



# Agenda

## Audit Committee

**Date:** Wednesday, 20 November 2019

---

**Time:** 14:00

---

**Venue:** Council Chamber,  
Clydebank Town Hall, Dumbarton Road, Clydebank

---

**Contact:** Craig Stewart, Committee Officer  
Tel: 01389 737251 [craig.stewart@west-dunbarton.gov.uk](mailto:craig.stewart@west-dunbarton.gov.uk)

Dear Member

Please attend a meeting of the **Audit Committee** as detailed above. The business is shown on the attached agenda.

Yours faithfully

**JOYCE WHITE**

Chief Executive

**Distribution:**

Councillor John Mooney (Chair)  
Councillor Jim Brown  
Councillor Karen Conaghan  
Councillor Daniel Lennie  
Councillor Jonathan McColl  
Councillor John Millar  
Councillor Martin Rooney (Vice Chair)  
Councillor Brian Walker  
Mr C Johnstone

All other Councillors for information

Chief Executive  
Strategic Director - Transformation & Public Service Reform  
Strategic Director - Regeneration, Environment & Growth  
Chief Officer of West Dunbartonshire Health & Social Care Partnership

Date of issue: 7 November 2019

**AUDIT COMMITTEE**  
**WEDNESDAY, 20 NOVEMBER 2019**

**AGENDA**

**1 APOLOGIES**

**2 DECLARATIONS OF INTEREST**

Members are invited to declare if they have an interest in any of the items of business on this agenda and the reasons for such declarations.

**3 MINUTES OF PREVIOUS MEETING 5 - 8**

Submit for approval as a correct record, the Minutes of Meeting of the Audit Committee held on 25 September 2019.

**4 OPEN FORUM**

The Committee is asked to note that no open forum questions have been submitted by members of the public.

**5 NOTES OF MEETINGS OF MEMBER/OFFICER WORKING GROUP ON NATIONAL NON-DOMESTIC RATES 9 – 14**

Submit for information, the Notes of Meetings of the Member/Officer Working Group on National Non-Domestic Rates Working Group held on 12 June and 25 September 2019.

**6 TREASURY MANAGEMENT MID YEAR REPORT 2019/20 15 - 26**

Submit report by the Strategic Lead – Resources providing Members with the further opportunity to scrutinise the Treasury Management Mid Year report which was previously reported to Council on 30 October 2019.

**7 AUDIT ACTION PLANS To follow**

Submit report by the Strategic Lead – Resources advising of:-

- (a) recently issued Internal Audit action plans; and
- (b) progress made against action plans previously issued contained within Internal Audit and External Audit reports.

**8 INTERNAL AUDIT PLAN 2019/20 – HALF YEAR PROGRESS REPORT 27 – 32**

Submit report by the Strategic Lead – Resources advising on progress at the half year against the Audit Plan 2019/20.

**9 AUDIT COMMITTEE ANNUAL SELF-ASSESSMENT 33 - 74**

Submit report by the Strategic Lead – Resources advising on the results of the annual self-assessment exercise carried out recently by the Chair of the Audit Committee and the Audit Manager.

**10 WEST DUNBARTONSHIRE BEST VALUE ASSURANCE REPORT 75 - 82**

Submit report by the Strategic Lead – Communications, Culture, Communities & Facilities providing an update on progress towards delivery of the improvement plan agreed with the Accounts Commission following the 2018 Best Value Assurance process of West Dunbartonshire Council.

**11 SCOTTISH PUBLIC SERVICES OMBUDSMAN COMPLAINTS REPORT 2018/19 83 - 109**

Submit report by the Strategic Lead – Communications, Culture & Communities presenting the Scottish Public Services Ombudsman (SPSO) report on complaints handling by West Dunbartonshire Council for the year 1 April 2018 – 31 March 2019.

## AUDIT COMMITTEE

At a Meeting of the Audit Committee held in the Civic Space, Council Offices, 16 Church Street, Dumbarton on Wednesday, 25 September 2019 at 10.00 a.m.

**Present:** Councillors Jim Brown, Karen Conaghan, Daniel Lennie\*, Jonathan McColl\*, Martin Rooney and Lay Member Mr Chris Johnstone.

\* Attended later in the meeting.

**Attending:** Joyce White, Chief Executive; Angela Wilson, Strategic Director – Transformation & Public Service Reform; Stephen West, Strategic Lead – Resources; Victoria Rodger, Strategic Lead – People & Technology; Malcolm Bennie, Strategic Lead – Communications, Culture, Communities & Facilities; Colin McDougall, Audit and Risk Manager; Gillian McNeilly, Finance Manager; Wendy Jack, Interim Head of Strategy, Planning & Health Improvement, West Dunbartonshire Health & Social Care Partnership; John Duffy, Section Head, Risk and Health & Safety and Craig Stewart, Committee Officer.

**Also Attending:** Ms Fiona Mitchell-Knight, Assistant Director; Mr Richard Smith, Senior Audit Manager and Zahrah Mahmood, Senior Auditor, Audit Scotland.

**Apologies:** Apologies for absence were intimated on behalf of Councillors John Millar and Brian Walker.

**Councillor John Mooney in the Chair**

### CHAIR'S REMARKS

Councillor Mooney, Chair, advised that, due to work commitments, Ms Eilidh McKerry had resigned as a Lay Member of the Committee. In this respect, Councillor Mooney, on behalf of the Committee, wished to put on record his thanks to Ms McKerry for her diligence and service to the Committee, and advised that the recruitment for a replacement Lay Member would take place in due course.

## **DECLARATIONS OF INTEREST**

It was noted that there were no declarations of interest in any of the items of business on the agenda.

## **MINUTES OF PREVIOUS MEETING**

The Minutes of Meeting of the Audit Committee held 12 June 2019 were submitted and approved as a correct record.

## **OPEN FORUM**

The Committee noted that no open forum questions had been submitted by members of the public.

## **STRATEGIC RISKS 2017-22**

A report was submitted by the Strategic Lead – People & Technology providing an update on the strategic risks 2017-2022.

After discussion and having heard the Section Head, Risk and Health & Safety, Chief Executive and relevant officers in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report.

Note: Councillors Lennie and McColl entered the meeting during consideration of the above item.

## **TREASURY MANAGEMENT ANNUAL REPORT 2018/19**

A report was submitted by the Strategic Lead – Resources providing an update on treasury management during 2018/19.

After discussion and having heard the Finance Manager and the Strategic Lead - Resources in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report.

## **AUDITED ANNUAL ACCOUNTS**

A report was submitted by the Strategic Lead – Resources:-

- (a) advising of Audit Scotland's findings in relation to the audit of the Council;
- (b) advising of Audit Scotland's findings in relation to the audit of those charities;
- (c) presenting the audited Financial Statements of the Council for 2018/2019 and highlighting matters of interest; and

- (d) presenting the audited 2018/19 Financial Statements of the Charities administered by the Council and highlighting matters of interest.

After discussion and having heard Mr Smith, Senior Audit Manager, Audit Scotland, the Chief Executive, Strategic Director and Finance Manager in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the contents of the report;
- (2) to note the findings of the audits as detailed in Audit Scotland's report dated 25 September 2019; and
- (3) to approve the audited Annual Accounts 2018/19 of both the Council and the Council-administered Charities and noted that these would be presented to Council on 30 October 2019 for information.

### **AUDIT ACTION PLANS**

A report was submitted by the Strategic Lead – Resources advising of:-

- (a) recently issued Internal Audit action plans; and
- (b) progress made against action plans previously issued contained within Internal Audit and External Audit reports.

After discussion and having heard the Audit and Risk Manager, Chief Executive, and relevant officers in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report.

### **PUBLIC INTEREST DISCLOSURES AND OTHER INTERNAL AUDIT INVESTIGATIONS – 1 JANUARY TO 30 JUNE 2019**

A report was submitted by the Strategic Lead – Resources advising of the outcome of investigations into allegations and disclosures in line with public interest disclosures and business irregularities policies received by Internal Audit between 1 January and 30 June 2019.

After discussion and having heard the Audit and Risk Manager and the Chief Executive in further explanation and in answer to a Member's question, the Committee agreed to note the contents of the report.

The meeting closed at 11.25 a.m.



## **WEST DUNBARTONSHIRE COUNCIL MEMBER/OFFICER WORKING GROUP ON NATIONAL NON-DOMESTIC RATES**

Note of Meeting of the Member/Officer Working Group on National Non-Domestic Rates held in the Council Chambers, Clydebank Town Hall on Wednesday, 12 June 2019 at 11.40 a.m.

**Present:** Councillor John Mooney (Chair)  
Councillor Iain McLaren  
Councillor Brian Walker  
Chris Johnstone, Lay Member of Audit Committee  
Stephen West, Strategic Lead – Resources  
Ryan Chalmers, Section Head (Revenues & Benefits)  
Elaine Chisholm, Team Leader, Finance Service Centre  
Michelle Lynn, Assets Co-ordinator  
Heather Milne, Solicitor, Regulatory Services  
Craig Stewart, Committee Officer, Regulatory Services

### **WELCOME AND INTRODUCTIONS**

Councillor Mooney, Chair, welcomed everyone to the first meeting of the short life working group on National Non-Domestic Rates and introductions were then given.

### **COLLECTION OF NON DOMESTIC RATES AND PUBLICISING NON-PAYERS**

A report was submitted by the Strategic Lead – Resources providing the working group with information on issues surrounding collection of Non Domestic Rates (NDR) and impact of publicising non-payers of NDR.

After discussion and having heard the Section Head (Revenues & Benefits) and relevant officers in further explanation of the report and in answer to Members' questions, the working group agreed:-

- (1) to note the terms of the discussion that had taken place in respect of this issue, particularly around businesses in Clydebank Shopping Centre, etc. where the Council was a major shareholder;
- (2) as Licensing Authority, to check out the legality of restricting someone's ability to obtain a Licence where a clear example of 'phoenixing' was known, and a report be brought to the next meeting of the working group on any issues, as appropriate; and
- (3) that details of all properties currently rented out by WDC be provided at the next meeting of the working group.

## **NEW POWERS TO THE COUNCIL ARISING FROM THE SCOTTISH GOVERNMENT LEGISLATION ON ACCOUNT OF THE BARCLAY REVIEW**

A report was submitted by the Strategic Lead – Resources providing the working group with information on new powers to the Council on application of reliefs and to vary rates arising from the Scottish Government legislation arising from the Barclay Review. The report also aims to highlight other potential issues from the Barclay Review for WDC, where known.

After discussion and having heard the Team Leader, Finance Service Centre and relevant officers in further explanation of the report and in answer to Members' questions, the working group agreed:-

- (1) to note the terms of the discussion that had taken place in respect of this issue, particularly around businesses in Clydebank Shopping Centre, and possible discussions with Edinburgh House (the shopping centre owners) regarding possibly making some of those units which had lain empty for a considerable time, smaller and perhaps more attractive economically for prospective business interests;
- (2) after discussion around the Fresh Start scheme, to note that an area for review and to be reported back at the next week meeting would be to identify Landlords, who have empty premises and were currently in receipt of empty property relief for a period of 6 months or more. The intention would be to contact Landlords direct, to make them aware of the scheme and they in turn promote the availability of 100% relief for the first 12 months of new occupation, to all categories of property with a Rateable Value under £65,000 to prospective new tenants;
- (3) again to note the action/powers the Council could take, in view of the new legislation at its disposal, and that a report be brought back to the next meeting of the working group as mentioned previously; and
- (4) otherwise to note the content of the report.

### **DATE OF NEXT MEETING**

It was agreed that the date of the next meeting of the working group would follow on from the conclusion of the Audit Committee scheduled to be held on 25 September 2019.

The meeting closed at 12.37 p.m.

**WEST DUNBARTONSHIRE COUNCIL**  
**MEMBER/OFFICER WORKING GROUP ON NATIONAL NON-DOMESTIC RATES**

Note of Meeting of the Member/Officer Working Group on National Non-Domestic Rates held in the Pend meeting room, Council Offices, 16 Church Street, Dumbarton on Wednesday, 25 September 2019 at 11.37 a.m.

**Present:** Councillor John Mooney (Chair)  
Bailie Denis Agnew  
Chris Johnstone, Lay Member of Audit Committee  
Stephen West, Strategic Lead – Resources  
Ryan Chalmers, Section Head (Revenues & Benefits)  
Elaine Chisholm, Team Leader, Finance Service Centre  
Michelle Lynn, Assets Co-ordinator  
Nigel Ettles, Section Head (Litigation), Regulatory Services  
Craig Stewart, Committee Officer, Regulatory Services

**NOTE OF PREVIOUS MEETING**

The Note of Meeting of the Member/Officer Working Group on National Non-Domestic Rates held on 12 June 2019 was submitted for information and noted.

**COLLECTION OF NON DOMESTIC RATES AND LICENSING**

A report was submitted by the Section Head - Licensing providing the working group with information on licensing law that informed of the current legal position on the legality of restricting someone's ability to obtain a Licence where non domestic rates have not been paid and a clear example of 'phoenixing' was known.

After discussion and having heard the Section Head (Litigation) and relevant officers in further explanation of the report and in answer to Members' questions, the working group agreed:-

- (1) to note the terms of the report that there was currently no legal mechanism to restrict someone's ability to obtain a licence where non domestic rates have not been paid and a clear example of 'phoenixing' was known;
- (2) when reporting to the Council's Audit Committee, to recommend that the Committee consider asking the Scottish Government to propose amendments to the licensing legislation so that failure to pay non-domestic rates may become a relevant matter in a licensing context; and

- (3) otherwise to note the terms of the discussion that had taken place in respect of this matter.

## **SCOTTISH GOVERNMENT RELIEFS AND COUNCIL POWER TO VARY RATES**

A report was submitted by the Strategic Lead – Resources providing the working group with information on reliefs that are available to rate-payers to encourage economic activity and regeneration that are funded by the Scottish Government; and to advise on the powers available to the Council to vary rates to encourage regeneration, etc.

After discussion and having heard the Team Leader, Finance Service Centre and relevant officers in further explanation of the report and in answer to Members' questions, the working group agreed:-

- (1) to note the terms of the discussion that had taken place in respect of this issue, and that a paper would be brought by the Assets Co-ordinator to the next meeting of the group for consideration on the size and location of vacant units, in terms of local reliefs and reductions, etc.;
- (2) that a paper providing an update on empty property relief would be submitted by the Strategic Lead – Resources to the next meeting of the group;
- (3) that as the NDR Bill 2020 was to be used to devolve the awarding of Non-Domestic Rates Empty Property Relief and Exemptions, in full to Local Authorities from 2022, a paper should be prepared for consideration at the next meeting of the group on this proposal;
- (4) with regard to the proposed sale of Clydebank Shopping Centre and discussion around the majority owners selling their share to West Dunbartonshire Council, it was noted that officers were looking into the issue and, in due course, may be subject to a future report to the Infrastructure, Regeneration and Environment (IRED) Committee; and
- (5) otherwise to note the content of the report and appendices.

## **DETAILS OF PROPERTIES CURRENTLY RENTED OUT BY WDC AND RATES PAYABLE**

A report was submitted by the Strategic Lead – Regeneration providing details of properties currently rented out by WDC and the rates payable.

Having heard the Assets Co-ordinator, the working group agreed to note the details contained in Appendix 1 to the report.

### **DATE OF NEXT MEETING**

It was agreed that the next meeting of the working group would follow on from the conclusion of the Audit Committee scheduled to be held on 20 November 2019.

The meeting closed at 12.40 p.m.

DRAFT



**West Dunbartonshire Council**  
**Report by the Strategic Lead - Resources**  
**Audit Committee: 20 November 2019**

---

**Subject: Treasury Management Mid Year Report 2019/2020**

**1. Purpose**

- 1.1** The purpose of this report is to provide Members with the opportunity to further scrutinise the Treasury Management Mid Year which was previously reported to Council on 30 October 2019.

**2. Recommendations**

- 2.1** Members are requested to further consider the information provided within the Treasury Management Mid Year Report as appended to this report.

