

County Buildings
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29 May 2025

**To: Councillors Dettbarn (Chair), Bell, Kilpatrick, Lamont,
McGinley, Pollock, Ramsay and Weir**

All other Elected Members for information only

Dear Councillors

AUDIT AND GOVERNANCE PANEL

You are requested to participate in the above Panel to be held on **Wednesday, 4 June 2025 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held in the County Hall County Buildings, Ayr on a hybrid basis for Elected Members, will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Declarations of Interest.
2. Call-ins from Cabinet.
3. Minutes of previous meeting of 7 May 2025 (copy herewith).
4. Action Log and Work Programme (copy herewith).

External Audit Reports

5. Audit and Governance Panel – 2024/25 Annual Report – Submit report by the Chief Financial Officer (copy herewith).
6. Best Value Action Plan – Progress Update - Submit report by the Director of Education (copy herewith).

Internal Audit Report

7. Corporate Fraud – Activity Report and 2023/2024 National Fraud Initiative Update - Submit report by the Chief Internal Auditor (copy herewith).

Other Governance Report

8. The Global Internal Audit Standards (GIAS) in the UK Public Sector – Submit report by the Chief Internal Auditor (copy herewith).

For more information on any of the items on this agenda, please telephone June Chapman,
Committee Services on 01292 272015, Wellington Square, Ayr or
e-mail: committeeservices@south-ayrshire.gov.uk
www.south-ayrshire.gov.uk

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AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 7 May 2025 at 10.00 a.m.

- Present in
County Hall: Councillors Julie Dettbarn (Chair), Alan Lamont and George Weir.
- Present
Remotely: Councillor Brian McGinley.
- Apologies: Councillors Kenneth Bell, Chris Cullen, Mary Kilpatrick and Cameron Ramsay.
- Attending in
County Hall: M. Newall, Chief Executive; T. Baulk, Chief Financial Officer; Lisa Duncan, Chief Finance Officer; C. McGhee, Chief Internal Auditor; W. Carlaw, Service Lead - Democratic Governance; Nicola Gemmell, Service Lead – Revenue and Benefits; J. Chapman, Committee Services Officer; and E. Moore, Clerical Assistant.
- Attending
Remotely: T Simpson, Service Lead - Corporate Accounting.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Call-ins from Cabinet.

The Panel noted that there were no call-ins from Cabinet of 29 April 2025.

3. Minutes of Previous Meeting.

The Minutes of the meeting of 26 March 2025 ([issued](#)) were submitted and approved.

4. Action Log and Work Programme.

There was submitted an update of the Action Log and Work Programme for this Panel ([issued](#)).

The Chief Financial Officer advised there were no actions outstanding.

The Panel

Decided: to note the current status of the Action Log and Work Programme.

5. Audit Scotland: A Review of Housing Benefit Overpayments 2018/19 to 2021/22.

There was submitted a report ([issued](#)) of 25 April 2025 by the Chief Financial Officer presenting the findings and recommendations included in the Audit Scotland report “a Review of Housing Benefit Overpayments 2018/19 to 2021/22”, published in February 2025.

A Member of the Panel gave his views on the report and stated that he would like to receive regular updates as they came and would like to help and support the team from an Audit point of view in terms of making sure they had sufficient resources.

A Member of the Panel advised that although the figures were out of date, it gave a baseline of the work that was ongoing in this area and that this Council was amongst those Councils in Scotland whose payments were accurate. He also intimated that overpayments were often not of the receivers making, that often there was a significant impact on those on low incomes and that cases of this nature should be treated sensitively. Having heard another Member of the Panel, the Service Lead – Revenues and Benefits responded to how those on low incomes were dealt with, should an overpayment be made, which indeed was in a sensitive manner.

A Member of the Panel stated that he was encouraged and happy to hear a sensitive approach was being taken and enquired if there was enough resources and staff in place to continue this approach due to 4 posts being deleted. The Service Lead – Revenue and Benefits advised that in the longer term they were comfortable and had adequate staff in place.

A Member of the Panel enquired if there was an automatic referral to the Information Advice Hub for people who are in debt. The Service Lead – Revenue and Benefits stated that there was not an automatic referral process in terms of revenue debt but if customers did make contact the use of the hub was very much promoted.

A member of the panel asked to be brought up to date on how performance had continued in more recent periods in relation to overpayment recovery. The Service Lead – Revenue and Benefits advised that in the last 2 years 22/23 it was estimated that collection would be 18% and in 23/24 it is estimated to be 20%.

The Panel

Decided:

- (1) to note the findings and recommendations from the Audit Scotland report (attached as Appendix 1); and
- (2) to note the local arrangements in place at paragraph 4.2.

6. External Audit Reports – Progress to 31 March 2025.

There was submitted a report ([issued](#)) of 25 April 2025 by the Chief Financial Officer providing Members with an update on the progress that the Council was making in relation to external audit improvement actions.

Having heard a Member of the Panel, it was noted that a paper on the uncompleted action reviewing the service and rental agreements between the Council and the Common Good was currently being prepared and would be submitted to Members for formal consideration and approval to a forthcoming Council meeting. The Chief Governance Officer advised that a Members' Briefing in this area had recently been held in advance of the paper coming forward to Council for consideration in later in May.

The Panel, having scrutinised the contents of External Audit Reports – Progress to 31 March 2025

Decided:

- (1) to note the contents of the report.

7. Audit Scotland: Integration Joint Boards - Finance Bulletin 2023/24.

There was submitted a report ([issued](#)) of 25 April 2025 by the Director of Health and Social Care Partnership presenting the findings of the Audit Scotland report entitled "Integration Joint Boards – Finance Bulletin 2023/24", published in March 2025.

The Chair commended Officers for the work that had been done and stated that South Ayrshire Council Integration Joint Board was in a relatively healthy position in comparison to other Boards across Scotland and that wellbeing should be at the heart of Councils' issues.

A member of the panel commented that many organisations would be happy achieving 95% of their cost savings and stated that this was commendable.

The Panel

Decided:

- (1) to note the findings of the Audit Scotland report (attached as Appendix 1); and
- (2) to note the local arrangements in place at paragraph 4.2.

The meeting ended at 10:42

DRAFT

Audit and Governance Panel

Agenda Item No. 4

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
			No outstanding actions			

Audit and Governance Panel

Work Programme 2025

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
1.	Audit and Governance Panel – 2024/25 Annual Report	Report to Panel	Chief Financial Officer/ Chief Governance Officer	4 June 2025 (Annually)	Report to this Panel
2.	Best Value Action Plan – Progress Update	Report to Panel	Depute Chief Executive and Director of Education	4 June 2025 (Quarterly)	Report to this Panel
3.	Corporate Fraud Team- Activity Report and 2023/2024 National Fraud Initiative Update	Report to Panel	Chief Internal Auditor	4 June 2025	Report to this Panel
4.	The Global Internal Audit Standards (GIAS) in the UK Public Sector	Report to Panel	Chief Internal Auditor	4 June 2025	Report to this Panel
5.	Annual Accounts 2024/25	Report to Panel	Chief Financial Officer	25 June 2025 (Annually)	Being Drafted
6.	Corporate Lets	Report to Panel	Director of Communities and Transformation	25 June 2025 (Annually)	Being Drafted
7.	Delivering Good Governance – 2024/25 Assessment	Report to Panel	Chief Governance Officer	25 June 2025 (Annually)	Being Drafted
8.	Internal Audit Annual Report 2024/25	Report to Panel	Chief Internal Auditor	25 June 2025 (Annually)	Being Drafted

