of the Council's internal financial control system, and adequate assurance could be placed upon the reasonableness and effectiveness of the Council's internal operational control system in the year to 31 March 2017.

## Transparency

**111.** Transparency and accountability are mutually reinforcing. Together they enable citizens to have a say about issues that matter to them, and a chance to influence decision making and hold those making decisions to account. When a council's meetings are open to the press and the public, its budgets may be reviewed by anyone and its plans and decisions are open to discussion. These are indicators of openness and transparency.

**112.** A comprehensive range of information on how the Council operates is available on its website. The website is, in our view, easily navigable and informative. Information available includes: agendas and papers, performance information, corporate plans and policies, how to make complaints, access to benefits and money advice, and good customer service contact information.

**113.** There is no bar to members of the public attending meetings of the Council or its committees; however, there is no readily available information to the public on how to arrange attendance. In an effort to increase transparency, a number of public sector organisations broadcast meetings live on the web and/or make recordings of meetings available via their websites. As part of the commitment to openness and transparency, the Council should consider whether greater public engagement could be achieved through promotion of public attendance at meetings and/or the use of technology to reach a wider audience.

**114.** The Council holds public consultations on a wide range of issues enabling local communities and stakeholders to have an input on local issues. Consultations are both web based and face-to-face. Examples of consultations completed in 2017 include; the Council Plan, day care services and the use of digital media.

**115.** Overall we concluded that the council operates in an open and transparent manner.

## De-cluttering of 2016/17 accounts

**116.** Over the past decade or so, annual accounts in local government have become increasingly technical and lengthy documents. The Council recognise this and are making an effort to "de-clutter" the accounts. In February 2017 we met with finance staff to discuss how the overall presentation and flow of the annual accounts could be improved. To assist with these discussions the Local Government Technical Adviser from Audit Scotland's Technical Services Unit also attended the meeting to share his views on how the annual accounts could be improved.

**117.** Finance staff were amenable to suggestions for improvement and outlined a number of areas they had identified for removal or simplification. The Annual Accounts 2016/17 included a number of areas of improved presentation, and other areas for improvement have been identified for future years.

## Correspondence referred to the auditor by Audit Scotland

### Halfmerke schools rebuild

**118.** During the year, we received correspondence concerning the replacement construction of Halfmerke Primary School, Halfmerke Community Nursery and West Mains School on a single campus in East Kilbride. We reviewed the matters raised by the correspondent. We concluded that Council officers and staff had acted with propriety and that there was no case to answer.

### Lender Option Borrower Option (LOBO) loans

**119.** During the year Audit Scotland received correspondence relating to the use of Lender Option Borrower Option (LOBO) loans at various councils. A LOBO loan is typically a long term loan where the interest rate is initially fixed but the lender has the option to propose or impose on pre-determined future dates, a new fixed interest rate. The borrower has the option to either pay the revised interest rate or to repay the loan.

**120.** We discussed the position with Council officers and reviewed supporting papers. Based on our work we concluded that:

- The Council has around £9.500 million subject to LOBO arrangements. This represents around 1% of its residual long term borrowing of some £928 million.
- A Treasury Management Strategy is approved by the Council every year. The Treasury Management Strategy for 2017/2018 was approved the Council in February 2017.
- The Council's Treasury Management Strategy permits using LOBOs as a source of finance.
- No new LOBOs have been taken out since 1998.
- The Council keeps the potential for debt restructuring under review in accordance with its Treasury Management Strategy.

**121.** In forming judgement on the economic efficiency of LOBOs as part of the long term debt portfolio, the historical context and economic forecasts of the time need to be taken into account. The Council's LOBO portfolio can be viewed as those entered into prior to 1990 for which no precisely comparable interest rates are readily available and those entered into post re-organisation for which comparable PWLB rates are available.

**122.** For the post-reorganisation tranche, the interest rates on the LOBOs were marginally higher than the comparable PWLB rates available at the time, and the Council's interest costs to date on these loans have been more than the PWLB equivalent. Ten per cent-plus interest rates were common during the early and mid 1980s and reached 15% in 1989. The Council's pre-1990 loans total £1.500 million (0.17% of long term borrowing) and the interest rates on those LOBOs reflect the general rates available at the time they were entered into.