**3. Background**

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2019/20, the Strategic Lead - Resources is required to provide a mid year Report to Members regarding the Treasury function.
- 3.2** The mid year report covers the period 1 April 2018 to 30 September 2019 and details the current position (where appropriate) and revises the 2019/20 estimates where required.
- 3.3** The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

**4. Main Issues**

**Treasury Management Stewardship Report**

- 4.1** A copy of the report is attached as Appendix 1.
- 4.2** The report provides details of key changes to the Council's capital activity (the prudential indicators), the economic outlook, the actual and proposed treasury management activity (borrowing and investment) and the risk approach to treasury management (the treasury management indicators).
- 4.3** The revised estimate for gross capital expenditure during 2019/20 (Table A) has increased by £4.451m from the original estimate due to revision to the ongoing forecast outturn figures for both the General

Services capital plan and the HRA capital plan which are regularly reported to Members (mainly additional slippage carried forward from 2018/19, following the year-end and additional spend linked to an increase in grant income now anticipated).

- 4.4** The external debt figures included within Table C includes both short term and long term debt due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates.

## **5. Option Appraisal**

- 5.1** No option appraisal was required for this report.

## **6. People Implications**

- 6.1** There are no personnel issues.

## **7. Financial and Procurement Implications**

- 7.1** There are no direct financial or procurement implications arising from this report.

## **8. Risk Analysis**

- 8.1** Although the appended report provides a mid year position in relation to treasury management there are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1. These risks are noted below; however the Council has robust monitoring processes in place and provides regular reports to Council and ensures further scrutiny by elected Members at the Audit Committee:
- (a) Capital receipts which affect the capital financing and borrowing requirement may not materialise and if this occurs then additional borrowing will be required in order to fund the financing requirement;
  - (b) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the Council has robust controls included within its treasury management and investment strategies that will assist in mitigating this risk; and
  - (c) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available.

## **9. Equalities Impact Assessment**

**9.1** No equalities impact assessment was required in relation to this report.

## **10. Environmental Sustainability**

**10.1** No assessment of environmental sustainability was required in relation to this report.

## **11. Consultation**

**11.1** The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

## **12. Strategic Assessment**

**12.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.

**12.2** Treasury management contributes to the Financial Strategy via the interdependency that exists between pro-active treasury management and the formulation of long term financial plans.

---

**Stephen West**  
**Strategic Lead – Resources**  
**Date: 24 October 2019**

**Person to Contact:** Jackie Allison, Finance Business Partner, Strategic Finance (Treasury & Capital) and Regeneration Services  
Council Offices, Church Street, Dumbarton  
Email: [jackie.allison@west-dunbarton.gov.uk](mailto:jackie.allison@west-dunbarton.gov.uk)

**Appendix:** Appendix 1: Mid Year Monitoring Report 2019/20  
Treasury Management and Prudential Indicators  
1 April 2019 to 30 September 2019

**Background Papers:**

1. Loans register and portfolio;
2. Debt rescheduling schedules; and
3. Prudential Indicators 2019/20 to 2026/27 and Treasury Management Strategy 2019/20 to 2026/27 (Council 27 March 2019)

**Wards Affected:** No wards directly affected.

**Mid Year Monitoring Report 2019/20**

**Treasury Management and Prudential Indicators: 1 April 2019 to 30 September 2019**

**1. Introduction**

**1.1** The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government in Scotland Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Scottish Ministers to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made as yet during 2019/20).
- Statutory Instrument (SSI) 29 2004, requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, and therefore to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services; and the treasury activity with regard to the CIPFA Code of Practice for Treasury Management in Local Authorities.
- Statutory Instrument (SSI) 123 2016, set out statutory arrangements for local authority borrowing and lending and the requirement to maintain a loans fund and replace the statutory arrangements set out in Schedule 3 of the Local Government (Scotland) Act 1975 (Schedule 3).

**1.2** The regulatory framework of treasury management requires that the Council receive a mid year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously. This report meets that requirement and also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators. The treasury strategy and prudential indicators were previously reported to Council on 27 March 2019. The current position is shown (where appropriate) and revisions to the 2019/20 estimate are provided where required.

**1.3** In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities require to prepare a Capital Strategy which provides the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability

The Council's Capital Strategy was reported to and agreed by Council on 27 March 2019.

**1.4** This report sets out:

- Key changes to the Council's capital activity (the prudential indicators);
- Policy on the statutory repayment of loans fund advances;
- An economic update for the first part of the 2019/20 financial year;
- The actual and proposed treasury management activity (borrowing and investment); and
- The risk approach to treasury management (the treasury management indicators).

**2. Key Prudential Indicators**

**2.1** This part of the report is structured to update:

- The Council's capital expenditure plans and how these plans are being financed;
- The impact of the changes in the capital expenditure plans on the PIs and the underlying need to borrow;
- Compliance with the limits in place for borrowing activity; and
- Policy on the statutory repayment of loans fund advances

**2.2 Capital Expenditure** – Table A shows the current position and revised estimates for capital expenditure for 2019/20 only.

**Table A:**

£000	2019/20 Original Estimate	Current Position	2019/20 Projected Outturn
General Services	62,714	14,369	64,434
HRA	57,902	12,789	60,633
<b>Capital Expenditure</b>	<b>120,616</b>	<b>27,158</b>	<b>125,067</b>
Financed by:			
Capital receipts	8,487	0	8,487
Capital grants	35,854	4,564	41,825
Revenue	7,348	0	7,348
<b>Net financing need for the year</b>	<b>68,927</b>	<b>22,594</b>	<b>67,407</b>

**2.2.1** The increase in the level of anticipated capital expenditure is mainly due to the inclusion of additional slippage following the year end and an increase in spend related to external funding. The decrease in the net financing need for the year is due to additional grants now being identified. The anticipated spends and resources are regularly reported to Members through budgetary control reports.

**2.3 Impact of changes in Capital Expenditure Plans** – Table B shows the CFR, which is the underlying external need to borrow for a capital purpose while Table C shows the expected debt position over the period.

Table B:

£000	2019/20 Original Estimate	2019/20 Projected Outturn
<b>Opening CFR (1 April 2019)</b>	<b>542,181</b>	<b>538,132</b>
New borrowing	57,189	55,669
LTL repayment in year	(3,102)	(3,097)
<b>Closing CFR (31 March 2020)</b>	<b>596,268</b>	<b>590,704</b>
Movement in CFR (from Previous year)	54,087	52,572
Net Financing need for the year (Table A)	68,927	67,407
Loan repayments in year – excluding LTL	(11,738)	(11,738)
<b>New borrowing</b>	<b>57,189</b>	<b>55,669</b>

Table C:

£000	2019/20 Original Estimate	Current Position	2019/20 Projected Outturn
<b>External Debt</b>			
Estimated/Actual Debt at 1 April 2019	438,836	441,370	441,370
Maturing Debt	(164,439)	(169,000)	(175,848)
<b>Movement in Borrowing</b>			
New Borrowing - Maturing Debt	164,439	169,000	175,848
Borrowing adjustment in relation to over borrowing at year end	0	0	(6,541)
New Borrowing – CFR (Table B)	57,189	25,000	55,669
<b>Debt at 31 March (1)</b>	<b>496,025</b>	<b>460,370</b>	<b>490,498</b>
Long Term Liabilities (LTL) at 1 April	103,201	103,101	103,101
LTL repayment in year (Table B)	(3,102)	(1,549)	(3,097)
<b>LTL at 31 March (2)</b>	<b>100,099</b>	<b>101,553</b>	<b>100,004</b>
<b>Actual Debt at 31 March (1) + (2)</b>	<b>596,124</b>	<b>561,923</b>	<b>590,502</b>
<b>CFR from Table B</b>	<b>596,268</b>	<b>n/a</b>	<b>590,704</b>
<b>Under/(Over) Borrowing</b>	<b>144</b>	<b>n/a</b>	<b>202</b>

- 2.3.1** The external debt figures included within Table C now includes both short term and long term debt. This change has been made due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates. The reduction in the estimated external debt for 2019/20 is due to a reduction in the net capital financing need for the year.
- 2.3.2** The CFR is calculated on a year end position based on the Council's balance sheet and therefore the current position is not shown. The CFR has reduced from the original estimate due to the forecast level of capital expenditure in 2019/20 being less than budgeted. The Strategic Lead - Resources can report that the Council is on target to meet the 2019/20 revised estimates for both indicators.

**2.3.3** Table C highlights that the borrowing of the Council is forecasting a minimal under-borrowed position against the CFR at 31 March 2020.

**2.4 Compliance with the limits in place for borrowing activity** – A key control over the treasury activity is a prudential indicator to ensure that over the medium term, gross borrowing will only be for a capital purpose.

Gross borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and next two financial years. This allows some flexibility for limited early borrowing for future years.

The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. As discussed in section 2.3, above the current position is not shown since the CFR is calculated on a year end position. The revised indicator is detailed in Table D and is illustrated by comparing the estimated gross debt as at 31 March 2020 with the CFR as at 31 March 2022. The Strategic Lead - Resources reports that no difficulties are envisaged for the current year in complying with this prudential indicator.

**Table D:**

£000	2019/20 Original Estimate	2019/20 Projected Outturn
<b>CFR at 31 March 2019</b>		
2018/19 Estimate/Actual (From Table B above)	<b>542,181</b>	<b>538,132</b>
<b>Estimated movement in CFR</b>		
2019/20 (From Table B above)	54,087	52,572
2020/21	49,629	49,629
2021/22	20,820	20,820
<b>Anticipated CFR at 31 March 2022</b>	<b>666,717</b>	<b>661,153</b>
<b>Gross Debt at 31 March 2020</b> (From Table C above)	<b>596,124</b>	<b>590,502</b>

**2.4.1** The Operational Boundary is detailed in Table E below and is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

**Table E:**

£000	2019/20 Original Estimate	Current Position	2019/20 Projected Outturn
External Debt	655,737	561,923	649,552

**2.4.2** A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which is detailed in Table F and represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected

movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

**Table F:**

<b>£000</b>	<b>2019/20 Original Estimate</b>	<b>Current Position</b>	<b>2019/20 Projected Outturn</b>
External Debt	715,349	561,923	708,602

- 2.5 Statutory repayment of loans fund advances** – The Council is required to set out its policy for the statutory repayment of loans fund advances. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years. There are no changes to the current policy previously agreed by Members.

### **3. Economic Outlook**

- 3.1** The first half of 2019/20 has seen UK economic growth fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. This mirrored investor confidence around the world which is now expecting a significant downturn or possibly even a recession in some developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit.

As for inflation itself, CPI has been hovering around the Bank of England's target of 2% during 2019, (July 2.1%), and is likely to shift only a little upwards over the rest of 2019/20. It does not therefore pose any immediate concern to the MPC at the current time.

With regard to the labour market, despite the contraction in quarterly GDP growth of -0.2%q/q, (+1.2% y/y), in quarter 2, employment rose by 115,000 in the same quarter: this suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3.

Unemployment has continued near to a 44 year low, edging up from 3.8% to 3.9% on the Independent Labour Organisation measure in June; however, that was caused by a rise in the participation rate to an all-time high. Job vacancies fell for a sixth consecutive month, hitting record levels, and indicating that employers are having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.8%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This could mean that the MPC will need to take action to raise Bank Rate if there is an agreed Brexit deal as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the political arena, if there is a general election soon, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

- 3.2 The Council's treasury advisor, Link Asset Services, has provided the following interest rate forecast.

**Table G:**

Link Asset Services Interest Rate View											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

## 4. Treasury Management Activity

- 4.1 This part of the report is structured to update:

- The Council's expected borrowing need and details of under/(over) borrowing;
- Debt rescheduling and new borrowing;
- Debt charges; and
- Investments

- 4.2 **The Expected Borrowing Need** – This was set out in Table C (above) and demonstrates that at 30 September 2019 Council is currently under-borrowed to reduce risks in investments held and the cost of carry on investments (investments yield up to 0.75%, long term borrowing rates for periods greater than 25 years are currently between 1.87% to 2.03%, depending on length of term for borrowing). This introduces an element of interest rate risk, as longer term borrowing rates may rise; however, this position is being carefully monitored.

- 4.3 **Debt rescheduling and new borrowing** – The Council has not undertaken any debt rescheduling during the first half of 2019/20. In the year to date naturally maturing debt of £169.000m has been repaid which has been mainly funded by loans from other local authorities.

**4.4 Debt Charges** – The revised estimate for debt charges for both the General Fund and the HRA is shown in Table H.

Table H:

£000	2019/20 Original Estimate	Current Position	2019/20 Revised Estimate
Borrowing	22,637	11,195	22,390
Other Long Term Liabilities	10,500	5,156	10,311
Total	<b>33,137</b>	<b>16,351</b>	<b>32,701</b>

**4.5 Investments** – The objectives of the Council's investment strategy are to ensure the re-payment of the principal and interest of its investments on time with the level of investment return being a secondary objective. Following on from the economic background above, the current investment climate has one over-riding risk consideration which is the risk of default.

**4.5.1** The Council held £20.844m of cash investments at 30 September 2019, and the constituent parts of the investment position are detailed in Table I:

Table I:

£000	Country	< 1 Year	1 – 2 Years	2 – 3 Years
Banks	UK	1,844	Nil	Nil
Money Market Fund		13,000	Nil	Nil
Local Authorities		6,000	Nil	Nil
Total		20,844	Nil	Nil

**4.5.2** Table J details the revised budget position for investment income. The original estimate has decreased by £0.005m.

Table J:

£000	2019/20 Original Estimate	Current Position	2019/20 Revised Estimate
Investment Income	118	57	113

**4.5.3** A regulatory development to address risk is the consideration and approval of benchmarks relating to investment security, liquidity and the level of return. Benchmarks are currently widely used to assess the level of return and investment performance, however the application of security and liquidity benchmarks are more subjective in nature.

- **Security** - The Council's maximum security risk benchmark for the current portfolio in relation to investment periods of up to one year (when compared to historic default tables) was set at 0.09% and the Strategic Lead - Resources can report that there have been no defaults of principal sums invested in the year to date.
- **Liquidity** – The Strategic Lead - Resources can report that liquidity arrangements were adequate during the year to date and that the liquidity facilities and benchmarks set by the Council as noted below were maintained:

- Bank overdraft - £1.000m; and
  - Liquid short term deposits of at least £5.000m available on an overnight basis.
- **Return on Investments** – The Strategic Lead - Resources can report that investment return to date average 0.75%. Table K illustrates how this average return compares with the local benchmarks.

Table K:

Benchmark	Benchmark Return	Average Return
7 day LIBID rate	0.57%	0.75%
1 month LIBID rate	0.60%	0.75%
Council's Instant Access Account	0.75%	0.75%

## 5 Key Treasury Management Indicators

5.1 This part of the report is structured to update:

- Actual and estimates of the ratio of financing costs to net revenue stream;
- Upper limits on interest rate exposure;
- The maturity structure of borrowing; and
- Total principal sums invested.

5.2 **Actual and estimates of the ratio of financing costs to net revenue stream** – This indicator (as shown below in Table L) identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

Table L:

	2019/20 Original Estimate	2019/20 Revised Estimate
General Fund	10.55%	9.70%
HRA	27.72%	27.31%

5.3 **Upper Limits On Fixed and Variable Rate Exposure** – These indicators identify a maximum limit for fixed and variable interest rates based upon the debt position and were set at 100% and 50% respectively for 2019/20. The Strategic Lead – Resources reports that the Council operates within these limits.

5.4 **Maturity Structures Of Borrowing** – These maximum limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) which are due to naturally mature in any given period as detailed in Table M and show that the Council operates within limits set.