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
9.	Treasury Management Annual Report 2024/25	Report to Panel	Chief Financial Officer	25 June 2025 (Annually)	Being Drafted
10.	Audit Scotland: Integration Joint Boards – Finance and Performance 2025	Report to Panel	Chief Financial Officer	September 2025 (Annually)	Not yet started
11.	Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC)	Report to Panel	Chief Internal Auditor	September 2025 (Annually)	Not yet Started
12.	Internal Audit – Progress Report Quarter 1	Report to Panel	Chief Internal Auditor	September 2025 (Annually)	Not yet started
13.	Treasury Management and Investment Strategy Quarter 3 Update Report 2025/26	Report to Panel	Chief Financial Officer	September 2025 (Quarterly)	Not yet started
14.	External Audit Reports – Progress to 31 March 2025	Report to Panel	Chief Financial Officer	September 2025 (Quarterly)	Not yet started
15.	Strategic Risk Management	Report to Panel	Chief Governance Officer	September 2025 (Biannually)	Not yet started
16.	South Ayrshire IJB External Annual Audit Report 2024-25	Report to this Panel	Director of Health & Social Care	November 2025 (Annually)	Not yet started
17.	Audit and Governance Panel – 2025 Annual Self-Assessment Outcome	Report to Panel	Chief Financial Officer/ Chief Governance Officer	December 2024 (Annually)	Not yet started

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
18.	Proposed Internal Audit Plan 2025/26 (including Annual Review of Internal Audit Charter)	Report to Panel	Chief Internal Auditor	March 2026 (Annually)	Not yet started
19.	Annual Audit Plan 2024/25	Report to Panel	Chief Financial Officer	March 2026 (Annually)	Not yet started

South Ayrshire Council

**Joint Report by Chief Financial Officer and Chief Governance Officer
to Audit and Governance Panel
of 4 June 2025**

Subject: Audit and Governance Panel – 2024/25 Annual Report

1. Purpose

- 1.1 The purpose of this report is to provide the Panel with the Audit and Governance Panel annual report for 2024/25.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the Audit and Governance Panel annual report for 2024/25 (attached as [Appendix 1](#)); and

2.1.2 remits the report to Council on 26 June 2025 for consideration.

3. Background

- 3.1 At its meeting on 6 December 2023, as part of its consideration of the report entitled 'Audit and Governance Panel – 2023 Annual Self-Assessment Outcome', the Panel agreed to receive an annual joint report by the Chief Governance Officer and the Chief Financial Officer outlining the work of the Audit and Governance Panel for the previous financial year; and thereafter to remit the report to Council for consideration.

4. Proposals

- 4.1 The Audit and Governance Panel (AGP) annual report for 2024/25 is attached as [Appendix 1](#) and contains information on the following:

4.1.1 AGP membership and meetings held during the year;

4.1.2 summary information on AGP activity and decisions during the year; and

4.1.3 an annual assurance statement by the Chair of the AGP.

4.2 The Panel is asked to:

4.2.1 consider and approve the Audit and Governance Panel annual report for 2024/25;

4.2.2 request that the report is remitted to Council on 26 June 2025 for consideration.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There are no risks associated with rejecting the recommendations.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Link to Shaping Our Future Council Yes ☐ No ☒

13.1 Not applicable.

14/

14. Results of Consultation

- 14.1 There has been no public consultation on the contents of this report.
- 14.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers **Report to Audit and Governance Panel of 6 December 2023 – [Audit and Governance Panel – 2023 Annual Self-Assessment Outcome](#)**

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Date: 27 May 2025

Audit and Governance Panel Annual Report 2024/25

Draft for Approval

Contents

1. **Introduction**
2. **Audit and Governance Panel (AGP) Terms of Reference and Delegations**
3. **AGP Membership and Meetings**
4. **AGP Activity and Performance**
5. **AGP Assurance Statement**

1. Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) published recommended best-practice guidance for the operation of Audit Committees in local authorities across the United Kingdom in its publication entitled 'Audit Committees: Practical Guidance for Local Authorities and Police (2013)' (the 'guidance'); and in its subsequent 'Position Statement: Audit Committees in Local Authorities and Police (2022)' (the 'position statement').

The guidance and position statement are seen as an integral element of the corporate governance framework.

A key element of the guidance is that an Audit Committee should be held to account on a regular basis. In practice within South Ayrshire Council this means accountability to full Council. The guidance recommends that the preparation of an annual report by the Audit Committee can be a helpful way to enable the Committee to demonstrate its accountability to the Council.

Within South Ayrshire Council, the Audit and Governance Panel undertakes the 'Audit Committee' role alongside its wider governance remit.

2. Audit and Governance Panel Terms of Reference and Delegations

The terms of reference and delegations to the Audit and Governance Panel derive from the decision made by South Ayrshire Council to establish an Audit and Governance Panel and to delegate specific powers to the Panel rather than to reserve those powers to itself.

The current terms of reference and delegations to the Audit and Governance Panel are set out in detail in Section 3 ('Terms of Reference and Delegations to Scrutiny Panels') of the Council's Scheme of Delegation, effective December 2024.

The core remit of the Audit and Governance Panel is to provide independent assurance on the adequacy of the Council's arrangements for risk management, corporate governance, and internal control.

This Annual Report has been prepared to:

- meet the requirements of the CIPFA guidance and position statement;
- meet the requirements of the Council's Scheme of Delegation;
- ensure that the Panel clearly reports to the Council on the adequacy of the Council's risk management, corporate governance, and internal control arrangements; and
- inform the Council about the Audit and Governance Panel's activity and performance for the 2024/25 financial year.

3. Audit and Governance Panel Membership and Meetings

Panel Membership

The following elected members served on the Audit and Governance Panel during 2024/25:

- Councillor Julie Dettbarn (Chair);
- Councillor Brian McGinley (Vice-Chair);
- Councillor Kenneth Bell

- Councillor Chris Cullen;
- Councillor Mary Kilpatrick;
- Councillor Alan Lamont;
- Councillor Cameron Ramsey; and
- Councillor George Weir.

Quorum for the Audit and Governance Panel is three Members.

Meeting schedule

The Audit and Governance Panel met on 11 occasions during 2024/25:

29 May 2024	26 June 2024	4 September 2024
26 September 2024 (Special)	2 October 2024	6 November 2024
4 December 2024	29 January 2025	26 February 2025
26 March 2025	7 May 2025	

All Panel meetings took place in compliance with the Council's Scheme of Delegation and Standing Orders. Since August 2020 meetings have been held using the Council's hybrid meeting platform to allow remote and physical participation. From June 2022, meetings have been live-streamed and made available publicly on the Council's live streaming website.

Overall, an 82% Panel Member attendance at meetings was achieved during the year, either in person or remotely, as shown in the table below. This is a deterioration from the 86% achieved in 2023/24.

Date of meeting	In Person	Remote	Apologies	% achieved
29 May 2024	4	2	2	75.0%
26 June 2024	4	2	2	75.0%
4 September 2024	5	2	1	87.5%
26 September 2024	5	2	1	87.5%
2 October 2024	4	3	1	87.5%
6 November 2024	5	2	1	87.5%
4 December 2024	5	2	1	87.5%
29 January 2025	4	2	2	75.0%
26 February 2025	6	2	-	100.0%
26 March 2025	5	2	1	87.5%
7 May 2025	3	1	4	50.0%
			Ave	82%

4. Audit and Governance Panel Activity and Performance

The Audit and Governance Panel Annual Report enables the Panel to clearly demonstrate delivery of its key responsibilities and accountabilities for providing the Council with independent assurance on the adequacy of arrangements for risk management, governance, and internal control.

Scrutiny Activity

The Panel performed its scrutiny work during 2024/25 by receiving a total of 39 reports (35 in 2023/24) in relation to, considering, scrutinising, and following up the outcomes from reports from various assurance providers, including:

- Internal Audit and Corporate Fraud;
- Corporate Finance;
- External Audit;
- Risk Management;
- External Regulatory or Assurance bodies; and
- Other Governance and Scrutiny reporting.