**123.** In view of the Council's lack of current activity in this area, we are not planning any further audit work.

## Integration of health and social care

**124.** The South Lanarkshire Integrated Joint Board (IJB) was formally established in September 2015. The IJB developed and articulated its vision for the integration of health and social care services through its South Lanarkshire Strategic Commissioning Plan. The IJB became fully operational on 1 April 2016 when it began its strategic oversight of the delivery health and social care services for the residents of South Lanarkshire.

**125.** The integration scheme between NHS Lanarkshire and South Lanarkshire Council sets out the budget contribution in respect of all of the functions delegated to the IJB. Underspends may be returned to the relevant partner in year through a contribution adjustment, or retained by the Joint Board in general reserves. Where there is a forecast overspend, the Joint Board must agree a recovery plan to balance the overspending budget. The Joint Board set a breakeven budget for 2016/17. This was based on expenditure of £451.246 million with £349.503 million contributed from NHS Lanarkshire and £101.743 million contributed by South Lanarkshire Council. The budget was increased by £13.634 million during the year to £464.880 million.

**126.** The IJB agreed to earmark £4.760 million of the underspend for specific commitments in 2017/2018. The balance of £1.359 million will be carried forward as a general contingency to manage the programme to shift the balance of care and unanticipated budget pressures.

**127.** The Joint Board allocates the resources it receives from the Council and NHS Lanarkshire in line with the Strategic Commissioning Plan. The Financial Plan for 2017/2018 was approved by the Joint Board on 28 March 2017. Financial projections for 2017/18 predict a breakeven position in the year, although both the Council and NHS Lanarkshire face challenges balancing their respective budgets. Proposed efficiency savings have been identified and ways in which these savings can be made have been outlined to the Joint Board.

**128.** The IJB is subject to a separate audit (also by Audit Scotland) and an annual audit report has been produced setting out the auditors conclusions. The financial transactions of the IJB have been consolidated into the Council's group accounts.

**129.** Audit Scotland, as part of a series of reports, will be reporting on integration authorities' progress after the first year of IJBs being established. The anticipated publication date is spring 2018. We may be in a better position to assess progress once the work on this report has been completed. We are seeing a number of programmes and initiatives moving towards shifting the balance of care. Inevitably it will take some years before projects and programmes have become sufficiently established to be able to conclude on the effectiveness of the IJB.

## Local scrutiny plan

**130.** The Local Scrutiny Plan (LSP) sets out the planned scrutiny activity at the Council during 2017/18. The plan is based on a shared risk assessment undertaken by a Local Area Network (LAN), comprising representatives of all of the scrutiny bodies who engage with the Council. The shared risk assessment process draws on a range of evidence with the aim of determining the scrutiny activity required and focusing this in the most proportionate way.

**131.** The plan covers only those risk areas that the LAN has identified as requiring scrutiny, or where scrutiny is planned as part of a national programme. Planned scrutiny activity across all councils in Scotland informs the National Scrutiny Plan for 2017/18, which is available on the Audit Scotland website.

**132.** The 2017/18 LSP for the Council will be submitted to a meeting of the council in November 2017. No scrutiny risks requiring additional scrutiny or audit work in 2017/18 were identified from the shared risk assessment.

## Equalities

**133.** The Equality Act 2010 introduced a public sector general duty that encourages public bodies to mainstream equality. The broad purpose of the equality duty is to integrate consideration of equality and good relations into the day-to-day business of public authorities. The Act specifies that public bodies must publish a biennial report on the progress made in achieving equality outcomes.

**134.** The most recent “Equalities Mainstreaming- Progress Report” was submitted to the Council’s Executive Committee in June 2017 in accordance with the statutory requirement. We reviewed the report and concluded the Council has met its statutory duty to:

- publish information on progress made in mainstreaming equality within the Council
- report on progress made towards achieving equality outcomes published in 2013
- publish annual employee information and details of the progress made in gathering and using information to better meet the duty
- publish updated gender pay gap information.

**135.** On the basis of evidence reviewed, we concluded that the Council is proactive in ensuring that equality is mainstreamed.

## Equal pay

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### Good Practice

The Council has resolved the majority of equal pay claims with only a small number still to be settled.

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**136.** In September 2017, the Accounts Commission published its findings from an audit of equal pay across local government. The audit found that councils underestimated the challenges involved in implementing the Single Status Agreement (SSA) and some of the approaches taken by councils did not always prioritise pay equality and were later found to be discriminatory.