Table M:

<b>Maturity Structure of Fixed Interest Rate Borrowing</b>	<b>2019/20 Original Limits</b>	<b>Current Position</b>
Under 12 months	50%	29.28%
12 months to 2 years	50%	12.61%
2 years to 5 years	50%	2.54%
5 years to 10 years	50%	4.48%
10 years to 20 years	50%	7.78%
20 years to 30 years	50%	6.41%
30 years to 40 years	50%	7.21%
40 years to 50 years	100%	17.35%
50 years to 60 years	100%	12.35%
60 years to 70 years	100%	0%

- 5.5 Total Principal Funds Invested** – These limits are set to reduce the need to temporarily borrow to cover any unexpected expenditure, and show limits to be placed on investments with final maturities beyond each year-end. The Council currently invests sums for periods greater than 365 days in Clydebank Property Company and hub West Scotland as detailed in Table N.

Table N:

	<b>2019/20 Original Estimate</b>	<b>Current Position</b>	<b>2019/20 Revised Estimate</b>
Principal sums invested > 365 days (maximum limit £7m)	£0.547m	£0.547m	£0.547m

## WEST DUNBARTONSHIRE COUNCIL

### Report by Strategic Lead – Resources

**Audit Committee: 20 November 2019**

#### **Subject: Internal Audit Plan 2019/20 Half Year Progress Report**

#### **1. Purpose**

- 1.1** The purpose of this report is to advise Members of progress at the half year against the Audit Plan 2019/20.

#### **2. Recommendations**

- 2.1** It is recommended that Members note the contents of this report.

#### **3. Background**

- 3.1** The annual audit plan for 2019/20 was approved by the Audit Committee on 20 March 2019. This report provides information on the progress in implementing the plan to date.

#### **4. Main Issues**

##### Audit Plan

- 4.1.** The annual audit plan sets out the audit coverage for the year utilising available staff resources to enable the Audit Manager to provide the annual internal audit opinion regarding the adequacy and effectiveness of internal control within the Council.
- 4.2** The Audit Plan for 2019/20 contained 12 risk based audits on Council systems and processes, together with two computer audits. Of the 12 risk based audits, two are complete and seven are in progress. The two scheduled computer audits for 2019/20 have not yet commenced.
- 4.3.** It is anticipated that the Internal Audit Annual Plan for 2019/20 will be delivered in full within the required timescales.
- 4.4** The Audit Manager is pleased to report good progress across the Council on audit recommendations from completed assignments.
- 4.5** The Council's Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) effective April 2013 (updated April 2017) which includes:
- Definition of Internal Auditing;
  - Code of Ethics;

- Attribute Standards (responsibility, independence, proficiency, quality);
- Professional Standards (managing activity, nature of work, engagement planning, performing the engagement, communicating results, monitoring progress, risk management).

- 4.6** An annual internal self-assessment against the PSIAS of the Internal Audit function has recently been completed, which shows a compliance level for WDC Internal Audit of 89.74%. It is anticipated that the next external PSIAS review, required every five years, will take place during 2020/21.

#### Ongoing Corporate Fraud Team Work

- 4.7** During the half year, the Corporate Fraud team's day to day work has resulted in actual recoveries, charges and re-billings as detailed below, against an annual target of £225,000.

<b>Description</b>	<b>Amount (£)</b>
Council Tax Reduction	25,926
Council Tax Single Person's Discount	18,168
Scottish Welfare Fund Grant	9,985
National Fraud Initiative	21,723
J/W Housing Benefit / Council Tax Benefit	42,189
Non DWP HB	71,261
Administrative Penalties	4,273
Landlord Fraud	3,267
<b>Total</b>	<b>£196,792</b>

- 4.9** The Internal Audit Team and the Corporate Fraud Team continue to work together as appropriate in order to ensure a joined-up approach to fraud investigation and detection.
- 4.10** The Council's Counter Fraud and Corruption Strategy was approved by the Audit Committee on 21 March 2018. It is proposed to make a slight change at paragraph 13.3 of this Strategy by allowing consideration of progressing to prosecution with a case regardless of financial value rather than the existing lower limit of £1,000. The reason for this change is to allow the option for any case to be progressed through to prosecution. This does of course depend on the circumstances / seriousness of any case and the quality of evidence available that would be required for Court proceedings. By removing a lower limit, it would allow this option where, for example, there are repeat instances of low level monetary fraud by the same person.
- 4.11** In order to enhance governance arrangements and oversight over the Council's counter fraud activity, an Integrity Group has been set up and has so far held two meetings. In addition, Strategic Leads (HSCP – Heads of Service) are now required to complete an annual Fraud Risk Assessment in order to evaluate and assess the risk of fraud occurrence in their service areas and consider what, if any, controls and counter measures are required to reduce or mitigate the risk.

#### National Fraud Initiative

- 4.12** The National Fraud Initiative (NFI) is a series of bi-annual exercises run by the Cabinet Office and Audit Scotland to identify or prevent fraud and error by matching electronic data held by public bodies. Participating bodies are required to investigate data discrepancies within a timescale and report back on any savings.
- 4.13** The most recent bi-annual exercise was released in January 2019, providing matched datasets for organisations to investigate. WDC was provided with a total of 5,955 matches datasets of which 1,242 were described as “high risk” matches and 4,713 additional matches. There is an expectation that organisations will examine all “High Risk” matches and a proportion of the other matches too.
- 4.14** To date a total of 4,406 cases have been closed off, within which fraud (16 cases) and error (141 cases) amounting to £40,344 being identified to date.

#### Benchmarking

- 4.15** In accordance with the Council’s Strategic Improvement Framework, services should undertake benchmarking activity with the equivalent function in other Councils. Therefore, WDC Internal Audit has entered into a benchmarking group which involves five other Councils, these being:
- Argyll and Bute
  - Clackmannanshire
  - East Dunbartonshire
  - Falkirk
  - West Lothian
- 4.16** The Chief Auditors of these five Councils have met on a regular basis over the last year in order to discuss their respective ways of working, consider topical issues with the objective being to identify best practice. In addition, a set of performance indicators has been developed. The calculated values for these measures is provided at Appendix 1 – they are all for 2018/19, with the exception of PI 3b where the value for 2019/20 is provided. The WDC values are shown in the first column and it has been agreed that the values for the other Councils will be provided anonymously and these are shown in Appendix 1 as Council A through to Council E.
- 4.17** The benchmarking group will next meet earlier in 2020 in order to discuss further the reasons for variations in the calculated performance indicators across the six Councils. WDC will consider if any changes are required to ways of working in order to effect any improvements.

#### Structural Changes

- 4.18** A proposal to adopt a shared management approach for the Internal Audit teams of West Dunbartonshire Council and Inverclyde Council has been

approved by both Councils. This will take effect from 1 January 2020 and a handover process is currently in progress.

## **5. People Implications**

**5.1** There are no people implications.

## **6. Financial and Procurement Implications**

**6.1** As a result of Corporate Fraud Team activity, actual recoveries, charges and re-billings of £197,000 for the half year have been identified during the first half of 2019/20, against an annual target of £225,000.

**6.2** There are no procurement implications arising from this report.

## **7. Risk Analysis**

**7.1** There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide assurances over the Council's system of internal financial control to those charged with governance. The main basis for providing assurance is coverage of the planned risk based systems audits. Every endeavour is made to ensure that no material slippage occurs in risk based systems audits by concentrating resources on these audits.

## **8. Equalities Impact Assessment (EIA)**

**8.1** There are no issues.

## **9. Consultation**

**9.1** This report has been subject to consultation with appropriate Strategic Leads.

## **10. Strategic Assessment**

**10.1** This report relates to strong corporate governance.

.....  
Stephen West  
Strategic Lead - Resources  
Date: 7 November 2019

---

**Person to Contact:** Colin McDougall, Audit Manager, Telephone (01389) 737436  
E-mail: colin.mcdougall@west-dunbarton.gov.uk

**Appendices** Appendix 1: Internal Audit Benchmarking – Performance Indicators for 2018/19

**Background Papers:**      Audit Committee – 20 March 2019: Internal Audit Plan 2019/20

Audit Committee – 21 March 2018: Counter Fraud and Corruption Strategy

**Wards Affected:**      All wards

Internal Audit Benchmarking – Performance Indicators for 2018/19

Performance Indicator	<u>WDC</u>	<u>Council A</u>	<u>Council B</u>	<u>Council C</u>	<u>Council D</u>	<u>Council E</u>
FTE of Audit Resource	5.1	5.0	2.3	5.0	3.5	3.1
PI 1 - Planned productive audit days per £1m gross revenue expenditure	1.71	2.11	1.72	1.88	0.79	0.56
PI 2 Customer Satisfaction	94%	96%	n/a	96%	n/a	96%
PI 3a- Average planned productive days per core review (2018/19)	24.55	20.65	21.45	22.29	19.71	16.25
PI 3b - Average planned productive days per core review (2019/20)	25.0	21.82	25.70	21.36	19.71	16.25
PI4 - Average time spent per core review	33.07	21.19	20.80	23.63	18.53	17.45
PI5 - PSIAS Compliance level	89.74%	92.31%	n/a	97.44%	n/a	94.87%
P I6 - Cost of audit per £million of gross revenue expenditure	563.39	682.53	682.85	683.65	333.33	228.05

## **WEST DUNBARTONSHIRE COUNCIL**

### **Report by Strategic Lead - Resources**

**Audit Committee: 20 November 2019**

#### **Subject: Audit Committee Annual Self-Assessment**

### **1. Purpose**

- 1.1** The purpose of this report is to advise the Committee of the results of the annual self-assessment exercise carried out recently by the Chair of the Audit Committee and the Audit Manager.

### **2. Recommendations**

- 2.1** It is recommended that Members:

- Note the progress of the agreed actions arising from the first self-assessment access carried out in 2018;
- Note the attached self-assessment which show that the Council's Audit Committee largely complies with Cipfa good practice and thereby can assess its performance as generally meeting the Cipfa requirements;
- Approve the actions identified from this latest self-assessment and request that these are now progressed;
- Note that progress on the completion of the agreed actions will be reported annually to the Audit Committee;
- Agree that subsequent reviews should take place every three years; and
- Consider knowledge and skills framework for potential areas for development within the Elected Member development programme.

### **3. Background**

- 3.1** The annual self-evaluation review for 2016/17 of the Council's Local Code of Good Governance was carried out by a group of Officers and identified a number of improvement actions, including one which required a review of the Council's Audit Committee. A key element of recognised good practice for an audit committee is that it periodically undertakes a self-assessment of its activities and effectiveness. At the Audit Committee meeting on 21 March 2018, Members agreed that the Chair of the Audit Committee and the Audit Manager should meet to complete the two self-assessment documents from which an action plan would be prepared of any process improvements identified and reported to subsequent meetings of the committee.
- 3.2** The first self-assessment was reported to committee in December 2018 and this report provides the outcome of the second annual self-assessment. It is proposed that subsequent reviews take place every three years.

## **4. Main Issues**

### Audit Committee Self-Assessment

- 4.1** In order to address the specific action on the Audit Committee, arising from the review of the Local Code of Good Governance, the contents of the CIPFA publication “*Audit Committees: Practical Guidance for Local Authorities and Police*” (2018 Edition)” were considered by the Chair of the Audit Committee and the Audit Manager. This publication represents Cipfa’s view of best practice for audit committees in local authorities and contains a number of appendices, including:
- Self-Assessment of Good Practice; and
  - Evaluation the Effectiveness of the Audit Committee.
- 4.2** Progress on the completion of the actions arising from the first self-assessment carried out in 2018 is provided at Appendix 1.
- 4.3** In order to carry out the annual self-assessment for 2019, the Chair of the Audit Committee and the Audit Manager have discussed and completed these documents which are included at Appendix 2 and Appendix 3 respectively.
- 4.4** Included in this Cipfa publication is an appendix entitled: “*Audit committee members - knowledge and skills framework*”. This is included at Appendix 4 to this report and sets out a knowledge and skills framework. This can be used to guide members on their training needs and to evaluate the overall knowledge and skills of the committee. It can also be used when recruiting independent members. A distinction is made between core areas of knowledge that all audit committee members should seek to acquire and a range of specialisms that can add value to the committee. The audit committee should review risks, controls and assurances that cover the whole operation of the authority so knowledge of specific service areas will be helpful. Other areas of specialist knowledge and experience, for example in accountancy, audit, governance and risk management, will add value to the committee.
- 4.5** This Cipfa publication also includes a Position Statement on audit committees in local authorities which sets out CIPFA’s view of the role and functions of an audit committee. This is included at Appendix 5.
- 4.6** It is important that the Audit Committee demonstrates a high level of compliance with best practice guidance on Audit Committees in order to ensure that it can evidence its effectiveness as a scrutiny body as a foundation for strong corporate governance.
- 4.7** Overall, the self-assessment indicates that the Audit Committee demonstrates a good level of compliance with expected good practice and it is largely effective in discharging its roles and responsibilities. Areas of good practice include:

- Elected Members and Offices are considered to have good awareness of the role and purpose of the Audit Committee;
- The Chair of the Audit Committee is from the Opposition (as is Vice Chair);
- The committee has Lay Members;
- The Administration has a minority of members on the Audit Committee;
- The Audit Committee has good working relations with External Audit, Internal Audit, the Chief Executive, Strategic Director – T&PSR and the Strategic Lead – Resources;
- The Audit Committee supports the role of audit in improving internal control and governance;
- From 2018/19 onwards, the draft Annual Governance Statement has been submitted to the Audit Committee as a standalone document;
- This self-assessment is carried out annually against best practice, using the Cipfa documents; and
- From 2018/19 onwards, an annual report on the Audit Committee has been prepared so that it can account for its performance and explain its work to Council.

**4.8** The self-assessment, however, also identified areas where there is an opportunity for improvement. Suggested actions in relation to these issues are noted in Appendices 2 and 3, with the action points identified being:

- Members of the Committee should consider if there any knowledge or skills gaps, taken into account the content of the core knowledge and skills framework.

**4.9** One of the agreed actions arising from the initial self-assessment carried out in 2018 was:

*Obtain feedback on the performance of the Audit Committee from those interacting with the committee or relying on its work. This feedback should be incorporated into an Annual Report on the Audit Committee*

Accordingly, Elected Members who are not on the Audit Committee were asked the following three questions:

1. *Do you read the reports submitted to the Audit Committee?*
2. *Are there any areas / subject matters that you would wish or expect to be included in the Audit Committee agenda which are not included? If so, please provide details.*
3. *Does the work of the Audit Committee provide you with the necessary level of assurance in fulfilling your responsibilities as an Elected Member?*

Elected Members who serve on the Audit Committee were also given the opportunity to consider these questions.

- 4.10** Information on the responses received is included at Appendix 6. The Elected Members who responded confirmed that they do read the reports submitted to the Audit Committee and they were satisfied that the work of the Audit Committee provided them with the necessary level of assurance in fulfilling their responsibilities as Elected Members. However, there was some concern expressed in relation to a recent investigation, in terms of the length of time it took and delays in the Audit Committee being advised of issues identified. These issues have already been acted upon through an Internal Audit improvement action plan.

## **5. People Implications**

- 5.1** There are no personnel issues with this report.

## **6. Financial and Procurement Implications**

- 6.1** There are neither financial nor procurement implications arising directly from this report.

## **7. Risk Analysis**

- 7.1** There is a risk that if the Audit Committee does not address some of the issues highlighted from this review it will not maximise the opportunity for effective scrutiny. Implementing the suggested improvement action plan following from the self assessment will mitigate this risk.

## **8. Equalities Impact Assessment (EIA)**

- 8.1** There are no issues.

## **9. Consultation**

- 9.1** This report has been subject to consultation with the Chair of the Audit Committee and appropriate Strategic Leads.

## **10. Strategic Assessment**

- 10.1** This report relates to strong corporate governance.