Detailed information on the reports received and action taken in relation to the above is shown in [Annex A](#) (pages 8 to 18 of this appendix).

Copies of the AGP agenda papers for the current meeting cycle and approved Minutes of meetings of the Audit and Governance Panel are available to the public on the Council's website.

Training Activity

A number of Members briefing sessions took place during 2024/25 to ensure the continued development of Members knowledge, skills and experience. Details of all the sessions that were held during the year are provided in the table below. Some of the sessions, as described in the table, had a specific relevance for Members of the AGP.

Date	Title of training session	Specific relevance to AGP
20 Mar 2024	A roadmap to a Trauma Responsive South Ayrshire	No
17 April 2024	Place Planning Framework – Community consultation	No
8 May 2024	Music Services – Work behind the scenes	No
8 May 2024	Citadel project update	No
5 June 2024	2025/26 Budget seminar	No
4 Sept 2024	Anti-Social behaviour	No

Date	Title of training session	Specific relevance to AGP
18 Sept 2024	The Promise Plan 2024-2030	No
18 Sept 2024	Managing Capital Budgets	Yes
2 Oct 2024	Connect South Ayrshire	No
6 Nov 2024	Integrated Impact Assessment	Yes
6 Nov 2024	Ayrshire Growth Deal	No
4 Dec 2024	Generative Artificial Intelligence opportunities	No
4 Dec 2024	Corton Development	No
9 Dec 2024	Galloway National Park	No
15 Jan 2025	Kilwinning battery recycling fire	No
12 Feb 2025	United Nations Convention on the Rights of the Child	No
12 Feb 2025	Local heat and energy efficiency strategy	No
12 Mar 2025	Council data plan	No
12 Mar 2025	Technology Transformation – The digital worker	No
23 Apr 2025	Common Good governance and financial viability	No

Annual Survey – Feedback

Members - Twenty Elected Members were asked for anonymous feedback on their interaction with the Panel during the year. Eight responses were received and are presented below.

Rating	Strongly Agree %	Agree %	Disagree %	Strongly Disagree %
Quality of Panel Reports	25	50	25	0
Interaction During Meeting	0	88	12	0
Effective Role of Panel in Decision Making Structure	12	88	0	0

The information above reflects that the vast majority of members are satisfied (strongly agree or agree) with the quality of reports at Panel and the manner in which the Panel conducts its business as part of the Council's decision-making structure.

Officers - Sixteen officers, who regularly interact with the Panel were asked for feedback on their interaction with the Panel during the year. Ten responses were received and are presented below.

Rating	Strongly Agree %	Agree %	Disagree %	Strongly Disagree %
Panel's Understanding of Tabled Reports	30	70	0	0
Effective Role in Decision Making Structures Relative to Service Requirements	40	60	0	0

The information above similarly reflects officers' satisfaction in relation to the Panel's understanding of reports and its effective decision making relative to individual services..

Self-Assessment Performance

In line with the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition', with particular reference to the 'Self-Assessment of Good Practice – Checklist' provided within that document, the Audit and Governance Panel undertook its annual self-assessment in October 2024, with the results being reported to the Panel in December 2024.

In general terms, the outcome of the self-assessment, as evidenced by the score of 192 out of 200, is an improvement on the self-assessment undertaken in 2023 (159 out of 200), with Members being satisfied with the effectiveness of the Panel in undertaking its role and discharging its functions within the Council's decision-making arrangements in most respects.

Notwithstanding the considered overall general effectiveness of the Panel, a small number of important matters were raised relative to which actions for improvement were required. A summary of the agreed actions is provided in the table below along with an assessed status update on progress to date.

Proposed action	Responsible Officer	Due Date	Status
Improved administrative arrangements to be introduced to co-ordinate meetings with External Audit.	Chief Financial Officer	June 2025	Complete - Informal meeting with Audit Scotland arranged for September 2025.
Reassess Members training needs during 2024 and develop a new training programme as required.	Service Lead – Democratic Governance	June 2025	Complete - Panel members contacted during March 2025 with no specific requirements identified. Additional training will be provided on an ongoing basis when a specific requirement is identified by Panel members

Proposed action	Responsible Officer	Due Date	Status
Consider Year 2 Self-Assessment outcome and Annual Report remitted to Council for approval.	Chief Financial Officer	Oct 2025	In progress – will be assessed following annual report process and discussed during Year 3 self- assessment activity.

5. Audit and Governance Panel Assurance Statements

The work of the Audit and Governance Panel during and in relation to 2024/25 is detailed at Section 4. This work was supported by reports, information and assurance statements from various sources including internal and external auditors, council management and regulatory or inspection bodies.

I have taken account of the breadth and depth of work performed by the Panel during the year to enable the Panel to provide the Council with independent assurance on the adequacy of its arrangements for risk management, governance, and control.

I can, therefore, provide the Council with reasonable assurance on the adequacy of the arrangements for risk management, governance, and control, based on the work undertaken by the Panel.

I can also confirm, in relation to its terms of reference, delegations and performance that during the year the Panel:

- operated in accordance with the Council's Scheme of Delegation which sets out the approved remit and delegations to the Audit and Governance Panel;
- operated in accordance with the requirements of the CIPFA 'Audit Committees Practical Guidance for Local Authorities and Police (2013)' and 'Position Statement: Audit Committees in Local Authorities and Police (2022)';
- received and took assurance from updates for Internal Audit reviews and assignments, sought any necessary clarification from council management on audit findings and assurance from management that agreed improvement actions to internal control, risk management and corporate governance arrangements would be implemented as agreed;
- satisfied itself that, for all improvement actions set out in Internal Audit reports, appropriate systems are in place to follow-up, monitor, evidence and report their implementation;
- noted the Internal Audit Annual Reports for 2023/24 and the Chief Internal Auditor's 'Audit Opinions for the Annual Governance Statement'. The Reports provided the Panel with reasonable assurance from the Chief Internal Auditor on the adequacy and effectiveness of the Council's internal control, risk management and corporate governance arrangements, based on the work of Internal Audit during the respective year;
- noted reports from the Council's external auditor, Audit Scotland, including the Annual Reports to Members and the Controller of Audit for the financial year ended 31 March 2024. The Panel sought any necessary clarification from management on audit findings and assurance that any agreed improvement actions to internal control, risk management and corporate governance arrangements would be implemented as agreed;
- noted and took assurance from risk management reports to fulfil its delegated function to monitor the effective development and operation of arrangements for the

management of risk in the Council. The Panel undertook regular review and scrutiny of the development of the Strategic Risk Register and corporate risk management arrangements;

- noted corporate fraud reports on actual and potential frauds, losses, thefts, or financial irregularities reported or identified from counter fraud work and the Council's participation in the National Fraud Initiative exercise. This enabled the Panel to fulfil its delegated function to monitor the effective development and operation of arrangements for the prevention and investigation of fraud and irregularity. The Panel scrutinised and monitored the Council's counter fraud activity and compliance with best practice and any legal requirements;
- noted the audited Annual Accounts for the Council and for the Council's Common Goods Funds and Charitable Trusts for 2023/24 and considered the draft, unaudited Annual Accounts for 2023/24 prior to submission to the external auditor; and
- approved the minutes of meetings held by the Panel as a record of attendance, its proceedings and the decisions made by the Panel.

In terms of the statutory requirements and timescales set out in the Local Authority Accounts (Scotland) Regulations 2014 I can also confirm that the Audit and Governance Panel undertook the following activities in relation to the Council's annual accounts during the year (as those related specifically to the 2023/24 annual accounts process):

- received and noted the Council's draft, unaudited Annual Accounts for 2023/24 by the statutory deadline of 30 June and considered the draft, unaudited Annual Accounts prior to submission to the external auditor;
- received and noted the draft Annual Governance Statement for 2023/24 included within the draft Annual Accounts by the statutory deadline of 30 June; and
- received and took assurance from the Internal Audit report on the annual review of the effectiveness of the Council's risk management, corporate governance and internal control arrangements and compliance with the Council's Code of Corporate Governance, which informed the Panel's consideration of the Annual Governance Statement for 2023/24.