**137.** South Lanarkshire Council implemented single status on 1 April 2003, the first Scottish council to do so. It was also one of the first councils to reach a settlement with the great majority of claimants (2014). The Council reports that, to date, it has paid out some £82.600 million in equal pay compensation

**138.** Almost 27,000 equal pay claims across Scotland remain live. South Lanarkshire Council have only 46 outstanding equal pay cases. Although all have been made offers of settlement, for various reasons (for example, lost contact) offers have not yet been accepted.

**139.** The Council undertakes regular equal pay audits to ensure that it is delivering pay equality in line with its public sector equality duty.

# Part 5

## Value for money



### Main judgements

**No consistent guidance on reporting and monitoring arrangements are in place to provide assurance that funding to external bodies is being properly used.**

**The Council's Performance Management Framework ensures progress against key plans and strategies are monitored regularly and timely action taken to address any performance issues.**

**Comparison of performance against local government benchmark performance indicators for 2015/16 suggests that, broadly, Council was performing at around the Scottish average levels.**

### Best Value

**140.** The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five year period. The BVAR report for South Lanarkshire Council is planned for later in the five year programme.

**141.** The Best Value audit work carried out this year focused on the Council's arrangements for demonstrating Best Value in financial and service planning, financial governance and resource management. The findings of this work are reported within the relevant sections of this report. The effectiveness of the Council's Best Value arrangements in other areas will be assessed and reported throughout our audit appointment.

Value for money is concerned with using resources effectively and continually improving services.

### Following the public pound

**142.** Local authorities have a statutory responsibility to comply with the Accounts Commission / COSLA Code of Guidance on Funding External Bodies and Following the Public Pound. In August 2015 the Accounts Commission reaffirmed that the principles of the Following the Public Pound Code 'remain entirely valid'. These principles are that councils:

- have a clear purpose in funding an external body
- set out a suitable financial regime
- make clear their arrangements for monitoring the external body's financial and service performance, and for stipulating any required access to documentation



- consider very carefully the question of representation on the board of an external body
- establish limits to involvement in the external body.

**143.** The Council remains responsible for ensuring that public funds provided to external organisations, whether for direct service delivery or community projects, are used properly. Budget holders need to be aware of this responsibility and be held accountable. The Council's Scheme of Delegation is silent on budget-holders' accountabilities for following the public pound. The Council's Financial Regulations do not provide guidance on the applicability of the Code of Guidance nor guidance for allocating funds to external organisations.

**144.** No consistent guidance on reporting and monitoring arrangements are in place to provide assurance that funding to external bodies is being properly used.

[Action plan \(appendix 1, point 10\)](#)

## Performance management

**145.** The Council has a Performance Management Framework which ensures that progress against key plans and strategies are monitored regularly and that timely action can be taken to address any performance issues. An overview of the framework is given below:-

- Single Outcome Agreement
- Connect – Council Plan
- Resource Directorate Plans
- Service and Team Plans
- Performance and Development Review.

**146.** Progress against the Council Plan - Connect is reported to the Council's Corporate Management Team (CMT); the Performance and Review Scrutiny Forum; and the Executive Committee biannually.

**147.** Each Resource Directorate sets out its contribution to achieving the objectives in the Council Plan through the resource planning process. Resource Plans are reviewed, updated and published annually and these set out the aims and objectives of each Resource Directorate. There are five Resource Directorate Plans:-

- Finance and Corporate Resources
- Education Resources
- Community and Enterprise Resources
- Housing and Technical Resources
- Social Work Resources.

**148.** Performance against Resource Directorate Plans is monitored and reported to the relevant Resource Committee biannually.

## Overview of performance targets

**149.** The Council participates in the Local Government Benchmarking Framework (LGBF). The framework aims to bring together a wide range of information about how all Scottish Councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them.

**150.** The most recent National Benchmarking Overview Report 2015/16 by the Improvement Service was published in February 2017 and covered the 2015/16 reporting period. The overall conclusion was that the Council was performing, in the main, at around the Scottish average levels. Moreover, the indicators for the Council's housing service suggests that performance is notably better than the Scottish average.

**151.** The "percentage of procurement spend on local small/medium enterprises" displays a fairly static performance below the Scottish average. The Council is aware of this and is working to maximise opportunities for local businesses.