.....  
**Stephen West**  
**Strategic Lead - Resources**  
**Date: 6 November 2019**

---

**Person to Contact:** Colin McDougall, Audit Manager  
Telephone 01389 737436  
E-mail – [colin.mcdougall@west-dunbarton.gov.uk](mailto:colin.mcdougall@west-dunbarton.gov.uk)

**Appendices:**

1. Audit Committee Self-Assessment: Progress on Improvement Actions arising from 2018 Review
2. Self-Assessment of Good Practice Questionnaire
3. Evaluating the Effectiveness of the Audit Committee
4. Audit committee members - knowledge and skills framework.
5. Cipfa Position Statement on audit committees
6. Summary of responses asked to questions put to Elected Members about the Audit Committee

**Background Papers:** Audit Committee on 21 March 2018: Report - Evaluation of Effectiveness of Audit Committee

Audit Committee on 12 December 2018: Report - Audit Committee Self-Assessment and reporting on audit assignments

Audit Committee on 12 June 2019: Report - Annual Report on the Audit Committee






**Wards Affected:** All Wards

# Appendix 1




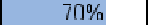
## Audit Committee Self-Assessment

### Progress on Improvement Actions arising from 2018 Review






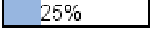
Generated on: 07 October 2019


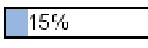




Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

#### Project Improvement Actions for 2018

Action Code	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Managed By	Note
AC-001	<u>1. Draft Annual Governance Statement</u> Submit the draft Annual Governance Statement to the Audit Committee as a standalone document.			30-Jun-2019	30-Jun-2019	Colin McDougall	Stephen West	Complete. The draft Annual Governance Statement was submitted to the Audit Committee meeting on 12th June 2019 as a standalone document. This will be done henceforth on an annual basis.
AC-002	<u>2. Annual Self-Assessment</u> Introduce an annual self-assessment against best practice, using the Cipfa documents (i.e. the Practical Guidance for Local Authorities and the Police - Audit Committees Self-Assessment of Good Practice).			31-Dec-2019	31-Dec-2019	Colin McDougall	Stephen West	The annual self-assessment process is in progress and will be completed in time for submission to the Audit Committee on 20th November 2019.

Action Code	Agreed Action	Status	Progress Bar	Original Due Date of Action	Actual Due Date of Action	Assigned To	Managed By	Note
AC-003	<u>3. Risk Management</u> Provide reports on Risk Management to the Audit Committee.	✓	<div><div></div></div> 100%	30-Sep-2019	30-Sep-2019	John Duffy	Alison McBride	A report on Strategic Risk was submitted to the Audit Committee meeting on 26th September 2019.
AC-004	<u>4. Reports on Best Value</u> Provide reports on Best Value to the Audit Committee .	✓	<div><div></div></div> 100%	30-Jun-2019	30-Jun-2019	Amanda Coulthard	Malcolm Bennie	An update report on the West Dunbartonshire Best Value Assurance Report was submitted to the Audit Committee meeting on 12th June 2019.
AC-005	<u>5. Knowledge and skills framework</u> Members of the Committee should consider if there any knowledge or skills gaps, taken into account the content of the core knowledge and skills framework.	✓	<div><div></div></div> 100%	31-Dec-2018	31-Dec-2018	Colin McDougall	Stephen West	Complete. The Cipfa "Audit committee members - knowledge and skills framework" was submitted to the Audit Committee on 12th December 2012 for consideration by members.
AC-006	<u>6. Feedback on the performance of the Audit Committee</u> Obtain feedback on the performance of the Audit Committee from those interacting with the committee or relying on its work. This feedback should be incorporated into an Annual Report on the Audit Committee.	✓	<div><div></div></div> 100%	30-Jun-2019	30-Jun-2019	Colin McDougall	Stephen West	Feedback was sought and obtained and the outputs are included in this committee report.
AC-007	<u>7. Annual report on the Audit Committee</u> Introduce an annual report on the Audit Committee to account for its performance and explain its work to Council.	✓	<div><div></div></div> 100%	30-Jun-2019	30-Jun-2019	Colin McDougall	Stephen West	An annual report on the Audit Committee was submitted to the meeting on 12th June 2019 and also to the full Council meeting on 26th August 2019.

AC-008	<u>8. Governance arrangements for audit committees</u> The Chairs of the Council's and the West Dunbartonshire Heath & Social Care Partnership Board's Audit Committees meet to discuss their respective governance arrangements.			30-Sep-2019	31-Mar-2020	Colin McDougall	Stephen West	This action is not yet complete and the Chairs of the Audit Committees for both the Council and West Dunbartonshire Heath & Social Care Partnership Board need to arrange a meeting in order to discuss the respective governance arrangements for each committee and identify any improvement actions going forward.
AC-009	<u>9. Post-project review reports: non-capital projects</u> The Committee advise that post-project review reports submitted by management to the Audit committee on a periodic basis for capital projects should be extended to reports on non-capital projects of significant scale.			31-Dec-2018	31-Dec-2018	Colin McDougall	Stephen West	This is an ongoing action although no such reports have yet been evident.
AC-010	<u>10. Specific audit assurance on value for money arrangements</u> The work of internal audit should be enhanced to provide more specific assurance on value for money arrangements e.g. transformation, sustainability, and performance management.			31-Mar-2020	31-Mar-2020	Colin McDougall	Stephen West	The Audit Plan for 2020/21 will be developed to incorporate specific assurance on value for money arrangements.

AC-011	<u>11. Value for money information within annual assurance statements</u> Amend annual assurance statements to require more information on value for money arrangements e.g. transformation, sustainability, and performance management.			30-Jun-2019	31-Mar-2020	Colin McDougall	Stephen West	The annual assurance statements for 2019/20 and beyond will be amended to incorporate specific assurance on value for money arrangements.
AC-012	<u>12. Information on counter fraud work</u> Provide more specific information on counter fraud work to the Audit Committee.			07-Jun-2019	07-Jun-2019	Colin McDougall	Stephen West	A Counter Fraud annual report was submitted to the Audit Committee meeting on 12th June 2019.
AC-013	<u>13. Fraud risk assessment process</u> Develop a fraud risk assessment process.			30-Jun-2019	30-Jun-2019	Colin McDougall	Stephen West	A fraud risk assessment process has been developed.

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

**Appendix 2**

	<b>Good Practice Questions</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>	<b>Comments</b>
	<u><i>Audit committee purpose and governance</i></u>				
1.	Does the authority have a dedicated audit committee?	X			The Council's Audit Committee is a separate, dedicated, committee in accordance with good practice.
2.	Does the audit committee report directly to full council? (Applicable to local government only.)	X			<p>The Minutes of the Audit Committee are approved at the next Audit Committee meeting as a correct record and thereafter submitted to full Council where necessary for ratification.</p> <p>In general, the Audit Committee does not have delegated powers. All recommendations of the Audit Committee will be considered by Council or by the appropriate committee.</p> <p>This arrangement is deemed to be appropriate.</p>
3.	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	X			See position statement attached.
4.	Is the role and purpose of the audit committee understood and accepted across the authority?	X			Elected Members and Offices are considered to have good awareness of the

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
					role and purpose of the Audit Committee.
5.	Does the audit committee provide support to the authority in meeting the requirements of good governance?	X			The Audit Committee is a key element of the Council's governance framework. This is evidenced, for example, by the draft Annual Governance Statement being presented to the Audit Committee as a standalone document.
6.	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	X			<p>The following points are noted:</p> <ul style="list-style-type: none"> <li>• Chair of the Audit Committee is from the Opposition (as is Vice Chair)</li> <li>• The committee has two Lay Members</li> <li>• The Administration has a minority of members on the Audit Committee; and</li> <li>• Minutes are approved by Council.</li> </ul> <p>It should be noted that a self-assessment against best practice takes place annually, using the Cipfa documents. An Audit Committee Annual Report is prepared every year, submitted to both the Audit Committee and the full Council:</p> <ul style="list-style-type: none"> <li>• Setting out the activities to enable stakeholders to understand how the Audit Committee has discharged its</li> </ul>

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees  
Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
					duties; and • Identifying areas of improvement to better fulfil its remit.
	<u>Functions of the committee</u>				
7.	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?  <ul style="list-style-type: none"> <li>• good governance</li> <li>• assurance framework, including partnerships and collaboration arrangements</li> <li>• internal audit</li> <li>• external audit</li> <li>• financial reporting</li> <li>• risk management</li> <li>• value for money or best value</li> </ul>	X   X X X X	  X    X		Reported to Audit Committee  Not specifically mentioned but implied  Reported to Audit Committee Reported to Audit Committee Reported to Audit Committee Reported to Audit Committee  Best Value information on services is mainly reported to service Committees, not Audit Committee. Capital project post completion reviews are reported to Audit

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
	<ul style="list-style-type: none"> <li>counter-fraud and corruption.</li> </ul>	X			<p>Committee</p> <p>Reported to Audit Committee</p>
8.	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	X			This self-assessment process is the formal annual evaluation process.
9.	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	X			<p>The position statement was first submitted to the Audit Committee in December 2018.</p> <p>The position statement is included as Appendix 3 to this report.</p>
10.	Where coverage of core areas has been found to be limited, are plans in place to address this?	X			Core areas all covered.
11.	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	X			The Committee maintains this position.

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
	<u>Membership and support</u>				
12.	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</li> </ul>	<p>X</p> <p>X</p> <p>X</p> <p>X</p>			<p>Chair and Vice Chair are from the Opposition. There are two Lay Members Administration membership is in the minority.</p> <p>The Audit Committee is deemed to contain an appropriate mix of knowledge and skills.</p> <p>The size of the Audit Committee is deemed to be appropriate.</p> <p>There are two Lay Members on the committee (one vacancy at present).</p>
13.	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council?	X			Formal process in place to appoint Lay Members.
14.	Does the chair of the committee have appropriate knowledge and skills?	X			The current Chair has held the role for over two years and has been an Elected

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
					<p>Member for seven years. Officers ensure that the Chair is fully briefed as to the Audit Committee's role and responsibilities and has appropriate knowledge to ensure its continuing effective operation.</p> <p>The Chair and Vice Chair attend a pre-Agenda meeting prior to every committee meeting.</p> <p>The Chair also sits on every service committee of the Council and so has a good opportunity to be across key issues. The Chair also sits on the HSCP audit committee.</p> <p>The Chair is on the board of a number of other organisations, including the Chair of one.</p>
15.	Are arrangements in place to support the committee with briefings and training?	X			<p>There is an Elected Member briefing / training programme.</p> <p>The Chair and Vice Chair attend a pre-Agenda meeting prior to every committee meeting.</p>
16.	Has the membership of the committee been assessed against the core knowledge and skills framework and	X			<p>The following points are made:</p> <ul style="list-style-type: none"> <li>• Role profiles are in place for Elected</li> </ul>

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
	found to be satisfactory?				<p>Members</p> <ul style="list-style-type: none"> <li>• Elected members have the opportunity to participate in an annual CPD/PDP</li> <li>• There is no formal assessment process although there are optional 1-to-1's for Elected Members.</li> <li>• There is an Elected Members' induction programme.</li> <li>• On a voluntary basis Elected Members can participate in a skills programme</li> <li>• The Improvement Service provides Elected Member support – details of this are provided to them</li> </ul> <p><u>Suggested action:</u>            Hold specific training for members of the Audit Committee, taking into account the content of the core knowledge and skills framework.</p>
17.	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	X			Good working relations exist with external audit, internal audit, and key senior officers who typically attend the Committee including: Chief Executive, Strategic Director – T&PSR and the Strategic Lead – Resources.
18.	Is adequate secretariat and administrative support to the committee provided?	X			Support of this nature provided by committee admin with a specific

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
					Committee Officer assigned to support the Audit Committee.
	<u>Effectiveness of the committee</u>				
19.	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	X			Feedback has been obtained – see Appendix 6.
20.	Are meetings effective with a good level of discussion and engagement from all the members?	X			There is a good level of discussion.
21.	Does the committee engage with a wider range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	X			There is normally senior management representation at the audit committee from all services, who are able to respond to questions from members. Where necessary, further information / clarification can be subsequently obtained and forwarded on to members.
22.	Does the committee make recommendations for improvement of governance, risk and control and are these acted on?	X			The Minutes of the meeting would record some of this. Committee actions are also recorded in Pentana for action by assigned Officers
23.	Has the committee evaluated whether and how it is adding value to the organisation?			X	This is fulfilled using the Cipfa documents: <ul style="list-style-type: none"> <li>• Audit Committees Self-Assessment of Good Practice; and</li> <li>• Evaluating the Effectiveness of the</li> </ul>

**Cipfa: Practical Guidance for Local Authorities and the Police - Audit Committees**  
**Self-Assessment of Good Practice (2019 Review)**

	Good Practice Questions	Yes	Partly	No	Comments
					<p>Audit Committee</p> <p>Such a self-assessment process of comparing performance against best practice is carried out annually and reported to the Audit Committee.</p> <p><u>Suggested action:</u> Carry out an annual self-evaluation process.</p>
24.	Does the committee have an action plan to improve any areas of weakness?	X			This will be considered on an ongoing basis as part of the annual self-assessment and reporting process.
25.	Does the committee publish an annual report to account for its performance and explain its work?	X			This has been introduced from year ended 31 <sup>st</sup> March 2019 onwards.

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

### Appendix 3

<u>Assessment Key (Score)</u>	<u>Criteria</u>
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited
1	No evidence can be found that the audit committee has supported improvements in this area

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment: 5 – 1</u>  <u>See key above</u>
1.	Promoting the principles of good governance and their application to decision making.	<p>Supporting the development of a local code of governance</p> <p>Providing robust review of the AGS and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance</p>	<p>Audit Committee approved a revised code in 2017 and is provided with an improvement action plan following a review of code each year.</p> <p>Presented with Internal Audit Annual report and outputs of review of local code of good governance which does provide information on assurances.</p> <p>The Annual Governance Statement (AGS) is submitted to the Audit Committee as a standalone document</p> <p>Committee approves the annual Audit Plan and thereafter consideration of action plans from assignments. Also relates to action plan resulting from the review of the local Code of Good Governance.</p> <p>Reviews Audit Scotland reports, and Code of Good Governance</p>	<p>5</p> <p>5</p> <p>5</p> <p>5</p> <p>5</p>

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment: 5 – 1</u>  <u>See key above</u>
		<p>arrangements.</p> <p>Working with partner audit committees to review governance arrangements in partnerships.</p>	<p>review each year</p> <p>This takes place in relation to the audit plans reported to both the Council's Audit and the HSCP's Audit Committee each year to ensure alignment around risks in the two organisations.</p> <p><u>Suggested action:</u> The Chairs of the Council's and the West Dunbartonshire Heath &amp; Social Care Partnership Board Audit Committees meet to discuss their respective governance arrangements</p>	4
2.	Contributing to the development of an effective control environment.	<p>Actively monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by</p>	<p>The Audit Committee supports the role of audit in improving internal control and governance. Audit Action Plans submitted to the Audit Committee every quarter.</p> <p>The committee has powers to hold individual managers to account for</p>	<p>5</p> <p>5</p>

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment: 5 – 1</u>  <u>See key above</u>
		<p>appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>delays in completing actions by inviting them as appropriate to attend committee to explain.</p> <p>As per comment above.</p>	5
3.	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p>	<p>Risk management arrangements are reported</p> <p>As above.</p> <p>As above.</p>	<p>5</p> <p>5</p> <p>5</p>
4.	Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p>	<p>Internal Audit has recently participated in a Council sourced self-assessment process with an improvement action plan.</p> <p>Public Sector Internal Audit Standards (PSIAS) external review has been carried out in 2015/16</p>	<p>5</p> <p>4</p>

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment: 5 – 1</u>  <u>See key above</u>
		<p>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>(required every five years). Actions arising from the annual Local Scrutiny Plan from Audit Scotland on behalf of inspection agencies are reported and monitored through the Audit Committee.</p> <p>The position for this area is good in relation to both external audit and internal audit.</p>	5
5.	Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements.</p>	<p>Audit Charter approved by Audit Committee, together with any updates as required (last update was submitted to the Audit Committee for approval in June 2018). Annual Audit Plan approved by the Audit Committee.</p> <p>PSIAS external review outputs reported to the Audit Committee and the annual PSIAS internal review is mentioned in the annual report but no separate report.</p>	<p>5</p> <p>4</p>