Councillor Julie Dettbarn
Chair of the Audit and Governance Panel

June 2025

Internal Audit and Corporate Fraud

The Panel received 10 reports from the Chief Internal Auditor in relation to planned and unplanned audits, other annual assurance work and counter-fraud activity.

This enabled the Panel to oversee the work of Internal Audit and Corporate Fraud in relation to the provision of assurance on the Council's framework of arrangements for risk management, corporate governance, and internal control and in terms of corporate counter-fraud arrangements. Details of the Internal Audit and Corporate Fraud reports and other outputs considered during, or in relation to, 2024/25 are set out in Table 1 below.

Table 1

Report	Panel Date	Purpose	Panel Action
Corporate Fraud – Activity report and update on 2022/23 National Fraud Initiative	29 May 2024	to advise Members of the Corporate Fraud Team's (CFT) activity from 1 October 2023 to 31 March 2024 and to provide an update on the progress of the 2022/23 National Fraud Initiative exercise	<ul style="list-style-type: none"> considered the CFT activity for the six-month period to 31 March 2024 noted the update on the 2022/23 National Fraud Initiative (NFI) noted that the 2024/25 NFI exercise was due to commence in October 2024 and updates on the exercise will be included within future CFT activity reports
External Review of Internal Audit Compliance with Public Sector Internal Audit Standards	29 May 2024	to update Members on the outcome of the external assessment of the Internal Audit Service's compliance with the Public Sector Internal Audit Standards (PSIAS).	<ul style="list-style-type: none"> noted the contents of the external assessment report and resultant action plan agreed that the Chief Internal Auditor provided an update on progress of the actions to the meeting of 4 September 2024 and every six months thereafter until the action plan is fully implemented.

Report	Panel Date	Purpose	Panel Action
Internal Audit annual Report 2023/24	26 June 2024	to report on the internal audit activity during 2023/24 and to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems	<ul style="list-style-type: none"> noted the Internal Annual Audit report and assurance statement
Internal Audit Annual Update Report – Integration Joint Board (IJB)	4 Sept 2024	to provide an annual report for information to the Panel on internal audit work carried out for the Integration Joint Board (IJB) by the South Ayrshire Council for the year ended 31 March 2023	<ul style="list-style-type: none"> considered the content of the report and noted the changes to the format and contents from the previous progress reports to reflect the improvement actions from the External Quality Assessment.
Internal Audit – Progress Report (Quarter 1 2024/25)	4 Sept 2024	to advise Members of progress of the 2023/24 internal audit plan, progress of the 2024/25 internal audit plan, directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme.	<ul style="list-style-type: none"> considered the content of the report
Internal Audit – Progress Report	6 Nov 2024	to advise Members of progress of the 2023/24 internal audit plan, progress of the 2024/25 internal audit plan, directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme	<ul style="list-style-type: none"> considered the content of the report

Report	Panel Date	Purpose	Panel Action
Internal Audit Plan 2024/25 – Midyear Review	6 Nov 2024	to seek approval for a revision to the 2024/25 Internal audit plan	<ul style="list-style-type: none"> approved the revised 2024/25 Internal Audit plan
Corporate Fraud Team – Activity Report and National Fraud Initiative Update	4 Dec 2024	to advise Members of the Corporate Fraud Team’s (CFT) activity from 1 April 2024 to 30 September 2024 and to provide an update on the National Fraud Initiative exercise to date	<ul style="list-style-type: none"> considered the CFT activity for the six-month period to 30 September 2023 noted the conclusion of the 2022/23 National Fraud Initiative and the start of the 2024/25 NFI exercise and that updates on the 2024/25 exercise will be included within future CFT activity reports
Internal Audit – Progress Report (Quarter 3 2024/25)	26 Feb 2025	to advise Members of progress of the 2023/24 and the 2024/25 internal audit plans, directorates’ progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme	<ul style="list-style-type: none"> considered the content of the report
Proposed Internal Audit Plan 2025/26 (including Annual Review of Internal Audit Charter)	26 March 2025	to submit, for approval, the proposed Internal Audit Strategy and Audit Plan and reserve list for 2025/26. Approval also being sought for the revised Internal Audit Charter. The report also sets out a summary of changes relevant to the audit planning process resulting from the new Global Internal Audit Standards (GIAS) in the UK Public Sector for noting.	<ul style="list-style-type: none"> noted the summary of changes relevant to the annual planning process resulting from the new Global Internal Audit Standards (GIAS) in the UK Public Sector (Paras 3.3 and 4.1) and agrees that a report outlining all requirements and responsibilities of the new standards be brought to a future Audit and Governance Panel approved the Audit Strategy approved Annual audit plan and reserve list for 2025/26 approved the revised Internal Audit Charter

Corporate Finance

The Panel received various reports from the Council's Chief Financial Officer. This allowed the Panel to oversee the annual accounts process for the Council, for Common Good Funds and for the charitable trusts of which the Council is a trustee. The Panel also oversaw the Treasury Management activity through consideration of quarterly and annual update reports. Details of the 9 reports considered are set out in Table 2.

Table 2

Report	Panel Date	Purpose	Panel Action
Annual Accounts 2023/24	26 June 2024	to present unaudited Annual Accounts for the year ended 31 March 2024	<ul style="list-style-type: none"> approved the accounting policies contained in the unaudited accounts considered the unaudited South Ayrshire Council and unaudited charitable trust accounts prior to submission to the External Auditor
External Audit Reports – Progress to 31 May 2024	26 June 2024	to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions	<ul style="list-style-type: none"> scrutinised the progress against the Council's external audit improvement actions as presented in the report
Treasury Management Annual Report 2023/24	26 June 2024	to present, in line with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, the annual report of treasury management activities for 2023/24	<ul style="list-style-type: none"> considered the Annual Treasury Management Report 2023/24 remitted the Annual Treasury Management Report to the next Cabinet meeting on 10 October for approval
Treasury Management and Investment Strategy Quarter 1 Update Report 2024/25	4 Sept 2024	to provide Members with an update on the 2024/25 treasury prudential indicators for the period April-June 2024 (Quarter 1) and provide an update on the latest wider economic position	<ul style="list-style-type: none"> scrutinised the contents of the report remitted the Quarter 1 Update Report to the next Cabinet meeting on 56 September for approval

Report	Panel Date	Purpose	Panel Action
Treasury Management and Investment Strategy Mid-Year Report 2024/25	4 Dec 2024	to provide Members with a mid-year treasury management update for the financial year 2023/24	<ul style="list-style-type: none"> • scrutinised the contents of this report • remitted the report to the Council meeting of 6 March 2025 for approval
External Audit Reports – Progress to 31 December 2024	29 Jan 2025	to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions	<ul style="list-style-type: none"> • scrutinised the progress against the Council's external audit improvement actions as presented in the report
International Financial Reporting Standard 16 – Update to Accounting for Lease Contracts	26 Feb 2025	to inform Members of the upcoming changes to the reporting of leases due to the mandatory implementation of International Financial Reporting Standard (IFRS) 16 and to seek approval to add a new accounting policy in advance of the 2024/25 financial year end	<ul style="list-style-type: none"> • notes the mandatory implementation of IFRS16 for 2024/25 • approves the introduction of a new draft IFRS16 Accounting Policies
Treasury Management and Investment Strategy Quarter 3 Update Report 2024/25	26 Feb 2025	to provide Members with an update on the 2024/25 treasury prudential indicators for the period October-December 2024 (Quarter 3) and provide an update on the latest wider economic position	<ul style="list-style-type: none"> • scrutinised the contents of this report • remitted the Quarter 3 Update Report to the next Cabinet meeting on 18 March 2025 for approval
External Audit Reports – Progress to 31 March 2025	7 May 2025	to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions	<ul style="list-style-type: none"> • scrutinised the progress against the Council's external audit improvement actions as presented in the report

External Audit

The Panel received reports from the Council's appointed external auditor, Audit Scotland.