## Statutory performance indicators (SPIs)

**152.** The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

**153.** For 2016/17 two (SPIs) were prescribed:

- SPI 1: covering a range of information relating to areas of performance such as improving local public services, improving local outcomes, engaging with communities and achieving Best Value, and
- SPI2: relates to the reporting of performance information as required by the Local Benchmarking Framework.

**154.** The Council's Annual Performance Report is of considerable length at 88 pages. The report includes many photographs and infographics and is a highly professional production; however it also contains a high proportion of text. In the round, the report presents a balanced picture of the Council's performance. We compared the Council's report to those of various other Scottish councils. Overall we concluded that there is a danger that detail included within the Council's report obscures the actual messages being delivered. The Council should consider a review of the structure of the report for future years.

## National performance audit reports

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### Good practice

All relevant national reports are submitted to members with completed self assessment checklists, and other supplementary information explaining how the findings and recommendation relate to the specific circumstances of South Lanarkshire Council.

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**155.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, 16 reports were issued which are of direct interest to the Council, [appendix 4](#).




**156.** National reports examine issues of public interest across the public sector. They are intended to make a positive difference to the use of public money and the way public services are delivered, by making recommendations and highlighting good practice. Reports frequently include self assessment checklists and guidance for members on where attention should be focused.

**157.** During 2016/17 we noted that all relevant national reports were taken to the Risk and Audit Scrutiny Forum for consideration and were accompanied by the completed self assessment checklists, and other supplementary information explaining how the findings and recommendation relate to the specific circumstances of South Lanarkshire Council. We welcome this positive response to national reports and management have advised that they plan to further extend this to other relevant committees and forums to ensure that members understand the local context for each report.

# Appendix 1

## Action plan 2016/17

### 2016/17 recommendations for improvement

Reference	Issue/risk	Recommendation	Management response/timing
Page 10 / Exhibit 3: Issue 2	 <p><b>1. Valuation of completed assets</b></p> <p>One school brought into use in 2016/17 had not been revalued at the Balance Sheet date.</p> <p><b>Risk:</b> The amounts shown in the accounts do not reflect the current value for operational assets that have come in to use during the year.</p>	 <p>The Council should ensure that the annual valuation programme undertaken includes valuations of all operational assets that have come in to use during the year.</p>	 <p>The valuation of the asset will take place when the full asset is operational, and we will consider any similar new assets arising in the coming year.</p> <p>Asset Management and Property Manager 31 December 2018</p>
Page 10 / Exhibit 3: Issue 4	<p><b>2. Completeness and accuracy of asset register</b></p> <p>Some assets written out of the Balance Sheet and Asset Register had not actually been disposed of.</p> <p><b>Risk:</b> Adequate records of the assets that are still in use by the Council are not available</p>	<p>The Council should review the assets held on the asset register to identify whether any of these are no longer in use and can legitimately be removed.</p>	<p>All these assets had depreciated to zero value, Assets not disposed of have been written back to asset register. Assets will be reviewed to ensure assets disposed of are removed from the register.</p> <p>Head of Finance (Strategy) 31 March 2018</p>
Pages 10-11 / Exhibit 3: Issue 5	<p><b>3. Heritage assets</b></p> <p>During 2016/17 the council identified heritage assets valued at £0.728 million which had not previously been included on the asset register.</p> <p><b>Risk</b></p> <p>Other valuable heritage assets have been excluded from the asset register or not adequately insured.</p>	<p>The Council should review their inventory of heritage assets to ensure that a complete record is held of any assets with significant financial or cultural value.</p>	<p>We will work with SLLC and Property services to derive a timeline for inventory review.</p> <p>Head of Finance (Strategy) 31 December 2017</p>