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment: 5 – 1</u>  <u>See key above</u>
6.	Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing how the governance arrangements support the achievement of sustainable outcomes.	The established functioning of the Audit Committee promotes the Council in achieving its planned outcomes	4
		Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.	Some planned audit work relates to project activity. There is also a post-project review report submitted by management on a periodic basis for major capital projects. This could be extended to reports on non-capital projects of significant scale (None have occurred recently).	4
		Reviewing the effectiveness of performance management arrangements.	<u>Suggested action:</u> Post-project review reports submitted by management to the Audit Committee on a periodic basis for capital projects should be extended to reports on non-capital projects of significant scale  Performance information is not taken to the Audit Committee. This could be achieved by bringing an	3

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment: 5 – 1</u>  <u>See key above</u>
			<p>outcome report on best value status to the Audit Committee in addition to the existing Code of Good Governance action plan. e.g. transformation, sustainability, and performance management and annual assurance statements could be amended to require such information</p> <p><u>Suggested action:</u></p> <ul style="list-style-type: none"> <li>Amend annual assurance statements to require information on value for money arrangements.</li> </ul>	
7.	Supporting the development of robust arrangements for ensuring value for money.	<p>Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee.</p> <p>Considering how performance in value for money is evaluated</p>	<p>Audit Committee currently considers best value through the actions and activities of internal and external audit, however this could be widened.</p> <p>The AGS is provided to the Audit Committee as a standalone</p>	<p>3</p> <p>5</p>

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment: 5 – 1</u>  <u>See key above</u>
		as part of the AGS.	document.	
8.	Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<p>Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</p>	<p>An annual counter fraud report is provided to the Audit Committee (e.g. general work and NFI work).</p> <p>The Corporate Fraud team has developed a fraud risk assessment process.</p> <p>Ethical procurement has been reported to Council and covered in Procurement Strategy but nothing of this nature has been provided to the Audit Committee. This is not considered necessary to be a high priority to provide</p>	<p>4</p> <p>4</p> <p>1</p>
9.	Promoting effective public reporting to the authority's stakeholders and local community and measures to	Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.	Council audit committee papers enter the public domain – care taken to provide sensible / understandable information but could still be improved	4

## Evaluating the Effectiveness of the Audit Committee (2019 Review)

<u>Ref.</u>	<u>Areas where the audit committee can add value by supporting improvement</u>	<u>Examples of how the audit committee can add value and provide evidence of effectiveness</u>	<u>Self-evaluation, examples, areas of strength and weakness</u>	<u>Overall assessment:</u> <b>5 – 1</b> <u>See key above</u>
	improve transparency and accountability.	<p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p> <p>Publishing an annual report for the committee</p>	<p>This is not covered within the remit of the Audit Committee. Good examples of this would be the LOIP – reported to Council; also the City Deal / Region which has updates regularly reported to Council.</p> <p>An annual report on the Audit Committee is prepared and submitted to both the Audit Committee and full Council. This is intended to provide assurance to the full Council and to identify any actions for the Audit Committee to improve its effectiveness.</p>	<p>3</p> <p>5</p>

## APPENDIX C

# Audit committee members – knowledge and skills framework

## CORE AREAS OF KNOWLEDGE

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Organisational knowledge	<ul style="list-style-type: none"> <li>■ An overview of the governance structures of the authority and decision-making processes</li> <li>■ Knowledge of the organisational objectives and major functions of the authority</li> </ul>	<ul style="list-style-type: none"> <li>■ This knowledge will be core to most activities of the audit committee including review of the AGS, internal and external audit reports and risk registers</li> </ul>
Audit committee role and functions (Chapters 3 and 6)	<ul style="list-style-type: none"> <li>■ An understanding of the audit committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements</li> <li>■ Knowledge of the purpose and role of the audit committee</li> </ul>	<ul style="list-style-type: none"> <li>■ This knowledge will enable the audit committee to prioritise its work in order to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others</li> </ul>
Governance (Chapter 4)	<ul style="list-style-type: none"> <li>■ Knowledge of the seven principles of the CIPFA/Solace Framework and the requirements of the AGS</li> <li>■ Knowledge of the local code of governance</li> </ul>	<ul style="list-style-type: none"> <li>■ The committee will review the local code of governance and consider how governance arrangements align to the principles in the framework</li> <li>■ The committee will plan the assurances it is to receive in order to adequately support the AGS</li> <li>■ The committee will review the AGS and consider how the authority is meeting the principles of good governance</li> </ul>

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Internal audit (Chapter 4)	<ul style="list-style-type: none"> <li>■ An awareness of the key principles of the PSIAS and the LGAN</li> <li>■ Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled</li> </ul>	<ul style="list-style-type: none"> <li>■ The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards</li> <li>■ The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. The committee will also receive the annual report, including an opinion and information on conformance with professional standards</li> <li>■ In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed</li> <li>■ The audit committee chair is likely to be interviewed as part of the external quality assessment and the committee will receive the outcome of the assessment and action plan</li> </ul>
Financial management and accounting (Chapter 4)	<ul style="list-style-type: none"> <li>■ Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them</li> <li>■ Understanding of good financial management principles</li> <li>■ Knowledge of how the organisation meets the requirements of the role of the CFO, as required by <a href="#">The Role of the Chief Financial Officer in Local Government</a> (CIPFA, 2016) and the <a href="#">CIPFA Statement on the Role of Chief Financial Officers in Policing</a> (2018)</li> </ul>	<ul style="list-style-type: none"> <li>■ Reviewing the financial statements prior to publication, asking questions</li> <li>■ Receiving the external audit report and opinion on the financial audit</li> <li>■ Reviewing both external and internal audit recommendations relating to financial management and controls</li> <li>■ The audit committee should consider the role of the CFO and how this is met when reviewing the AGS</li> </ul>
External audit (Chapter 4)	<ul style="list-style-type: none"> <li>■ Knowledge of the role and functions of the external auditor and who currently undertakes this role</li> <li>■ Knowledge of the key reports and assurances that external audit will provide</li> <li>■ Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken</li> </ul>	<ul style="list-style-type: none"> <li>■ The audit committee should meet with the external auditor regularly and receive their reports and opinions</li> <li>■ Monitoring external audit recommendations and maximising benefit from audit process</li> <li>■ The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service</li> </ul>

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Risk management (Chapter 4)	<ul style="list-style-type: none"> <li>■ Understanding of the principles of risk management, including linkage to good governance and decision making</li> <li>■ Knowledge of the risk management policy and strategy of the organisation</li> <li>■ Understanding of risk governance arrangements, including the role of members and of the audit committee</li> </ul>	<ul style="list-style-type: none"> <li>■ In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements and should also have awareness of the major risks the authority faces</li> <li>■ Keeping up to date with the risk profile is necessary to support the review of a number of audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee</li> <li>■ The committee should also review reports and action plans to develop the application of risk management practice</li> </ul>
Counter fraud (Chapter 4)	<ul style="list-style-type: none"> <li>■ An understanding of the main areas of fraud and corruption risk to which the organisation is exposed</li> <li>■ Knowledge of the principles of good fraud risk management practice in accordance with the <a href="#">Code of Practice on Managing the Risk of Fraud and Corruption</a> (CIPFA, 2014)</li> <li>■ Knowledge of the organisation's arrangements for tackling fraud</li> </ul>	<ul style="list-style-type: none"> <li>■ Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy</li> <li>■ An assessment of arrangements should support the AGS and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment</li> </ul>
Values of good governance (Chapter 5)	<ul style="list-style-type: none"> <li>■ Knowledge of the Seven Principles of Public Life</li> <li>■ Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff</li> <li>■ Knowledge of the whistleblowing arrangements in the authority</li> </ul>	<ul style="list-style-type: none"> <li>■ The audit committee member will draw on this knowledge when reviewing governance issues and the AGS</li> <li>■ Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported</li> </ul>

Knowledge area	Details of core knowledge required	How the audit committee member is able to apply the knowledge
Treasury management (only if it is within the terms of reference of the committee to provide scrutiny) (Chapter 5)	<ul style="list-style-type: none"> <li>■ <b>Effective Scrutiny of Treasury Management</b> is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <ul style="list-style-type: none"> <li>– regulatory requirements</li> <li>– treasury risks</li> <li>– the organisation's treasury management strategy</li> <li>– the organisation's policies and procedures in relation to treasury management</li> </ul> </li> <li>■ See also <b>Treasure Your Assets</b> (CfPS, 2017)</li> </ul>	<ul style="list-style-type: none"> <li>■ Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny</li> </ul>

## SPECIALIST KNOWLEDGE THAT ADDS VALUE TO THE AUDIT COMMITTEE

This section may be of particular benefit when recruiting independent members.

Knowledge area	Details of supplementary knowledge	How the audit committee member is able to add value to the committee
Accountancy	<ul style="list-style-type: none"> <li>Professional qualification in accountancy</li> </ul>	<ul style="list-style-type: none"> <li>More able to engage with the review of the accounts and financial management issues coming before the committee</li> <li>Having an understanding of the professional requirements and standards that the finance function must meet will provide helpful context for discussion of risks and resource issues</li> <li>More able to engage with the external auditors and understand the results of audit work</li> </ul>
Internal audit	<ul style="list-style-type: none"> <li>Professional qualification in internal audit</li> </ul>	<ul style="list-style-type: none"> <li>This would offer in-depth knowledge of professional standards of internal audit and good practice in internal auditing</li> <li>The committee would be more able to provide oversight of internal audit and review the output of audit reports</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>Risk management qualification</li> <li>Practical experience of applying risk management</li> <li>Knowledge of risks and opportunities associated with major areas of activity</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced knowledge of risk management will inform the committee's oversight of the development of risk management practice</li> <li>Enhanced knowledge of risks and opportunities will be helpful when reviewing risk registers</li> </ul>
Governance and legal	<ul style="list-style-type: none"> <li>Legal qualification and knowledge of specific areas of interest to the committee, for example constitutional arrangements, data protection or contract law</li> </ul>	<ul style="list-style-type: none"> <li>Legal knowledge may add value when the committee considers areas of legal risk or governance issues</li> </ul>
Service knowledge relevant to the functions of the organisation	<ul style="list-style-type: none"> <li>Direct experience of managing or working in a service area similar to that operated by the authority</li> <li>Previous scrutiny committee experience</li> </ul>	<ul style="list-style-type: none"> <li>Knowledge of relevant legislation, risks and challenges associated with major service areas will help the audit committee to understand the operational context</li> </ul>

Knowledge area	Details of supplementary knowledge	How the audit committee member is able to add value to the committee
Programme and project management	<ul style="list-style-type: none"> <li>Project management qualifications or practical knowledge of project management principles</li> </ul>	<ul style="list-style-type: none"> <li>Expert knowledge in this area will be helpful when considering project risk management or internal audit reviews</li> </ul>
IT systems and IT governance	<ul style="list-style-type: none"> <li>Knowledge gained from management or development work in IT</li> </ul>	<ul style="list-style-type: none"> <li>Knowledge in this area will be helpful when considering IT governance arrangements or audit reviews of risks and controls</li> </ul>

## CORE SKILLS

Skills	Key elements	How the audit committee member is able to apply the skill
Strategic thinking and understanding of materiality	<ul style="list-style-type: none"> <li>Able to focus on material issues and overall position, rather than being side tracked by detail</li> </ul>	<ul style="list-style-type: none"> <li>When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation, but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail</li> </ul>
Questioning and constructive challenge	<ul style="list-style-type: none"> <li>Able to frame questions that draw out relevant facts and explanations</li> <li>Challenging performance and seeking explanations while avoiding hostility or grandstanding</li> </ul>	<ul style="list-style-type: none"> <li>The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found</li> </ul>
Focus on improvement	<ul style="list-style-type: none"> <li>Ensuring there is a clear plan of action and allocation of responsibility</li> </ul>	<ul style="list-style-type: none"> <li>The outcome of the audit committee will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities</li> <li>Where errors or control failures have occurred, then the audit committee should seek assurances that appropriate action has been taken</li> </ul>
Able to balance practicality against theory	<ul style="list-style-type: none"> <li>Able to understand the practical implications of recommendations to understand how they might work in practice</li> </ul>	<ul style="list-style-type: none"> <li>The audit committee should seek assurances that planned actions are practical and realistic</li> </ul>

Skills	Key elements	How the audit committee member is able to apply the skill
Clear communication skills and focus on the needs of users	<ul style="list-style-type: none"> <li>Support the use of plain English in communications, avoiding jargon, acronyms, etc</li> </ul>	<ul style="list-style-type: none"> <li>The audit committee will seek to ensure that external documents such as the AGS and the narrative report in the accounts are well written for a non-expert audience</li> </ul>
Objectivity	<ul style="list-style-type: none"> <li>Evaluate information on the basis of evidence presented and avoiding bias or subjectivity</li> </ul>	<ul style="list-style-type: none"> <li>The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses and the committee member will need to weigh up differing views</li> </ul>
Meeting management skills	<ul style="list-style-type: none"> <li>Chair the meetings effectively: summarise issues raised, ensure all participants are able to contribute, focus on the outcome and actions from the meeting</li> </ul>	<ul style="list-style-type: none"> <li>These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members</li> </ul>



## CHAPTER 2

# CIPFA's Position Statement: Audit Committees in Local Authorities and Police

The scope of this Position Statement includes all principal local authorities in the UK, the audit committees for PCCs and chief constables in England and Wales, and the audit committees of fire and rescue authorities.

- 1 Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 2 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 3 Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:
  - act as the principal non-executive, advisory function supporting those charged with governance
  - in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation
  - in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
  - have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups
  - be directly accountable to the authority's governing body or the PCC and chief constable.
- 4 The core functions of an audit committee are to:
  - be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
  - in relation to the authority's internal audit functions:
    - oversee its independence, objectivity, performance and professionalism
    - support the effectiveness of the internal audit process

- promote the effective use of internal audit within the assurance framework
  - consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations
  - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption
  - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
  - support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
  - review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- 5 An audit committee can also support its authority by undertaking a wider role in other areas including:
- considering governance, risk or control matters at the request of other committees or statutory officers
  - working with local standards and ethics committees to support ethical values
  - reviewing and monitoring treasury management arrangements in accordance with [Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017)
  - providing oversight of other public reports, such as the annual report.
- 6 Good audit committees are characterised by:
- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of a council will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise
  - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
  - a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
    - promoting apolitical open discussion
    - managing meetings to cover all business and encouraging a candid approach from all participants
    - an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime
  - unbiased attitudes – treating auditors, the executive and management fairly
  - the ability to challenge the executive and senior managers when required.

- 7 To discharge its responsibilities effectively the committee should:
- meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
  - be able to meet privately and separately with the external auditor and with the head of internal audit
  - include, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required
  - have the right to call any other officers or agencies of the authority as required, while recognising the independence of the chief constable in relation to operational policing matters
  - report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

**Summary of responses asked to questions put to Elected Members about the Audit Committee**

Response Ref.	Questions Asked		
	1	2	3
	<i>Do you read the reports submitted to the Audit Committee</i>	<i>Are there any areas / subject matters that you would wish or expect to be included in the Audit Committee agenda which are not included? If so, please provide details.</i>	<i>Does the work of the Audit Committee provide you with the necessary level of assurance in fulfilling your responsibilities as an Elected Member?</i>
	<b>Responses from Elected Members</b>		
1.	Yes, I read them all.	Every time an elected member asks a question in public about a particular report for noting or decision then this is scrutinising the report. It would not be practical to refer to every instance but if members of partnerships and service committees focus on specific aspects then these could be referenced.	Yes it does. However, recent experience also suggests that key information was left out of Internal Audit Report to the Audit Committee which meant that elected members and lay members of the committee did not receive the full details and its findings. This has the potential to undermine confidence in the Audit Committee as without the full details being presented, the committee is unable to scrutinize fully.