The reports from Audit Scotland provided independent assurance and opinions '*to those charged with governance*' on the Council's annual financial statements, annual governance statements, governance arrangements, 'best value' arrangements and service performance. Details of the 4 reports considered are set out in Table 3.

Table 3

Report	Panel Date	Purpose	Panel Action
Final Report on the 2023/24 Audit	26 Sept 2024 (Special)	to submit the Annual Accounts for the financial year ended 31 March 2024 and the proposed independent auditor's report to Members of the Council, and to allow the auditor to communicate the matters raised during the audit to the Panel	<ul style="list-style-type: none"> noted the contents of the Audit Scotland audit completion letter accepted the proposed 2023/24 Annual Audit Report by Audit Scotland, and noted that the Annual Accounts and Charitable Trust Accounts have an unmodified audit opinion approved the Council's audited Annual Accounts for signature and their subsequent issue by 30 September 2024 approved the Charitable Trusts' audited Annual Accounts for signature and their subsequent issue by 30 September 2024
South Ayrshire IJB External Annual Audit Report 2023- 24	6 Nov 2024	to present Audit Scotland's Annual Audit Report on South Ayrshire IJB's Annual Accounts for the period 2023-24.	<ul style="list-style-type: none"> considered the Annual Audit report of South Ayrshire IJB for period 2023-24 noted the contents of the Annual Audit report for 2023-24
Audit Scotland: Annual Audit Plan 2024/25	26 March 2025	to provide background to the presentation by Audit Scotland of their Annual Audit Plan 2024/25	<ul style="list-style-type: none"> agreed the attached Annual Audit Plan 2024/25 (Appendix 1)

Report	Panel Date	Purpose	Panel Action
Audit Scotland: Integration Joint Boards – Finance Bulletin 2023/24	7 May 2025	to present the findings of the Audit Scotland report entitled 'Integration Joint Boards – Finance Bulletin 2023/24', published in March 2025.	<ul style="list-style-type: none"> notes the findings of the Audit Scotland report (attached as Appendix 1) notes the local arrangements in place

Risk Management

The Panel received reports from the Chief Governance Officer in relation to risk management. This enabled the Panel to oversee the Council's risk management arrangements. Details of the 2 reports considered are set out in table 4.

Table 4

Report	Panel Date	Purpose	Panel Action
Strategic Risk Management	4 Sept 2024	to update Members on the reviewed Strategic Risk Register in line with the agreed reporting framework.	<ul style="list-style-type: none"> considered the reviewed Strategic Risk Register (Appendix 1) updated by Chief Officers noted the 15 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks
Strategic Risk Management	26 March 2025	to update Members on the reviewed Strategic Risk Register in line with the agreed reporting framework	<ul style="list-style-type: none"> considered the reviewed Strategic Risk Register (Appendix 1) updated by Chief Officers noted the 16 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks

External Regulatory Bodies or Assurance Providers

The Panel received other reports provided or published by external regulatory bodies and assurance providers, primarily Audit Scotland. These included 'thematic' reports on national issues that the Chief Governance Officer and the Chief Financial Officer considered to be relevant to the Audit and Governance Panel's terms of reference and delegations, as set out in the Council's Scheme of Delegation. Details of the 4 reports considered are set out in Table 5.

Table 5

Report	Panel Date	Purpose	Panel Action
Audit Scotland – Integration Joint Boards – Finance and Performance 2024	4 Sept 2024	to present the findings and recommendations included in the Accounts Commission's report prepared by Audit Scotland on IJB's Finance and Performance 2024 published in July 2024.	<ul style="list-style-type: none"> noted the findings and recommendations from the Audit Commissions report (attached as Appendix 1) noted the actions that have taken place or will be progressed in line with the recommendations
Accounts Commission Annual Report 2023/24	2 Oct 2024	to advise the Panel of the Accounts Commission Annual Report 2023/24	<ul style="list-style-type: none"> considered the findings outlined in the Accounts Commission Annual Report 2023/24 (attached as Appendix 1)
Accounts Commission: Transformation in Councils - Sector-Led Change and Collaboration to Achieve Financial Sustainability	29 Jan 2025	to advise Members of the Accounts Commission publication 'Transformation in Councils - Sector-led Change and Collaboration to achieve Financial Sustainability', and; to note the outcome of the self-assessment exercise undertaken by South Ayrshire Council's Corporate Leadership Team to benchmark the Council's approach to transformation against the five principles for transformation, as set out in the publication	<ul style="list-style-type: none"> considered the findings outlined in the Accounts Commission publication 'Transformation in Councils - Sector-led Change and Collaboration to Achieve Financial Sustainability' (attached as Appendix 1) noted the outcome of the self-assessment exercise undertaken by South Ayrshire Council's Corporate Leadership Team to benchmark the Council's approach to transformation against the five principles for transformation, as noted in the report and at Appendix 2, including the actions being progressed by officers

Report	Panel Date	Purpose	Panel Action
Audit Scotland: A Review of Housing Benefit Overpayments 2018/19 to 2021/22	7 May 2025	to present the findings and recommendations included in the Audit Scotland report 'A Review of Housing Benefit Overpayments 2018/19 to 2021/22), published in February 2025	<ul style="list-style-type: none"> noted the findings and recommendations from the Audit Scotland report (attached as Appendix 1) noted the local arrangements in place

Other Governance and Scrutiny reporting

In fulfilling its wider Governance and Scrutiny role the Panel considered a number of other reports. These included 'call-in' reports from Cabinet, Best Value progress reports, the Annual Good Governance assurance report and other update reports that the Chief Governance Officer considered to be relevant to the Audit and Governance Panel's terms of reference and delegations, as set out in the Council's Scheme of Delegation. Details of the 10 reports considered are set out in Table 6.

Table 6

Report	Panel Date	Purpose	Panel Action
Best Value Action Plan – Progress Update	29 May 2024	to update members on the progress toward delivering the Council's Best Value Action Plan	<ul style="list-style-type: none"> scrutinised the content of the Best Value Action Plan update report considered the progress through the narrative set out within Appendix 1 to the report noted the additional actions added following the 2023/24 thematic audit on Workforce Innovation.
Audit and Governance Panel – 2023/24 Annual Report	29 May 2024	to provide the Panel with the Audit and Governance Panel annual report for 2023/24.	<ul style="list-style-type: none"> considered the Audit and Governance Panel annual report for 2023/34 (attached as Appendix 1) remitted the report to Council on 27 June 2024 for consideration.