Reference	Issue/risk	Recommendation	Management response/timing
Page 11 / Exhibit 3: Issue 6	<p><b>4. Approval of write-offs</b></p> <p>A tranche of bad debt write off was included in Annual Accounts prior to being approved by the Finance and Corporate Resource Committee.</p> <p><b>Risk</b></p> <p>Incorrect bad debt write-off included in Annual Accounts.</p>	Debt should only be written off once formal approval has been obtained.	<p>Debt write offs will be approved at committee before submission of unaudited accounts to Auditor</p> <p>Head of Finance (Transactions)</p> <p>30 June 2018</p>
Pages 13-14 / Paragraph 39	<p><b>5. Charities governance arrangements</b></p> <p>Elected members act as trustees for the charities administered by South Lanarkshire Council.</p> <p><b>Risk</b></p> <p>Current governance arrangements are outdated.</p>	Charity trustees and Council officers should introduce revised governance arrangements.	<p>A review of Charities is ongoing. This will include necessary governance arrangements and training for trustees.</p> <p>Head of Finance (Strategy)</p> <p>31 March 2018</p>
Page 17 / Paragraph 51	<p><b>6. Budget variances</b></p> <p>Continuing variances in some budget lines.</p> <p><b>Risk</b></p> <p>Service delivery to local communities may be adversely affected by unplanned reductions in spending.</p>	The Council should review the basis of the financing charges and council tax budgets to identify whether funds can be released to alleviate cost pressures elsewhere.	<p>For both Loan Charges and Council Tax, savings had been made for 2017/18 to reflect expectation of spend and income, to reduce savings and cost pressures elsewhere.</p> <p>The approved budget for Loan charges in 2017/18 reflects the expected spend in year. Actual spend in year will depend on decisions taken in year on timing and nature of borrowing.</p> <p>These budget lines will continue to be scrutinised to identify where opportunity exists to make further savings.</p> <p>Head of Finance (strategy)</p> <p>31 March 2018</p>



Reference	Issue/risk	Recommendation	Management response/timing
Page 17 / Paragraph 54	<p><b>7. Earmarked reserves</b></p> <p>It is not clear that all of the earmarked reserves relate to “known or predicted” expenditure.</p> <p><b>Risk</b></p> <p>Reserves available to support Council policies and initiatives are being understated.</p>	<p>Management should review the scale of the earmarking and reassign to general reserves any amounts for which there is no clearly identifiable specific commitment.</p>	<p>The General Fund balance of £56m includes £44m of earmarked reserves. Of this, £28m has been identified in financial strategies and approved by Committee to reduce the need for savings between 2017/18 and 2020/21. £14m relates to specific earmarked monies for Departments.</p> <p>Budget strategy reports will continue to report on the level of reserves and the appropriateness of levels.</p> <p>Head of Finance (Strategy)</p> <p>June 2018</p>
Page 20 / Paragraph 71	<p><b>8. Invoice authorisation</b></p> <p>An invoice for £0.228 million had been approved and paid without first being matched to the original order raised on the Council’s i-Procurement system.</p> <p><b>Risk</b></p> <p>The Council are exposed to financial loss by making payments for goods or services that have not yet been received.</p>	<p>Staff should be reminded of the appropriate procedures for the payment of invoices.</p>	<p>This issue did not risk payment being made twice, nor paying for goods that hadn’t been received. Council controls picked up ledgering error. Staff will be reminded of procedure for processing manual invoices.</p> <p>Head of Finance (Transaction )</p> <p>31 October 2018</p>
Page 26 / Paragraph 103	<p><b>9. Audit handbook</b></p> <p>The members of the Risk and Audit Scrutiny Forum have no written guidance on roles and responsibilities.</p> <p><b>Risk</b></p> <p>Members do not have a clear understanding of the processes and practices which create an effective scrutiny regime.</p>	<p>Management should prepare guidance on the roles and responsibilities of members of the Risk and Audit Scrutiny Forum.</p>	<p>Training is being provided for members of the Risk and Audit Scrutiny Forum. Further written guidance will be prepared.</p> <p>Audit Manager</p> <p>31 December 2017</p>



**Reference**

**Issue/risk**

**Recommendation**

**Management response/timing**

**Page 33 / Paragraph 144**

**10. Following the public pound**

No consistent guidance on reporting and monitoring arrangements are in place to provide assurance that funding to external bodies is being properly used.

**Risk**

Public funds provided by the Council to external bodies are not properly used and accounted for.

Management should be prepared and include guidance following the public pound in the Council's Financial Regulations.