Response Ref.	Questions Asked		
	1	2	3
	<i>Do you read the reports submitted to the Audit Committee</i>	<i>Are there any areas / subject matters that you would wish or expect to be included in the Audit Committee agenda which are not included? If so, please provide details.</i>	<i>Does the work of the Audit Committee provide you with the necessary level of assurance in fulfilling your responsibilities as an Elected Member?</i>
	<b>Responses from Elected Members</b>		
2.	Yes.	No.	I think the length of time the recent high profile audit report does not fill you with confidence. I fully appreciate many issues were out with control of Auditors e.g. HR and Police Scotland but any delay or non-cooperation should have been reported and allow the Committee to make recommendations.
3.	Yes.	No, I feel the Audit Committee's agenda reflects adequately the Council's position and risk going forward.	Yes, I do feel I receive an appropriate level of assurance from the Audit Committee.
4.	Yes, I do of course read the reports submitted to the Audit Committee.	I am satisfied that the agenda includes the areas and subject matters which I would expect of the Audit Committee.	The Audit Committee does provide the necessary level of assurance in allowing me to fulfil my responsibilities as an Elected

Response Ref.	Questions Asked		
	1	2	3
	<i>Do you read the reports submitted to the Audit Committee</i>	<i>Are there any areas / subject matters that you would wish or expect to be included in the Audit Committee agenda which are not included? If so, please provide details.</i>	<i>Does the work of the Audit Committee provide you with the necessary level of assurance in fulfilling your responsibilities as an Elected Member?</i>
	<b>Responses from Elected Members</b>		
			Member.
5.	Yes.	Yes, I am not happy that Elected Members cannot see redacted information when Council officials can.	Yes.



## WEST DUNBARTONSHIRE COUNCIL

### Report by Strategic Lead – Communications, Culture, Communities & Facilities

**Audit Committee: 20 November 2019**

---

#### **Subject: West Dunbartonshire Best Value Assurance Report**

#### **1. Purpose**

- 1.1** The purpose of this report is to update members on progress towards delivery of the improvement plan agreed with Accounts Commission following the 2018 Best Value Assurance process of West Dunbartonshire Council.

#### **2. Recommendations**

- 2.1** Members are asked to:
- Note the progress made to date against the Best Value Assurance Report (BVAR) improvement plan for West Dunbartonshire Council

#### **3. Background**

- 3.1** The Local Government in Scotland Act 2003 established statutory duties for Scottish Local Authorities, focused on securing Best Value. Under these arrangements West Dunbartonshire Council was last audited in 2006, with follow up reports published until 2010.
- 3.2** The Best Value Assurance process took place in West Dunbartonshire from January to April 2018. Audit Scotland carried out an evidence review of strategies and documents, as well as conducting a range of interviews and attending key council meetings.
- 3.3** The BVAR for West Dunbartonshire was presented to Accounts Commission on 7 June 2018 and published on Thursday 28 June, along with the Accounts Commission findings, on the [Account Commission website](#). The report was circulated to all elected members on the date of publication, along with a briefing note on Commission findings. Following this, the report and a supporting improvement plan were considered by Council in August 2018. The improvement plan was approved for delivery during 2018/19 – 2019/20, with progress updates to be reported through Audit Committee.
- 3.4** The BVAR provided an assessment of the Council and its performance since the last audit in 2006. Overall the audit was positive, providing independent external assurance on delivery of Best Value in West Dunbartonshire. The Commission endorsed the recommendations made in the Audit Scotland report and also noted the significant progress made by Council since the most recent audit follow-up report in 2010.

**3.5** Based on the BVAR, Audit Scotland made five recommendations which provide direction on the key areas which Council should focus improvement activity over the coming period. These recommendations cover the themes of:

- Capital project management
- Workforce planning
- Reducing absence
- Developing the Community Alliance
- Enhancing cross party working

#### **4. Main Issues**

##### BVAR & Recommendations

- 4.1** The improvement plan agreed by Council in August 2018 detailed the actions and timescales for delivery of these in each of the five recommendation areas of the BVAR. Lead officers were also identified in the improvement plan.
- 4.2** Work on the range of actions identified to address the recommendation areas of the BVAR has been monitored through Performance & Monitoring Review Group on a monthly basis. In addition, it was agreed that progress would be reported to Audit Committee on a regular basis over the period of the plan with a final report presented to Council following conclusion of the improvement plan.
- 4.3** Audit Scotland is currently reviewing progress of the improvement plan as part of their core annual audit activity. In doing this, the senior auditor met with the performance & strategy manager to gain a general overview of the actions areas. Following this, individual meetings were being arranged with action lead officers as required.
- 4.4** The scorecard report, attached as appendix 1, describes progress to date in each of the five action areas. Good progress has been made on delivery of the agreed actions on cross party working, capital programme management and workforce.
- 4.5** As was reported in August, the Strategic Lead for Housing & Employability highlighted that the initial delivery date for action area 4 on community empowerment was proving challenging. Work on development of the community empowerment strategy progressed well, but did not progress at the pace required to deliver for the June 2019 target date for the action. This was to ensure full ownership and support for the strategy and supporting action plan across key stakeholder groups at a community, Council and partnership level. The Strategy will be presented for endorsement at Community Planning West Dunbartonshire before being considered for approval at November Council.

## **5. People Implications**

- 5.1** There are no people or personnel implications directly associated with this report. Actions will be delivered within existing capacity.

## **6. Financial and Procurement Implications**

- 6.1** There are no financial or procurement implications directly associated with this report. Actions will be delivered within existing budgets.

## **7. Risk Analysis**

- 7.1** Council is required to act on the recommendations made by Audit Scotland and the findings of Accounts Commission. Failure to deliver on the agreed improvement plan would present a risk to the Council's statutory duty to deliver best value and to the reputation of the organisation.

## **8. Equalities Impact Assessment (EIA)**

- 8.1** The improvement plan and associated actions do not have specific relevance to any protected group. The progress report on activity does not require an impact assessment to be undertaken.

## **9. Consultation**

- 9.1** The improvement actions contained in appendix one were developed in consultation with all key services.

## **10. Strategic Assessment**

- 10.1** The improvement plan and response to the BVAR and Accounts Commission findings ensures delivery of the Council priorities:
- open, accountable and accessible local government
  - efficient and effective frontline services that improve the everyday lives of residents

**Malcolm Bennie**  
**Strategic Lead – CCC**  
**21 October 2019**

---

**Person to Contact:** Amanda Coulthard, Performance & Strategy Manager  
[Amanda.coulthard@west-dunbarton.gov.uk](mailto:Amanda.coulthard@west-dunbarton.gov.uk)

**Appendices:** BVAR Improvement Plan – progress report


**Background Papers:** [West Dunbartonshire Council Best Value Report 2018](#)

**Wards Affected:** All


**Best Value Assurance Improvement Plan 2018  
October 2019 Update**




**Capital Programme Management**

Audit Scotland recommendation	Action area	Status	Progress Bar	Due Date	Latest Note	Managed by
To reduce the level of slippage on the capital plan, the council should review its project management processes. The council could use the Major capital investment in councils: good practice guide as the basis of a self-assessment	Capital Planning project management approach to be reviewed and updated with a focus on reducing slippage		<div><div>100%</div></div>	29-Mar-2019	Action complete. Analysis of drivers for slippage carried out along with a review of current practice against highlighted guidance. Existing programme management guidance will be subject to ongoing review based on learning from these exercises.	Richard Cairns



## Workforce Planning

Audit Scotland recommendation	Action area	Status	Progress Bar	Due Date	Latest Note	Managed by
Workforce plans are in place and should be further developed to include forecasts of workforce numbers, the expected shape of the workforce and costs, over the planning period. Progress should be monitored	Workforce planning framework to be embedded and further developed. Long term risk-based scenario planning will be developed, including the forecasting of workforce numbers, composition and costs		<div><div>100%</div></div>	31-Aug-2019	Action complete. Workforce planning for each service completed alongside service plans and presented at relevant committees.	Victoria Rogers


## Attendance

Audit Scotland recommendation	Action area	Status	Progress Bar	Due Date	Latest Note	Managed by
Some staff are finding the pace of change challenging and staff absence remains an issue. The council is taking positive steps to try and address this and should continue to explore opportunities for improvement	Employee wellbeing strategy will be implemented and measures embedded		<div><div>100%</div></div>	31-Oct-2019	Action complete. Action plans supporting employee wellbeing strategy are in place, planning and delivery will be ongoing over the lifetime of the Wellbeing Strategy.	Victoria Rogers

## Community Empowerment

Audit Scotland recommendation	Action area	Status	Progress Bar	Due Date	Latest Note	Managed by
The Community Alliance (CA) brings together representatives from neighbourhood, interest and user groups. The council sees it as an important engagement link with the community but there are a number of challenges that it needs to address. The council should continue to offer help to further develop the role of the CA and help it reach its full potential	Community Empowerment Strategy, with supporting mechanism in place for strategic engagement of community organisations, will be put in place using principles of engaging communities framework			30-Jun-2019	This action is delayed to accommodate increased public engagement through the process. Following a third round of consultation a revised draft has been produced, 6 key themes have been identified and examples of how these are being progressed included. The final strategy will be presented to both CPWD and Council for approval in November. An implementation plan is also being developed.	Peter Barry

### Cross-party working

Audit Scotland recommendation	Action area	Status	Progress Bar	Due Date	Latest Note	Managed by
Councillors should consider working in cross-party groups to address the financial challenges which exist and the important decisions required in the future	Cross party working group arrangements to be explored to ensure Elected Members are sufficiently informed and have all relevant information available to inform decision making.		<div><div>100%</div></div>	28-Feb-2019	Cross party working explored and model now in place	Peter Hesselst



## **WEST DUNBARTONSHIRE COUNCIL**

### **Report by Strategic Lead- Communications, Culture, Communities & Facilities**

**Audit Committee: 20 November 2019**

---

#### **Subject: Scottish Public Services Ombudsman Complaints Report 2018/19**

### **1. Purpose**

- 1.1** The purpose of this report is to present the Scottish Public Services Ombudsman (SPSO) report on complaints handling by West Dunbartonshire Council for the year 1 April 2018 – 31 March 2019.

### **2. Recommendations**

- 2.1** It is recommended that Committee note the following:

- Note the information within this report
- Support a commitment to improve response times for complaints to ensure compliance with Scottish Public Services Ombudsman (SPSO) timelines
- Continue to encourage an improvement culture that welcomes complaints in any form so that we capture all expressions of dissatisfaction and use this information to drive future improvements
- Ensure each service uses the data provided to identify and progress improvement activity

### **3. Background**

- 3.1** West Dunbartonshire Council adopted the SPSO complaint handling model operating in line with all other Local Authorities on 1 April 2013. Complaints continue to be managed centrally by the Citizen Relations team for all Council services with the exception of HSCP.
- 3.2** Statutory appeals and reviews, such as planning decision appeals, continue to be directed to the relevant decision making body, and are not processed through the SPSO office.
- 3.3** The Complaints Handling Process (CHP) is well established and understood by both citizens and staff. Centralised complaints handling ensures an open and transparent process. Complaints are valued by West Dunbartonshire Council because they provide an insight to services, and how the Council is performing. The feedback offers valuable information helping to inform service planning, improve how services are delivered and ensure citizen's views are heard. Citizens who remain dissatisfied with the final outcome of their complaint are openly directed to the SPSO to have their case considered for review.

- 3.3** West Dunbartonshire Council act as factor for the buildings where we retain an interest with tenanted properties. Anyone who remains dissatisfied with the outcome of their complaint is also signposted to the First-tier Tribunal for Scotland (Housing and Property Chamber). The Tribunal is an independent and impartial judicial body whose function is to review complaints from homeowners who consider their property factor has failed to carry out their factoring duties or failed to comply with the Property Factors' Code of Conduct.
- 3.4** As a member of the Local Authority Complaints Handlers Network (LACHN) West Dunbartonshire continues to fully engage in sharing of good practice, and developing consistent approaches to complaints handling and reporting. Network meetings are held quarterly, with SPSO in attendance at each meeting, and are a valuable source of information and support across the sector. The LACHN continues to work on development of benchmarking criteria based on the reporting requirements from the Complaints Handling Model and this continues to be reviewed and discussed at meetings.

#### **4. Main Issues**

- 4.1** The SPSO delivers an annual report to each Local Authority detailing the number of complaints reported to its office. Appendices 1 and 2 show the letter from SPSO together with a breakdown of complaints received by them relating to West Dunbartonshire Council. Appendix 3 is a summary breakdown of complaints received by West Dunbartonshire Council in 2018/19. Appendix 4, Learning from Complaints, provides information on complaints where SPSO provided a decision report with recommendations. Appendix 5 offers information on Scottish Welfare Fund (SWF) enquiries handled by SPSO. Finally, Appendix 6 shows complaints handled by Health & Social Care Partnership (HSCP) for the same period.
- 4.2** In the year 2018/19 the SPSO received 26 complaints regarding West Dunbartonshire Council, compared with 35 in the previous year, a decrease of 34%. The highest number of complaints made by West Dunbartonshire citizens again related to Housing matters. Of the 26 complaints received by SPSO 6 were deemed as premature, which is terminology used by the SPSO when the complaint has not exhausted the Council's complaints process. Of the remaining complaints, 3 were considered by SPSO. Following investigation of these 3 complaints SPSO determined 1 to be fully upheld, 1 was partially upheld and was one deemed to be resolved. The remaining complaints were considered to be not duly made or withdrawn, outwith the jurisdiction of the SPSO or closed as the desired outcome was not achievable for the citizen or the Council.
- 4.3** As outlined in Appendix 2, the Council handled 596 complaints internally in 2018/19. Of these 502 were closed within 2018/19. The difference in complaints handled and closed is due to complaints being received during the reporting period, but still being worked on. The remaining 94 were closed in 2019/20 and will be included in appropriate reporting periods. Of the 502

complaints closed 90% were resolved within SPSO timescales, including with extension where applicable, representing an 18% increase from 2017/18. The data shows delays in responses were due to information not being provided to Citizen Relations within requested timescales leading to delays in providing responses to citizens.

- 4.4** Work is continuing to develop robust processes between Citizen Relations and Services to improve communication and performance. When registering a complaint our residents preferred method is the online complaints form, accounting for 37% of all complaints received. Email is the next preferred method accounting for 34%.
- 4.5** As noted above the number of complaints received in 2018/19 was 596. This represents an increase of 24% when compared to complaints received in 2017/18. While this increase is positive, under-reporting of complaints remains a concern, particularly for frontline services. Work continues to be undertaken to raise awareness of complaints processes and encourage staff to record complaints.
- 4.6** We continue to work to encourage a culture of welcoming complaints and ensuring each department uses the data provided to identify and progress complaints improvement activity. Work will be ongoing throughout 2019/20 to ensure the importance of learning from complaints is fully embedded into service improvement and planning and can be evidenced. More detailed reports now provide service specific analysis of issues from complaints and this information forms part of the regular performance reporting provided at Strategic Lead level.
- 4.7** During 2018/19 SPSO developed a Support and Intervention Policy and this was introduced in April 2019. The policy formalises the mechanisms already in use by SPSO to offer support to Local Authorities and to take more formal intervention when required. SPSO continue to offer support and training to Local Authorities through their Learning Improvement Unit (LIU) to assist in improving public services.
- 4.8** The Ombudsman's annual letter highlighted 94% of recommendations made by them as part of their investigation process were implemented within 3 months. It was noted they would continue to monitor compliance and will engage through their Support and Intervention Policy where required.
- 4.9** In February 2019 the SPSO changed their approach to closing complaints after investigation and now issue decision letters rather than a report. The SPSO also now issue provisional decision letters which detail the investigation and their findings. These are issued to both Local Authorities and the Complainant and allow parties the opportunity to question factual inaccuracies or provide supplementary information before a final decision is issued. It is hoped this will make the decision making process more transparent and SPSO stress this is not an opportunity to provide information which should have already been submitted.