Report	Panel Date	Purpose	Panel Action
Corporate Lets	26 June 2024	to provide an annual update in relation to requests for discretion to be applied to let charges from 1 April 2023 to 31 March 2024.	<ul style="list-style-type: none"> reviewed the information in the report
Delivering Good Governance – 2023/24 Assessment	26 June 2024	to invite Members to review the 2023/24 year-end assessment against the Council's Delivering Good Governance Framework	<ul style="list-style-type: none"> reviewed and agreed the 2023/24 year-end assessment
Best Value Action Plan 2024 – Progress update	2 Oct 2024	to update Members on the progress toward delivering the Council's Best Value Action Plan	<ul style="list-style-type: none"> scrutinised the content of the Best Value Action Plan update report considered the progress through the narrative set out within Appendix 1
Call in - Cabinet – 29 Oct 2024	6 Nov 2024	to consider the decision take by Cabinet – 29 Oct 2024 Item 4 - Community Councils - Amendments to the Scheme for Establishment of Community Councils	<ul style="list-style-type: none"> to approve the recommendation for the report of 29 October 2024 to be brought back to Cabinet and the word “Council” to be substituted for the word “Cabinet” where it occurred in the report in relation to any proposed dissolution of a Community Council; and that corresponding changes to the Council’s governance documents reflect this change
Audit and Governance Panel – 2024 Annual Self-Assessment Outcome	4 Dec 2024	to confirm the outcome of the Audit and Governance Panel Self-Assessment for 2024, which was undertaken on 7 October 2024; and to seek agreement of the resulting updated action plan	<ul style="list-style-type: none"> noted the outcome of the 2024 self-assessment approved the updated action plan for improvement

Report	Panel Date	Purpose	Panel Action
Best Value Action Plan – Progress Update	26 Feb 2025	to update members on the progress toward delivering the Council's Best Value Action Plan	<ul style="list-style-type: none"> • scrutinised the content of the Best Value Action Plan update report • considered the progress through the narrative set out within Appendix 1
Call in - Cabinet – 18 March 2025	26 March 2025	to consider the decision take by Cabinet – 18 March 2025 Item 4a – Ayr parking consultation and general parking review	<ul style="list-style-type: none"> • that the requested report be referred to full Council for determinations within six months • that a members' briefing be held within four weeks to discuss the strategic and political direction of the parking strategy across South Ayrshire, which would inform the requested report.
Transformation - Best Value Thematic Work in South Ayrshire Council 2024/25	26 March 2025	to present Members with Audit Scotland's thematic report on transformation in South Ayrshire	<ul style="list-style-type: none"> • scrutinised the content of Audit Scotland's thematic report on transformation in South Ayrshire • notes the improvement actions identified in Appendix 1 of the report • agrees for these actions to be incorporated within the existing Best Value Action Plan and reported quarterly to the Audit and Governance Panel and the Best Value Working Group

South Ayrshire Council

**Report by Depute Chief Executive and Director of Education
to Audit and Governance Panel
of 4 June 2025**

Subject: Best Value Action Plan – Progress Update

1. Purpose

- 1.1 The purpose of this report is to update Members on the progress toward delivering the Council's Best Value Action Plan.

2. Recommendation

- 2.1 It is recommended that the Panel:

2.1.1 scrutinises the content of the Best Value Action Plan update report; and

2.1.2 considers the progress through the narrative set out within [Appendix 1](#).

3. Background

- 3.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.
- 3.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken. In 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022 and the 23/24 report focused on workforce innovation.
- 3.3 The 24/25 thematic audit on Transformation was completed and considered by [Audit and Governance Panel in March 25](#). Improvement actions arising from the audit have been added to the Best Value Action Plan.

4. Proposals

- 4.1 Progress towards the actions and the accompanying narrative is attached as [Appendix 1](#).

4.2 In summary, 2 of the 7 actions are complete, and a further 5 are on target.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations would result in reputational damage and criticism from Audit Scotland, the Accounts Commission and the Scottish Government.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an integrated impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to delivery of all the Council's strategic objectives and strategic outcomes.

13. Link to Shaping Our Future Council Yes ☒ No ☐

13.1 The matters referred to in this report contribute to the Council's transformation priority area(s): our workforce; our technology; our assets; our delivery model and will deliver qualitative benefits.

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Brian Connolly, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.

Background Papers Report to Audit and Governance Panel of 28 June 2023 – [Best Value Thematic Work in South Ayrshire Council 2022/23](#)

Report to Cabinet of 29 August 2023 – [Best Value Thematic Work in South Ayrshire Council 2022/23](#)

Report to Audit and Governance Panel of 4 October 2023 – [Best Value Action Plan 2023](#)

Report to South Ayrshire Council of 7 December 2023 – [Accounts Commission's Findings on Best Value in South Ayrshire](#)

Report to Audit and Governance Panel (Special) of 26 September 2024 – [Final Report on the 2023/24 Audit](#)

Report to Audit and Governance Panel of 26 March 2025 – Transformation – [Best Value Thematic Work in South Ayrshire Council 2024/25](#)

Person to Contact Kevin Anderson, Assistant Director – Corporate Policy, Strategy and Performance.
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Date: 27 May 2025

Best Value Improvement Action Plan - By Status

Generated on: 16 May 2025

Rows are sorted by Progress

Recommendation 1 - The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings

Action	Managed By	Progress	Current Due Date	Assessment of Progress	Latest Note
Develop a new workforce plan linked to the medium-term financial plan, Council Plan and LOIP.	Wendy Wesson	10%	31-Dec-2025	On track	12-May-2025 Strategic Workforce Planning Group set up with Terms of Reference agreed. Service representatives reviewing previous actions at this time.
Deliver briefings to members and partners as discussions relating to shared services progress.	Mike Newall	10%	31-Mar-2026	On track	16-May-2025 Discussions with the Chief Exec's of East and North Ayrshire are regular and ongoing. Briefings will be scheduled once concrete proposal emerge.
Develop a project brief relating to Radical Place Leadership in Ayr North for consideration/approval by the Transformation Board.	Kevin Anderson	70%	30-Jun-2025	On track	12-May-2025 Business case and potential funding bid are under development for consideration by the Transformation Board.
Provide an update report to Council detailing the financial and carbon impact of the 'Transforming our Estate' strategy.	Christina Cox	90%	31-Jul-2025	On track	12-May-2025 A report is intended to be presented to Service and Performance Panel of 21st May 2025
Update council reporting format to ensure all transformation activity and proposed benefits are captured.	Louise Reid	100%	30-Apr-2025	Completed	19-May-2025 A new reporting format has been implemented to ensure all benefits reporting is captured. This extends to an updated panel paper template and benefits monitoring arrangements.

Recommendation 2 - The council should demonstrate it is engaging with its communities as it progresses its revised transformation programme, particularly on those projects that affect vulnerable groups. It should set out clearly how these activities influence any planned changes.

Action	Managed By	Progress	Current Due Date	Assessment of Progress	Latest Note
We will include details of the impact community engagement has had on relevant transformation projects as part of the reporting regime.	Stewart McCall	80%	31-Mar-2026	On track	14-May-2025 Process agreed on how to incorporate IIA reporting into transformation reporting regime. Reporting hasn't yet commenced – first report due to SPPP in September

Recommendation 3 - The council is introducing benefits trackers and realisation reports. These reports are to be provided to members and should set out clearly what has been achieved compared to the expected benefits and the outcomes these changes have delivered.

Action	Managed By	Progress	Current Due Date	Assessment of Progress	Latest Note
Benefits realisation and tracking reports now clearly set out what has been achieved compared to the expected benefits and is reported to Members.	Louise Reid	100%	31-Mar-2025	Completed	19-May-2025 Transformation Reporting and Scrutiny Schedule was approved in October 2024. Reports to Cabinet and SPPP include benefits overview and forecast vs realised.

South Ayrshire Council

**Report by Depute Chief Executive and Director of Education
to Audit and Governance Panel
of 4 June 2025**

Subject: Best Value Action Plan – Progress Update

1. Purpose

- 1.1 The purpose of this report is to update Members on the progress toward delivering the Council's Best Value Action Plan.

2. Recommendation

- 2.1 It is recommended that the Panel:

2.1.1 scrutinises the content of the Best Value Action Plan update report; and

2.1.2 considers the progress through the narrative set out within [Appendix 1](#).

3. Background

- 3.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.
- 3.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken. In 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022 and the 23/24 report focused on workforce innovation.
- 3.3 The 24/25 thematic audit on Transformation was completed and considered by [Audit and Governance Panel in March 25](#). Improvement actions arising from the audit have been added to the Best Value Action Plan.

4. Proposals

- 4.1 Progress towards the actions and the accompanying narrative is attached as [Appendix 1](#).