There are monitoring and reporting arrangements in place for payments to external organisations. The financial regulations/scheme of delegation will be reviewed to include specific guidance on this point

Head of Finance

31 December 2017

# 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
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Risk of management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud due to their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit.</p>	<ul style="list-style-type: none"> <li>Detailed testing of journal entries.</li> <li>Review of significant management estimates and evaluation of the impact of any variability in key assumptions.</li> <li>Focused testing of accruals and prepayments.</li> <li>Evaluation of significant transactions that are outside the normal course of business.</li> </ul>	<p>We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p> <p>We identified one isolated instance of an invoice being authorised for payment without being matched to the original order. We did not identify any other incidents of management override of controls.</p> <p><a href="#">Action plan (appendix 1, point 8)</a></p>
<p><b>2 Risk of fraud over income</b></p> <p>The extent and complexity of the council's income streams entails an inherent risk of fraud. ISA 240 requires that audit work is planned to consider the risk of fraud over income, which is presumed to be a significant risk in any audit.</p>	<ul style="list-style-type: none"> <li>Walk through of controls within income systems.</li> <li>Analytical procedures on income streams.</li> <li>Detailed testing of revenue transactions.</li> </ul>	<p>We undertook detailed testing of income streams.</p> <p>No frauds were identified.</p>
<p><b>3 Risk of fraud over expenditure</b></p> <p>The Code of Audit Practice expands the ISA assumption on fraud over income to aspects of expenditure. South Lanarkshire Council incurs significant expenditure in areas such as welfare benefits, grant payments and procurement expenditure that present a risk of fraud over expenditure.</p>	<ul style="list-style-type: none"> <li>Audit work on the National Fraud Initiative matches.</li> <li>Audit of grants.</li> <li>Detailed testing of expenditure and housing benefit transactions.</li> <li>Review of application of Council's Standing Orders on Contracts.</li> <li>Assessment of high level controls over contractual payments.</li> </ul>	<p>We concluded that the Council is proactive in following up NFI matches.</p> <p>No control weaknesses were identified in relation to grant schemes.</p> <p>No significant issues were identified from our testing of expenditure and housing benefit transactions disclosed in the 2016/17 financial statements.</p>



Audit risk	Assurance procedure	Results and conclusions
<p><b>4 Estimation uncertainty in property valuations</b></p> <p>South Lanarkshire Council has a property portfolio valued at £1.481 billion on its balance sheet as at 31 March 2016. Property valuations are subject to the risk of estimation error and imprecision.</p>	<ul style="list-style-type: none"> <li>Review of the work of the valuer.</li> <li>Focused substantive testing of classification and valuation of assets.</li> </ul>	<p>We reviewed the work of the Council's valuation team and assessed the appropriateness of the methodology and assumptions used.</p> <p>We reviewed a sample of in-year valuations to ensure they were correctly reflected in the 2016/17 financial statements.</p> <p>No material misstatements were identified but one instance was identified where a valuation had not been undertaken for an asset that became operational during the year.</p> <p><a href="#">Action plan (appendix 1, point 1)</a></p>
<p><b>5 Estimation uncertainty in pension valuations</b></p> <p>South Lanarkshire Council has a significant pension liability, as at 31 March 2016 it stood at £450 million. The valuation of pension fund assets and liabilities is assessed by professional actuaries each year and is dependent on a number of external variables. Actuarial valuations are subject to the risk of estimation error and imprecision.</p>	<ul style="list-style-type: none"> <li>Review of the work of the actuary.</li> <li>Review appropriateness of actuarial assumptions.</li> <li>Confirm pension valuations in actuarial report are correctly reflected within the 2016/17 accounts.</li> </ul>	<p>We reviewed the work of the actuary and assessed the appropriateness of the actuarial assumptions.</p> <p>We confirmed that the pension valuations provided by the actuary are correctly reflected in the 2016/17 financial statements.</p> <p>No material misstatements were identified.</p>
<p><b>6 Accounting for the South Lanarkshire Integration Joint Board</b></p> <p>NHS Lanarkshire will require to have the financial statements of the Integration Joint Board available in sufficient time to allow incorporation into its group financial statements. Without proper planning there is a risk that the council will be unable to provide the necessary information within the timescales required by NHS Lanarkshire to meet its statutory sign-off deadline of 30 June 2017.</p>	<ul style="list-style-type: none"> <li>Engage with the council and the auditors of NHS Lanarkshire and the Integration Joint Board to ensure that the information provided by the council is accurate and timeous.</li> <li>Obtain assurances from auditors of the Integration Joint Board over the accuracy of their financial statements.</li> </ul>	<p>Required information provided by the Council in time to enable the 2016/17 financial results of the Integration Joint Board to be incorporated within NHS Lanarkshire's group financial statements.</p> <p>No material adjustments were required to the South Lanarkshire Integration Joint Board 2016/17 Annual Accounts as a result of the audit.</p>





