**4.10** The national Local Government complaints process is being reviewed for the first time since its adoption in 2013. West Dunbartonshire are involved in reviewing the draft amendments with concerns and comments being collated and returned to the SPSO.

**4.11** The Ombudsman's Annual Letter references the Scottish Welfare Fund (SWF) for the first time for 2018-19. There were 4 complaints handled in 2018-19 for the SWF of which only 1 was upheld. The SPSO received 7 enquiries of which 4 were referred back to us or were deemed premature. Of the 3 enquiries where SPSO made a decision 2 were upheld and 1 was not upheld.

## **5. People Implications**

**5.1** There are no people implications arising from this report.

## **6. Financial and Procurement Implications**

**6.1** There are no financial implications arising from this report.

## **7. Risk Analysis**

**7.1** There is a reputational risk of not responding to complaints within defined time periods within the two stage process

## **8. Equalities Impact Assessment (EIA)**

**8.1** The two stage process has been equality impact assessed at a National level. Locally, all aspects have been considered and assistance to navigate the complaints process is available for all citizens.

## **9. Consultation**

**9.1** Not applicable to this report.

## **10. Strategic Assessment**

**10.1** Effective complaints handling contributes to all five Council strategic priorities.

Malcolm Bennie  
Strategic Lead  
Communications, Culture & Communities  
Transformation & Public Service Reform  
Date: 30 October 2019

---

**Person to Contact:** Stephen Daly  
Citizen & Digital Services Manager  
Communication, Culture & Communities  
Council Offices, Garshake Rd, Dumbarton  
01389 737263

**Appendices:** Appendix 1 - SPSO Letter  
Appendix 2 – SPSO complaints Data  
Appendix 3 - Summary of Council Complaints 2018/19  
Appendix 4 – Learning from Complaints  
Appendix 5 – SPSO complaints Data for SWF  
Appendix 6 - Summary of HSCP Complaints 2018/19

**Background Papers:** None

**Wards Affected:** All Wards

Mrs Joyce White  
 Chief Executive  
 West Dunbartonshire Council  
 16 Church Street  
 DUMBARTON  
 G82 1QL

17 October 2019

Dear Mrs White

### **Annual letter from SPSO**

1. I am pleased to send you my annual letter, which includes statistics relating to cases we handled about your organisation in 2018-19 and news about developments in the SPSO. I hope you find it useful.
2. The statistics are to inform you about service issues the public have complained to me about. This is so that you can use it with your own complaints performance data to build a picture of what drives dissatisfaction with your organisation and whether there are systemic changes that you can make.
3. Learning from complaints is an intrinsic part of complaints handling and should be embedded in governance structures, to promote an organisational 'valuing complaints' culture. I encourage you to share the enclosed information widely within your organisation, especially with staff who have service delivery or service improvement responsibilities.

### **2018-19 complaints overview**

4. This year, the health sector accounted for the largest proportion of cases received by the SPSO. This is primarily due to a decrease in complaints received about local authorities compared to last year. The decrease in cases is likely to be attributable to a combination of effective complaints handling within local authorities and services now being delivered by Health and Social Care Partnerships for which we have seen a large increase in complaints.

### *Complaints handling advice*

5. During 2018-19 we provided support and guidance on enquiries from organisations on 259 occasions. By volume this was an increase of just over 13% on the previous year when we responded to 228 such requests. However, over several years we have seen a reduction in the requests we receive (for example, during 2015–16 we responded to 621 requests). As the model complaints handling procedure has become more firmly established, and we see a culture change towards valuing complaints and the

improvement opportunities they provide, it is encouraging to see the number of requests for advice reduce.

#### *Compliance with recommendations*

6. We set a deadline for, and follow up, all recommendations until we are satisfied they have been implemented. Public bodies and complainants have the opportunity to comment on the timescales we set at both provisional decision and draft report stages.
7. Ninety-four percent of our recommendations were implemented within three months of the target date set. This is good performance by public bodies but we will continue to monitor compliance and will engage through our Support and Intervention Policy with organisations that consistently fail to meet timescales.

#### *Provisional decisions*

8. As you are aware from my letter of 28 June 2019, we changed our approach to closing complaints where we investigate and issue a decision letter rather than a report. Since February 2019, we share with you and the complainant our provisional views, giving you opportunity to comment if you think we have made factual inaccuracies/mistakes and/or you have new information that impacts on the provisional view. This makes our decision-making more transparent and gives you an opportunity to be involved.
9. Thank you to the organisations who have provided feedback on the change in our approach; it has been very helpful.
10. It is important that your organisation responds to provisional decisions, if only to say you have no comments, as it can make a difference to the outcome and the wording of our final decision. Where we have upheld a complaint against an organisation and made recommendations to which the organisation agrees, it is very helpful to be told this, as we will reflect it in our final decision. Not only does this demonstrate positive outcomes and approaches, it also helps you to display your commitment to learning from complaints.
11. We are still finding that some organisations are sending a lot of information at this provisional decision stage, which we would have expected them to have sent when we notified them of the investigation, and which we would have expected them to be aware of when responding to the initial complaint at Stage 2. We would ask you to be mindful of this, and to make sure your organisation provides us with relevant information during the course of our investigation.

#### **Model Complaints Handling Procedures (MCHP) review**

12. In 2018-19, we consulted with public bodies about your experience of the MCHP in order to improve public sector complaints handling. Responses are being analysed and will inform a review of the MCHP.
13. Thank you to everyone for your constructive feedback and comments.
14. The analysis of responses is being undertaken during 2019-20. Emerging findings include:

- Satisfaction with the MCHP is high
  - 84% said the MCHP definition of a complaint is helpful
  - SPSO guidance and tools are useful but we need to increase awareness of and access to the full range
  - Not all performance indicators are helpful. Feedback indicated a need for clarity about the requirement to test customer satisfaction, and about authorising extensions to timescales
  - More guidance about the use of social media to submit complaints would be helpful
  - The MCHP format and the website could be more intuitive and user-friendly, for example with greater use of hyperlinks within the documents.
15. Work is continuing into the 2019-20 year, with the aim of having an updated MCHP for implementation from 1 April 2020.

### **Support and Intervention Policy**

16. As you will know, we developed our [Support and Intervention Policy](#) in 2018-19 and it went live in April 2019. The policy formalises the mechanisms we already use to offer support to organisations and take intervention when required. It offers more clarity to public bodies regarding what to expect from us, how and when.
17. Support action under the policy gives guidance and support to organisations to help them improve their practice or address poor performance.
18. Intervention action is more formal and will usually require the public body to take specific action to improve performance in relation to complaints handling, handling of Scottish Welfare Fund reviews or engagement with SPSO investigations and reviews.
19. This does not replace the advice and feedback we already give as part of our handling of complaints, nor does the policy prevent public bodies asking us for help and advice; but makes it clearer how we use our statutory powers in a more structured way to promote improvement.
20. More information about the Support and Intervention Policy is available [on our website](#).

### **Scottish Welfare Fund (SWF)**

#### *Overview*

21. This year we saw a 34% increase from 2017-18 in total contacts with our service, largely accounted for by signposting enquires. We discovered this was primarily down to SPSO's telephone number appearing more prominently than some councils' contact details on online search engines.
22. There was a 7% increase in decisions we made. This shows that more applicants are reaching the final stage of the review process than ever before, but raises the question of why they feel the need to seek a review.

23. We disagreed with the council's decision in 51% of community care grant reviews and 32% of crisis grant reviews across Scotland. This is a marginal reduction on our uphold rates last year of 52% and 35% respectively. While this is a small, but encouraging, step in the right direction, it suggests there is scope for further learning to improve the accuracy of decision-making.

#### *Learning and improvement*

24. We continue to promote and support the development of a culture where learning and improvement is embedded in SWF practice. This year our SWF team delivered three regional workshops for council decision-makers in Aberdeen, Edinburgh and Glasgow. These focused on hot topics for decision-makers, evaluating evidence and reasoned decision-making. We also welcomed visits from councils to enhance understanding of our role and deliver information on our findings.
25. This coming year, we plan to introduce an online tool to support decision-making as a further measure for learning and improvement.

#### *SWF Guidance*

26. We continue to highlight areas of the statutory guidance that would benefit from change as a result of findings from our casework. This year's recommendations included an emphasis on more structured, logical decision-making to promote accuracy in council's decision-making. We also noted our continued disappointment about poor accessibility to the fund, particularly in relation to the first tier review having to be in writing and around examples where there has been a failure to make reasonable adjustments for people with disabilities.

#### **And finally ...**

27. Please contact me if you have any questions or comments, or would like to discuss any aspect of this letter.

Yours sincerely



Rosemary Agnew  
**Scottish Public Services Ombudsman**

CC: Cllr Jonathan McColl  
Mr Peter Hessett  
Mr Peter Prior

## Local Authority Complaints Received 2018-19

West Dunbartonshire Council						
Subject Group	West Dunbartonshire Council	Rank	Complaints as % of total	Sector Total	Rank	Complaints as % of total
Housing	8	1	33.33%	251	1	19.29%
Environmental Health & Cleansing	4	2=	16.67%	101	6	7.76%
Finance	4	2=	16.67%	98	7	7.53%
Planning	3	4	12.50%	130	4	9.99%
Social Work	2	5	8.33%	206	2	15.83%
Recreation & Leisure	1	6=	4.17%	26	9	2.00%
Land & Property	1	6=	4.17%	16	10	1.23%
Education	0	-	0.00%	143	3	10.99%
Roads & Transport	0	-	0.00%	111	5	8.53%
Legal & Admin	0	-	0.00%	67	8	5.15%
Building Control	0	-	0.00%	15	11	1.15%
Personnel	0	-	0.00%	7	12	0.54%
Other	0	-	0.00%	6	13	0.46%
Economic Development	0	-	0.00%	5	14	0.38%
Valuation Joint Boards	0	-	0.00%	3	15=	0.23%
Welfare Fund - Community Care Grants	0	-	0.00%	3	15=	0.23%
National Park Authorities	0	-	0.00%	2	17	0.15%
Welfare Fund - Crisis Grants	0	-	0.00%	1	18	0.08%
Subject unknown or Out of Jurisdiction	1	-	4.17%	110	-	8.46%
<b>Total</b>	<b>24</b>		<b>100.00%</b>	<b>1,301</b>		<b>100.00%</b>
Complaints as % of Sector						
	1.8%			100.0%		

## Local Authority Complaints Received 2017-18

West Dunbartonshire Council						
Subject Group	West Dunbartonshire Council	Rank	Complaints as % of total	Sector Total	Rank	Complaints as % of total
Housing	13	1	38.24%	316	1	21.44%
Social Work	4	2	11.76%	254	2	17.23%
Education	2	3=	5.88%	151	3	10.24%
Environmental Health & Cleansing	2	3=	5.88%	116	5	7.87%
Finance	2	3=	5.88%	112	6	7.60%
Legal & Admin	2	3=	5.88%	71	8	4.82%
Planning	1	7=	2.94%	134	4	9.09%
Roads & Transport	1	7=	2.94%	104	7	7.06%
Land & Property	1	7=	2.94%	17	10	1.15%
Personnel	1	7=	2.94%	12	12	0.81%
Welfare Fund - Community Care Grants	1	7=	2.94%	7	13	0.47%
Recreation & Leisure	0	-	0.00%	24	9	1.63%
Building Control	0	-	0.00%	16	11	1.09%
Other	0	-	0.00%	6	14	0.41%
Consumer Protection	0	-	0.00%	4	15=	0.27%
National Park Authorities	0	-	0.00%	4	15=	0.27%
Fire & Police Boards	0	-	0.00%	3	17	0.20%
Economic Development	0	-	0.00%	2	18=	0.14%
Welfare Fund - Crisis Grants	0	-	0.00%	2	18=	0.14%
Subject Unknown or Out Of Jurisdiction	4	-	11.76%	119	-	8.07%
<b>Total</b>	<b>34</b>		<b>100.00%</b>	<b>1,474</b>		<b>100.00%</b>
Complaints as % of Sector						
	2.3%			100.0%		

# Local Authority Complaints Determined 2018-19

		2018-19	
Stage	Outcome Group	West Dunbartonshire Council	Sector Total
Advice	Not duly made or withdrawn	6	255
	Out of jurisdiction (non-discretionary)	0	2
	Premature	6	244
	<b>Total</b>	<b>12</b>	<b>501</b>
Early Resolution	Not duly made or withdrawn	1	45
	Out of jurisdiction (discretionary)	2	70
	Out of jurisdiction (non-discretionary)	0	47
	Outcome not achievable	0	71
	Premature	0	55
	Proportionality	8	358
	Resolved	0	26
	<b>Total</b>	<b>11</b>	<b>672</b>
Investigation	Fully upheld	1	34
	Some upheld	1	23
	Not upheld	0	40
	Resolved	1	1
<b>Total Complaints</b>		<b>26</b>	<b>1,271</b>

<i>Total Premature Complaints</i>	6	299
<i>Premature Rate</i>	23.1%	23.5%
<i>Total Investigation Decisions</i>	2	97
<i>Total Upholds</i>	2	57
<i>Uphold Rate</i>	100.0%	58.8%

# Local Authority Complaints Determined 2017-18

		2017-18	
Stage	Outcome Group	West Dunbartonshire Council	Sector Total
Advice	Not duly made or withdrawn	7	253
	Out of jurisdiction (discretionary)	0	3
	Out of jurisdiction (non-discretionary)	0	5
	Premature	13	381
	<b>Total</b>	<b>20</b>	<b>642</b>
Early Resolution	Not duly made or withdrawn	1	38
	Out of jurisdiction (discretionary)	1	99
	Out of jurisdiction (non-discretionary)	1	113
	Outcome not achievable	3	85
	Premature	1	53
	Proportionality	6	314
	Resolved	0	29
	<b>Total</b>	<b>13</b>	<b>731</b>
Investigation	Fully upheld	0	47
	Some upheld	1	49
	Not upheld	1	69
	Not duly made or withdrawn	0	1
	Resolved	0	3
	<b>Total</b>	<b>2</b>	<b>169</b>
<b>Total Complaints</b>		<b>35</b>	<b>1,542</b>

<i>Total Premature Complaints</i>	14	434
<i>Premature Rate</i>	40.0%	28.1%
<i>Total Investigation Decisions</i>	2	165
<i>Total Upholds</i>	1	96
<i>Uphold Rate</i>	50.0%	58.2%

<i>Old Uphold Rate Calculation</i>		
<i>Total Cases 'Fit for SPSO'</i>	2	169
<i>Total Upholds</i>	1	96
<i>Uphold Rate</i>	50.0%	56.8%

## Year 2018-19

Year 2018-19	Complaints Received			Complaints Closed							
Performance & Monitoring	Total Complaints Recieved	Complaints Recieved Stage 1	Complaints Received Stage 2	Total complaints closed	Closed at Stage 1	Closed within 5 Working Days	Extension Stage 1	Exceeded S1 deadline after extension ie +10days	Total working days to close Stage 1 complaints	Average working days to close S1	Closed at Stage 2
Communications, Culture & Communities	37	36	1	36	35	32	1	2	103	3	1
Education, Learning & Attainment	26	24	2	9	7	4	0	3	70	10	2
People & Technology	0	0	0	0	0	0	0	0	0	0	0
Regulatory	23	18	5	23	18	12	4	2	89	5	5
Resources	83	74	9	66	56	30	10	16	538	10	10
Environment & Neighbourhood	222	216	6	190	184	160	14	10	578	3	6
Housing & Employability	72	65	7	61	54	39	10	5	213	4	7
Regeneration	133	122	11	117	106	82	16	8	455	4	11
Totals	596	555	41	502	460	359	55	46	2046	4	42
Complaint Category			Upheld per category Stage 1	Upheld per category Stage 2	Performance						
					% of complaints closed within SPSO timescales					90%	
Below declared service standard		1	0	0	average working days to close Stage 1 complaints					4	
Citizen expectation not met - quality of service		316	102	2	average working days to close Stage 2 complaints					13	
Citizen expectation not met – timescales		79	48	2	% of Stage 1 complaints upheld					43%	
Council policy – charges		11	3	1	% of Stage 2 complaints upheld					14%	
Council policy – does not meet criteria		0	0	0							
Council policy – level of service provision		72	0	0	Channel Received						
Delay in service delivery		0	0	0	E-mail					183	
Employee behaviour		61	17	0	Online Complaints form					218	
Error in Service Delivery		32	19	0	Internal Complaints form					9	
Failure to deliver service		6	1	1	In Writing					22	
Service standards not declared		0	0	0	By telephone					162	
Contractor		18	6	0	Face to Face					1	
					Social Media					1	
Total		596	196	6	TOTAL					596	
Equalities											
Equality concern raised			0								