4.2 In summary, 2 of the 7 actions are complete, and a further 5 are on target.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendations would result in reputational damage and criticism from Audit Scotland, the Accounts Commission and the Scottish Government.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an integrated impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to delivery of all the Council's strategic objectives and strategic outcomes.

13. Link to Shaping Our Future Council Yes ☒ No ☐

13.1 The matters referred to in this report contribute to the Council's transformation priority area(s): our workforce; our technology; our assets; our delivery model and will deliver qualitative benefits.

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Brian Connolly, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.

Background Papers Report to Audit and Governance Panel of 28 June 2023 – [Best Value Thematic Work in South Ayrshire Council 2022/23](#)

Report to Cabinet of 29 August 2023 – [Best Value Thematic Work in South Ayrshire Council 2022/23](#)

Report to Audit and Governance Panel of 4 October 2023 – [Best Value Action Plan 2023](#)

Report to South Ayrshire Council of 7 December 2023 – [Accounts Commission's Findings on Best Value in South Ayrshire](#)

Report to Audit and Governance Panel (Special) of 26 September 2024 – [Final Report on the 2023/24 Audit](#)

Report to Audit and Governance Panel of 26 March 2025 – Transformation – [Best Value Thematic Work in South Ayrshire Council 2024/25](#)

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Date: 27 May 2025

Best Value Improvement Action Plan - By Status

Generated on: 16 May 2025

Rows are sorted by Progress

Recommendation 1 - The council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges. It should clearly set out the extent to which savings from transformation will contribute to bridging its budget gap, prioritising transformation projects that will deliver the most savings

Action	Managed By	Progress	Current Due Date	Assessment of Progress	Latest Note
Develop a new workforce plan linked to the medium-term financial plan, Council Plan and LOIP.	Wendy Wesson	10%	31-Dec-2025	On track	12-May-2025 Strategic Workforce Planning Group set up with Terms of Reference agreed. Service representatives reviewing previous actions at this time.
Deliver briefings to members and partners as discussions relating to shared services progress.	Mike Newall	10%	31-Mar-2026	On track	16-May-2025 Discussions with the Chief Exec's of East and North Ayrshire are regular and ongoing. Briefings will be scheduled once concrete proposal emerge.
Develop a project brief relating to Radical Place Leadership in Ayr North for consideration/approval by the Transformation Board.	Kevin Anderson	70%	30-Jun-2025	On track	12-May-2025 Business case and potential funding bid are under development for consideration by the Transformation Board.
Provide an update report to Council detailing the financial and carbon impact of the 'Transforming our Estate' strategy.	Christina Cox	90%	31-Jul-2025	On track	12-May-2025 A report is intended to be presented to Service and Performance Panel of 21st May 2025
Update council reporting format to ensure all transformation activity and proposed benefits are captured.	Louise Reid	100%	30-Apr-2025	Completed	19-May-2025 A new reporting format has been implemented to ensure all benefits reporting is captured. This extends to an updated panel paper template and benefits monitoring arrangements.

Recommendation 2 - The council should demonstrate it is engaging with its communities as it progresses its revised transformation programme, particularly on those projects that affect vulnerable groups. It should set out clearly how these activities influence any planned changes.

Action	Managed By	Progress	Current Due Date	Assessment of Progress	Latest Note
We will include details of the impact community engagement has had on relevant transformation projects as part of the reporting regime.	Stewart McCall	80%	31-Mar-2026	On track	14-May-2025 Process agreed on how to incorporate IIA reporting into transformation reporting regime. Reporting hasn't yet commenced – first report due to SPPP in September

Recommendation 3 - The council is introducing benefits trackers and realisation reports. These reports are to be provided to members and should set out clearly what has been achieved compared to the expected benefits and the outcomes these changes have delivered.

Action	Managed By	Progress	Current Due Date	Assessment of Progress	Latest Note
Benefits realisation and tracking reports now clearly set out what has been achieved compared to the expected benefits and is reported to Members.	Louise Reid	100%	31-Mar-2025	Completed	19-May-2025 Transformation Reporting and Scrutiny Schedule was approved in October 2024. Reports to Cabinet and SPPP include benefits overview and forecast vs realised.

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 4 June 2025**

Subject: Corporate Fraud Team – Activity Report and National Fraud Initiative update

1. Purpose

- 1.1 The purpose of this report is to advise Members of the Corporate Fraud Team's (CFT) activity for the year to 31 March 2025 and to provide an update on the 2024/25 National Fraud Initiative (NFI) exercise to date.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the CFT activity for the year to 31 March 2025; and

2.1.2 notes the update on the 2024/25 NFI exercise.

3. Background

- 3.1 Update reports on the work of the CFT are submitted to the Audit and Governance Panel (AGP) six monthly. The last report was submitted to Panel on 4 December 2024 and covered the period 1 April 2024 to 30 September 2024. This report covers the CFT activity during the year to 31 March 2025 and the status of the 2024/25 NFI exercises as at 31 March 2025.
- 3.2 The primary scope of CFT work involves dealing with referrals of fraud and proactive exercises around Council Tax (CT), Business Rates (NDR), Housing Tenancy and debt, Scottish Welfare Fund (SWF), Blue Badges, and Employees. Responsibility for investigating Housing Benefit fraud lies with DWP, issues may be identified by the CFT which can result in changes being made to benefits. The CFT also investigate Single Person Discount Matches identified through National Fraud Initiative exercise and assist with co-ordinating and reporting on the exercise within South Ayrshire Council.

4. Proposals

- 4.1 As agreed at the AGP on 29 May 2024 this report was updated to reflect additional information on the source and outcomes of referrals to the CFT. It is proposed that comparisons with the same period for previous year will be included in update reports going forward from 2025. Panel is requested to note

the Corporate Fraud Activity for the year to 31 March 2025 as detailed in following paragraphs.

Corporate Fraud Activity

- 4.2 Table one details new referrals received by the CFT in the year to 31 March 2025 split between the source and category of the referral.

Table One: Referrals received in the year to 31 March 2025

Referral Category	NDR	CT	Housing General	Housing locate and trace	SWF	School Placements	HB	Blue Badges	Other	Total
Source										
Online referral	1	13	17				15	7	14	67
Email/Telephone										
Other Council Service	21	27	28	85	2	2				165
Anti-Fraud and Anti-Bribery/ Whistleblowing Policy										
Other Local Authority/ Organisations										
Total	22	40	45	85	2	2	15	7	14	232

- 4.3 The majority (71%) of the referrals received in this period were from other Council services with the remaining 29% from online referrals. There were no referrals made through the Anti-Fraud and Anti-Bribery/Whistleblowing Policy, via email or telephone or from external organisation.
- 4.4 Methods of making referrals to the CFT are detailed within the Council's Anti-Fraud and Anti-Bribery Strategy which is available to all staff through The Core. There is also a dedicated page within the Council's website which details methods by which members of the public can make referrals and includes a link to the online referral form. In addition, communication is circulated to staff and members of the public annually during National Fraud Awareness week to highlight the work of the Corporate Fraud remind staff and the public of ways to report fraud. However, the source of referrals will continue to be monitored by the CFT and steps taken to publicise referral methods if required.
- 4.5 Table two below details the action taken by the CFT split by the category of the referral.

Table Two/

Table Two: New Referrals received in year to 31 March 2025 split by action taken.

Referral Category	Investigated By CFT	Passed to Other Council Service	Passed to External Agency	Total
Non-Domestic Rates	22			22
Council Tax	40			40
Housing General	45			45
Housing Locate and Trace	85			85
Social Welfare Fund	2			2
School Placement	2			2
Blue Badge	3		4	7
Housing Benefit			15	15
Others		4	10	14
Total Referrals	199	4	29	232

4.6 Action is taken on all referrals received by the CFT. The majority of referrals received are investigated by the Corporate Fraud Team. However, there may be referrals received which do not relate to Council services, for example Housing Benefit or Blue Badge entitlement, which are forwarded to the Department for Works and Pension (DWP) or referrals which relate to operational complaints rather than fraud, for example anti-social behaviour complaints or child protection issues, which will be forwarded to the relevant service. There were 29 complaints passed to external agencies during the year 31 March 2025 and four cases were passed to other Council services.