Audit risk	Assurance procedure	Results and conclusions
<p><b>7 Accounting for Integration Joint Board financial transactions</b></p> <p>The council continues to account for the income and expenditure of the social work services now provided through the Integration Joint Board. There is a risk of miscoding of income and expenditure between the council and the Integration Joint Board resulting in the figures in the accounts of the council and the IJB being incorrectly stated.</p>	<ul style="list-style-type: none"> <li>Detailed testing on income and expenditure to ensure it has been correctly coded to either the council or the Integration Joint Board.</li> </ul>	<p>Audit testing did not identify any miscoding or other instances of IJB income or expenditure being posted to the Council or Council income or expenditure being posted to the IJB.</p>
<p><b>8 Relocation of University of West of Scotland campus</b></p> <p>The Council recently entered into an agreement with a private developer and with the University of West of Scotland (UWS) regarding the relocation of the UWS to the Eco Campus at Hamilton Technology Park. The council should consider whether any additional disclosure is required within the 2016/17 financial statements, under International Accounting Standard 37 - Provisions, Contingent Liabilities and Contingent Assets, in respect of these agreements and the risk of a future obligation on the authority.</p>	<ul style="list-style-type: none"> <li>Review terms of agreements with private developer and UWS.</li> <li>Consider possibility of future obligation / outflow and requirement for a contingent liability disclosure in 2016/17 accounts.</li> </ul>	<p>Following discussion with officers they agreed that a contingent asset should be disclosed in the audited annual accounts in respect of the potential cash inflows that will be due to the Council under these agreements.</p>
<p><b>9 Highways Network Asset (HNA)</b></p> <p>HNA are to be recognised for the first time in the 2017/18 financial statements of councils. While this is not a risk to the 2016/17 financial statements, this is a new and complex area and there is a risk that South Lanarkshire Council does not have sound arrangements in place for adoption in 2017/18.</p>	<ul style="list-style-type: none"> <li>Assess the accuracy and completeness of HNA records in preparation for future implementation.</li> <li>Review the arrangements in place to implement the new requirements.</li> </ul>	<p><i>Not applicable – The requirement to recognise the Highways Network Asset has been deferred indefinitely.</i></p>

Audit risk	Assurance procedure	Results and conclusions
<b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b>		
<p><b>10 Financial sustainability</b></p> <p>The council faces significant financial pressures from reductions in Scottish Government funding and increasing unavoidable costs. There is a risk that the council is not able to identify sustainable savings measures or meet cost pressures as they arise.</p>	<ul style="list-style-type: none"> <li>Review financial monitoring reports and the financial position.</li> <li>Review spending outturns against budget.</li> <li>Assess financial planning arrangements and financial governance and resource management arrangements as part of in-year Best Value work.</li> </ul>	<p>Following review of the areas detailed we concluded The Council's financial position is sustainable in the foreseeable future although rising demand, increasing costs of services and reductions to central funding will continue to place a strain on the Council's capacity to deliver services at the current levels.</p>
<p><b>11 Impact of May 2017 Local Government elections</b></p> <p>The 2017 LG elections will result in changes to council membership. There is a risk of a loss of skills and experience amongst members. To ensure members understand their roles and have the necessary skills to make informed decisions and provide effective scrutiny, development and training will be required.</p>	<ul style="list-style-type: none"> <li>Review of the council's induction and training arrangements for councillors following the elections.</li> <li>Assess the effectiveness of decision making and scrutiny arrangements as part of on-going Best Value audit work.</li> </ul>	<p>We noted that the Council have provided induction training for all new Councillors on their role and responsibilities as an elected member. This has been supplemented by tailored training for members of committees and forums on their specific role.</p> <p>We concluded that members and management may wish to consider whether the current decision making and scrutiny arrangements are the most efficient in discharging the Council's business.</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

[South Ayrshire Council: Best Value audit report](#) – June 2016

[The National Fraud Initiative in Scotland](#) – June 2016

[Maintaining Scotland's roads: a follow-up report](#) – August 2016

[Social work in Scotland](#) – September 2016

[Angus Council: Best Value audit report](#) – October 2016

[How councils work – Roles and working relationships in councils](#) – November 2016

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

[Falkirk Council: Best Value audit report](#) – December 2016

[East Dunbartonshire Council: Best Value audit report](#) – December 2016

# South Lanarkshire Council

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