						Outcome					
Closed within 20 working days	Extension Stage 2	Exceeded S2 deadline after extension ie +25	Total working days to close Stage 2 complaints	Average working days to close S2	Escalated from Stage 1 to 2	Upheld Stage 1	Not Upheld Stage 1	Upheld Stage 2	Not upheld Stage 2	Withdrawn	SPSO Enquires
1	0	0	3	0	1	21	14	0	1	0	0
2	0	0	9	0	1	4	3	0	2	0	0
0	0	0	0	0	0	0	0	0	0	0	0
4	1	0	54	0	2	4	14	0	5	0	0
7	2	1	118	0	2	26	30	1	9	0	0
5	1	0	65	0	1	54	130	1	5	0	0
4	2	1	107	0	4	15	39	1	6	0	0
8	1	2	203	0	7	72	34	3	8	0	0
<b>31</b>	<b>7</b>	<b>4</b>	<b>559</b>	<b>13</b>	<b>18</b>	<b>196</b>	<b>264</b>	<b>6</b>	<b>36</b>	<b>0</b>	<b>0</b>

## Complaints Performance 2018/19

Performance & Monitoring	Communications, Culture & Communities	Education, Learning & Attainment	People & Technology	Regulatory	Resources	Environment & Neighbourhood	Housing & Employability
<b>Complaints Received</b>							
Total Complaints Recieved	37	26	0	23	83	222	72
Complaints Recieved Stage 1	36	24	0	18	74	216	65
Complaints Received Stage 2	1	2	0	5	9	6	7
<b>Complaints Closed</b>							
<b>Total complaints closed</b>	<b>36</b>	<b>9</b>	<b>0</b>	<b>23</b>	<b>66</b>	<b>190</b>	<b>61</b>
Closed at Stage 1	35	7	0	18	56	184	54
Closed within 5 Working Days	32	4	0	12	30	160	39
Extension Stage 1	1	0	0	4	10	14	10
Exceeded S1 deadline after extension ie +10days	2	3	0	2	16	10	5
Total working days to close Stage 1 complaints	103	70	0	89	538	578	213
Average working days to close S1	3	10	0	5	10	3	4
Closed at Stage 2	1	2	0	5	10	6	7
Closed within 20 working days	1	2	0	4	7	5	4
Extension Stage 2	0	0	0	1	2	1	2
Exceeded S2 deadline after extention ie +25	0	0	0	0	1	0	1
Total working days to close Stage 2 complaints	3	9	0	54	118	65	107
Average working days to close S2	0	0	0	0	0	0	0

Escalated from Stage 1 to 2	1	1	0	2	2	1	4
<b>Outcomes</b>							
Upheld Stage 1	21	4	0	4	26	54	15
Not Upheld Stage 1	14	3	0	14	30	130	39
Upheld Stage 2	0	0	0	0	1	1	1
Not upheld Stage 2	1	2	0	5	9	5	6
Withdrawn	0	0	0	0	0	0	0
SPSO Enquires	0	0	0	0	0	0	0

Regeneration	Totals
133	596
122	555
11	41
117	502
106	460
82	359
16	55
8	46
455	2046
4	4
11	42
8	31
1	7
2	4
203	559
0	13

7	18
72	196
34	264
3	6
8	36
0	0
0	0

Complaint Category		category Stage 1	category Stage 2
Below declared service standard	1	0	0
Citizen expectation not met - quality of service	316	102	2
Citizen expectation not met – timescales	79	48	2
Council policy – charges	11	3	1
Council policy – does not meet criteria	0	0	0
Council policy – level of service provision	72	0	0
Delay in service delivery	0	0	0
Employee behaviour	61	17	0
Error in Service Delivery	32	19	0
Failure to deliver service	6	1	1
Service standards not declared	0	0	0
Contractor	18	6	0
<b>Total</b>	<b>596</b>	<b>196</b>	<b>6</b>

Equalities	
Equality concern raised	<b>0</b>

<b>Performance</b>	
% of complaints closed within SPSO timescales	90%
average working days to close Stage 1 complaints	4
average working days to close Stage 2 complaints	13
% of Stage 1 complaints upheld	43%
% of Stage 2 complaints upheld	14%
<b>Channel Received</b>	
E-mail	183
Online Complaints form	218
Internal Complaints form	9
In Writing	22
By telephone	162
Face to Face	1
Social Media	1
<b>TOTAL</b>	<b>596</b>

## Learning from Complaints

### SPSO Enquiries:

SPSO received an enquiry about water damage to property due to works carried out by the council as part of a Flood Prevention Scheme (FPS). The complainer said the council failed to investigate the effect of the water damage and remedy these issues. They also complained about vibrations from a nearby road, the quality of the council's communication with them and the response to her complaint.

SPSO found that the council did conduct a suitable investigation into the effect of water damage to the property and had investigated concerns about sediment in a burn and took action to remedy this. The Council also continued to monitor both the water flow and level and conducted annual inspection of the burn. No further problems had been identified since remedial actions had been installed. SPSO considered the Council's investigation and remedial action had been reasonable and did not uphold these aspects of the complaints.

In relation to the vibrations from the nearby road, SPSO noted that the Council repaired the road, but when the complainant raised continued concerns, no further inspection was conducted. SPSO considered that the Council should have attended the road and/or met with the complainant to establish any outstanding issues and therefore upheld this aspect of the complaint.

In relation to complaints handling, SPSO found that the council's response to the complaint was appropriate and responded to the issues raised within the timescales set out in their complaint handling procedure. This aspect of the complaint was not upheld.

SPSO found that the council did not respond to two letters the complainant had sent raising concerns and SPSO upheld this aspect of the complaint.

SPSO made the following recommendations:

- Apologise for failing to respond to letters. The apology should meet the standards set out in the SPSO guidelines on apology. .
- Contact complainer to establish if the road issue remains a problem and if it does Council should conduct an investigation and advise complainer of their findings.

## Enquiry 2:

SPSO received an enquiry from resident who complained about works carried out by the Council to lower the footway at their property to allow for access to the driveway. The Council carried out works to drop the kerb, but did not lower the heel kerb. The complaint was that as a result of the Council not lowering the heel kerb, their car grounded on the footpath and they believed the council should have dropped the heel kerb as part of the works. The Council advised works had been carried out to specification and considered the issue was the level of the driveway which was not their responsibility

SPSO requested documentation with respect to the inspection and agreed specification for the works. The Council was not able to provide documentation relating to their inspection, even though they had visited the site on a number of occasions. SPSO concluded the council had failed to appropriately document their inspection and the specified works. The Council confirmed during the investigation that they no longer offered to carry out such works and that, in an effort to conclude matters and in acknowledgement of the inconvenience, they agreed to waive their fee for the works carried out. SPSO considered the Council should re-inspect the driveway, document findings with respect to the works that should have been carried out at the time and, if further works were required should liaise with the complainant to arrange for these to be completed.

SPSO upheld the complaint and made the following recommendations:

- Apologise for failure to document further assessment of whether the heel kerb should have been lowered. The apology should meet the standards set out in the SPSO guidelines on apology. .
- The Council should carry out a further inspection of the footway and driveway to determine whether, at the time the works were completed (prior to the installation of the gravel grid system on the driveway); the heel kerb should have been dropped to provide level access. If it was determined the kerb should be dropped, the Council should arrange, in consultation with the complainant to drop the kerb and pavement to the original driveway levels.

SPSO requested the Council provide SPSO with evidence that the recommendations have been implemented.

## 2018-19 SWF Review Statistics

The statistics below provide information about the reviews received from applicants in your area and compare these to the overall picture of reviews across Scotland. For comparison purposes, we have also included last year's figures.

We record cases as upheld where we change the council's decision. Uphold rates are therefore a useful indicator of how councils are performing as they illustrate how regularly we assess that a different decision should have been made. For councils with very low numbers of SPSO reviews, the uphold rates and comparisons are likely to be less representative. However, recording the uphold rates helps create a baseline for comparison in future years.

The average uphold rates in 2018-19 were (last year's figures in brackets):

- 32% (35%) for crisis grants
- 51% (52%) for community care grants.

The tables below summarise how we handled enquiries, cases that we closed before decision and decision outcomes. Examples of the reasons for closing applications before making a decision include where applicants have contacted us before asking for a first tier review, before receiving their first tier decision (premature) or have chosen to withdraw their review request (not duly made or withdrawn).

Authority	West Dunbartonshire Council
Total enquiries	7 (11)

West Dunbartonshire Council – cases closed pre-decision			
Outcome	Community Care	Crisis	Total
Advice only	0 (0)	1 (0)	1 (0)
Premature	0 (1)	2 (3)	2 (4)
Referred back to council	1 (1)	0 (0)	1 (1)
Total	1 (2)	3 (3)	4 (5)

Application type	Total decision	Not upheld	Upheld	Uphold rate	National average uphold rate
Crisis grant	0 (1)	0 (1)	0 (0)	0% (0%)	32% (35%)
Community care grant	3 (5)	1 (4)	2 (1)	67% (20%)	51% (52%)
Total	3 (6)				

## Suggestions for improvement

Where we identify potential or actual failings, we record suggestions for improvement which we highlight directly to councils. We do this for all cases, whether or not we uphold them. For transparency, we include these in our decision letters to applicants.

We have outlined the findings we have recorded for your council broken down by the 'findings subject' and whether or not they were material to the decision. For clarity, findings which are material to the decision cause us to disagree with the overall decision, whereas non-material findings are general suggestions for improvement.

This information provides detail around the areas of your casework where we considered improvements could be made, and we anticipate this will be used for identifying areas of focus for learning. Examples of our findings are available via our online case directory at [www.spsso.org.uk/scottishwelfarefund/case-summaries](http://www.spsso.org.uk/scottishwelfarefund/case-summaries). Councils have also been provided with detailed case by case feedback throughout the year.

We hope you find this helpful. If you would like to discuss this with them, or how we might provide learning support, please get in touch with the SWF team on 0800 014 7299.

Authority	West Dunbartonshire Council
Total findings	9 (14)

Findings: Material to Decision		
Subject	%	Total
Guidance not followed	50% (67%)	1 (2)
Insufficient information/ inquisitorial failure	50% (33%)	1 (1)
Total	100% (100%)	2 (3)

Findings: Not Material to Decision		
Subject	%	Total
Communication issues – written	43% (36%)	3 (4)
Guidance not followed	29% (27%)	2 (3)
Incorrect interpretation of information	14% (9%)	1 (1)
Internal council recording issue	0% (9%)	0 (1)
Positive feedback	0% (18%)	0 (2)
Timescales	14% (0%)	1 (0)
Total	100% (*99%)	7 (11)

*\*percentages may not equal 100% due to rounding*

**West Dunbartonshire HSCP Complaints Summary**  
**1 April 2018 – 31 March 2019**

There were a total of 49 stage 2 complaints received within the Partnership during the reporting year and 35 frontline complaints, 1 of these complaints was transferred to stage 2.

Responded under NHSGGC Complaints Policy		Responded under Social Work Complaints Policy	
Fully Upheld	1	Fully Upheld	4
Partially Upheld	3	Partially Upheld	9
Not Upheld	9	Not Upheld	18
Unsubstantiated		Unsubstantiated	6
NHSGGC Complaints Policy		Social Work Complaints Policy	
Mental Health, Learning Disability & Addictions	3	Community Health and Care Services	14
Children's Health, Care & Criminal Justice	5	Children's Health, Care & Criminal Justice	16
Community Health and Care Services	1	Mental Health, Learning Disability & Addictions	6
MSK Physio*	4	Joint complaint between the Health and Social Care Partnership and Housing	1
<b>Total</b>	<b>13</b>		<b>37</b>

\*NHSGGC-Wide Hosted service

Summary of main themes evident from lessons learnt:

- Importance of reviewing processes to ensure efficient and fit for purpose.
- Importance of staff communicating timeously, clearly and respectfully with service users and family members.
- Importance of staff adhering to the General Data Protection Regulations, ensuring proper use of systems with accurate record keeping.
- Staff need to follow Data Protection Legislation in relation to sharing personal data with third parties.

	Value	Target	Note
Percentage of complaints received and responded to within 20 working days (NHS)	62%	70%	13 complaints received, with 8 responded to on time.
Percentage of complaints received which were responded to within 28 days (WDC)	32%	70%	37 complaints received, with 12 responded to on time. It has been confirmed that the majority of the delays were related to the complexity of the complaints, so were legitimate in each circumstance.

Service Area	Complaint Subject	Outcome
<b>Social Work Policy</b>		
Community Health and Care Services	Employee Attitude	Not Upheld
	Employee Attitude	Not Upheld
	Administrative Delays	Not Upheld
	Employee Attitude	Unsubstantiated
	Data Breach	Upheld
	Failure to Provide Service	Unsubstantiated
	Failure to Provide Service	Upheld
	Employee Attitude/Communication	Partially Upheld
	Bias or Unfair Discrimination	Not Upheld
	Failure to achieve standards/quality of service	Partially Upheld
	Communication	Partially Upheld
	Employee Attitude	Unsubstantiated
	Failure to Achieve Standards/Quality of Service	Not Upheld
	Delay in providing service	Partially Upheld
	Communication	Not Upheld
Children's Health, Care & Criminal Justice	Concern regarding Foster Placement	Not Upheld
	Failure to Achieve Standards/Quality of Service	Not Upheld
	Employee Attitudes, Failure to Provide Service, Failure to achieve standards/quality of service, Failure to fulfil statutory responsibilities, Communication	Unsubstantiated
	Administrative Delays/Failure to Fulfil Statutory Responsibilities/Employee Attitude	Not Upheld
	Failure to Provide Service/Employee Attitude	Not Upheld
	Bias or Unfair Discrimination	Not Upheld
	Bias or Unfair Discrimination	Not Upheld
	Employee Attitude/Failure to Provide Service/Failure to Achieve Standards/Quality of Service	Unsubstantiated
	Failure to achieve standards/quality of service/Communication	Partially Upheld

	& GDPR Issues	
	Communication & GDPR Issues	Upheld
	Failure to achieve standards/quality of service	Upheld
	Failure to Provide a Service	Not Upheld
	Failure to Provide a Service	Partially Upheld
	Employee Attitude	Not Upheld
	Communication	Not Upheld
Mental Health, Learning Disability & Addictions	Failure to provide services	Not Upheld
	Employee Attitude	Partially Upheld
	Collision with other resident	Unsubstantiated
	Failure to achieve standards/quality of service	Not Upheld
	Employee Attitude	Partially Upheld
	Failure to Provide Service	Partially Upheld
Joint Complaint	Failure to Provide Service	Not Upheld
<b>Service Area</b>	<b>Complaint Subject</b>	<b>Outcome</b>
<b>NHS GGC Policy</b>		
MSK Physio	Treatment	Not Upheld
	Treatment/ Communication	Partially Upheld
	Conduct	Not Upheld
	Conduct	Not Upheld
Mental Health, Learning Disability & Addictions	Staff Attitude	Not upheld
	Staff Issue	Partially Upheld
	Conduct	Not Upheld
Children's Health, Care & Criminal Justice	Booking Arrangements	Partially Upheld
	Communication	
	Treatment	Not Upheld
	Staff Conduct	Not Upheld
	Treatment	Not Upheld
Community Health and Care	Conduct/Behaviour	Upheld

Services		
----------	--	--