4.7 The referrals received during the period are split into nine separate categories as follows;

- Non-Domestic Rates referrals relate to allegations that businesses may be claiming reliefs and/or discount to which they are not entitled.
- Council tax referrals usually relate to allegations that there has been a failure to declare changes in income, residency or other changes that may affect discounts and exemptions.
- Tenancy referrals relate to allegations that the tenant is not residing in the property and may be sub-letting without permission. Referrals on homeless applications and tenancy succession applications may also be received from Housing Services.
- Housing Locate and Trace referrals are made by Housing Services where a local authority tenant has left/absconded from a tenancy with outstanding rent arrears and cannot be traced by Housing Services.

- Scottish Welfare Fund (SWF) referrals usually come from Benefits and Revenues and relate to community care grant applications for household goods.
- School placement referrals usually come from Education Services and relate to school placement requests which cannot be verified by the service.
- Housing benefit referrals relate to allegations that housing benefit is being claimed where there is no entitlement. Referrals of these types will be passed to DWP for investigation.
- Blue Badge referrals relate to either allegations of Blue Badge misuse or that there is no entitlement to the blue badge. The CFT investigate allegations of misuse, but allegations of non-entitlement are passed to DWP for investigations.
- Other referrals include operational complaints which are passed to the relevant service for action and complaints that do not relate to Council services which are passed to the relevant external organisation for action. Referrals relating to employee fraud will also be included within this category. Employee investigations will be dealt with in line with the Council's Special Investigation Procedure.

4.8 Tables three and four below detail the number of investigations concluded by the CFT in the year to 31 March 2025 and the outcomes of the investigation.

4.9 Steps are taken to recover all financial outcomes where possible. Updated bills are issued where outcomes have been identified for Council Tax Reduction and Discounts and Non-Domestic Rates cases. Debtor accounts are issued for all other financial outcomes.

4.10 In addition to investigating referrals received in the year, the CFT also completed 29 outstanding investigations from the previous NFI exercise (2022/23) and completed one pro-active exercise between December 2024 and March 2025. The results of this work are included in Table 4 below.

Table Three: Number of Investigations Concluded in year to 31 March 2025 split by outcome.

Outcome	Number of Cases
Open Cases at 1 April 2024	40
Referrals made during the period	232
Referred to another agency or Council Service for investigation	(33)
Total CFT Caseload in period	239
CFT Investigations Closed with no issues identified	194
CFT Investigations Closed with results achieved (See Table four)	32
Open Referrals at 1 April 2025	13

Table Four/

Table Four: Concluded investigation outcomes split by category.

Category	Number of Cases	Value (£)
<i>Financial Outcomes (Referrals)</i>		
Non-Domestic Rates	5	£13,091
Council Tax	15	£32,776
Housing Locate & Trace	6	£10,992
Scottish Welfare Fund	2	£790
Financial Outcomes	28	£57,649
<i>Other Outcomes</i>		
Education	1	1 School Placement Rejected
Tenancy Fraud	3	2 Tenancies returned 1 Housing Application rejected
Total Other Outcomes	4	
Total Outcomes from Referrals	32	£57,649
<i>Other Financial Outcomes (Proactive Exercise)</i>		
SBBS Rates Exercise	30	£30,744
NFI (2022/23) Investigations	29	£24,142
Total Outcomes for year to 31 March 2025 (excluding NFI outcomes)	91	£112,535

2024/25 National Fraud Initiative

- 4.11 The 2024/25 National Fraud Initiative exercise commenced in October 2024. All required datasets were uploaded by the due date and most of the matches were provided to the Council between December 2024 and January 2025. Further Single Person Discount matches were provided in March 2025. The Business Rates matches are still to be provided.
- 4.12 As agreed by Cabinet on 21 January all high-risk, high-quality matches will be investigated, and medium risk actions will also be considered for review if a high level of outcomes are identified through the high-risk investigations and/or resources permit.
- 4.13 Details of the number of matches received, the target number of investigation to be completed, progress against the target and outcomes from completed investigations are included in [Appendix 1](#).

- 4.14 Within South Ayrshire Council, officers are assigned responsibility for investigating matches within their service area. However, the Corporate Fraud Team are responsible for investigating Single Person Discount matches to multiple data sets including the electoral register, payroll and housing tenants and Single Person Discount matches to HMRC Household Composition data sets and to deceased records.
- 4.15 The CFT investigations of NFI matches comprise of review of Council and other systems and visits to properties where required. 181 NFI Investigations were completed by the CFT from January 2025 to 31 March 2025. These investigations resulted in total financial outcomes of £7,254.98 from eight cases.
- 4.16 The results of all CFT NFI investigations are included within [Appendix 1](#) together with the results from investigations completed by other Council Services.
- 4.17 It is proposed that updates on this exercise will continue to be reported to the Audit and Governance Panel through the six monthly CFT Activity Reports until the exercise concludes.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Recovery of the amounts due is in progress. In Council Tax Reduction, Single Person Discount and Non-Domestic Rates cases the debtor is rebilled reflecting the amount due. The savings of £119,790 identified from CFT referrals, NFI investigations (2022/23 and 2024/25 exercises) and the SBBS Rates proactive exercise represents the amount that would have been lost to the Public Purse had the fraud/error/debt remained undetected by the Council's CFT.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

- 8.1 The Corporate Fraud Team reports to the Chief Internal Auditor. Fraud risk is considered when planning all Internal Audit assignments and testing conducted to ensure there are adequate controls in place to mitigate the risk where required. In addition, anti-fraud reviews will be considered for inclusion with annual Internal Audit Plans where the CFT work indicates a high fraud risk within specific service areas.

8.2 *Risk Implications of Adopting the Recommendations*

- 8.2.1 There are no risks associated with adopting the recommendations.

8.3 *Risk Implications of Rejecting the Recommendations*

- 8.3.1 Rejecting the recommendation may result in ineffective scrutiny of the Council's control arrangements in relation to anti-fraud.

9. Equalities

- 9.1 The proposals in this report allow scrutiny of the Corporate Fraud Team's activity. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, which affect the Council's communities and employees, therefore an integrated impact assessment is not required.

10. Sustainable Development Implications

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13. Link to Shaping Our Future Council Yes ☐ No ☒

- 13.1 Not applicable.

14. Results of Consultation

- 14.1 There has been no public consultation on the contents of this paper.
- 14.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers **Report to Audit and Governance Panel of 29 May 2024 -**
[Corporate Fraud Team - Activity Report and 2022/23 National Fraud Initiative Update](#)

Report to Audit and Governance Panel of 21 January 2025 –
[2024/25 National Fraud Initiative](#)

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Date: 27 May 2025

2024/25 National Fraud Initiative Investigations Results

Match Area Current Results	Total Matches No.	Target Investigation No.	Target Completed No.	Target Completed %	Additional Investigations completed No.	Total Investigations Completed No.	Errors No.	Fraud No.	Outcome £
Housing Benefit	33	16	0	0%	0	0	0	0	0
Payroll	177	148	8	5%	0	8	0	0	0
Housing Tenants	235	174	0	0%	0	0	0	0	0
Blue Badge	469	427	427	100%	34	461	0	0	0
Waiting List	223	71	0	0%		0	0	0	0
Council Tax Reduction Scheme	504	42	41	98%	0	41	0	0	0
Creditors (Note 1)	1,425	77	77	100%	0	77	0	0	0
Procurement	34	34	0	0%		0	0	0	0
Business Rates	Matches not yet provided								
CT Single Person Discount (Benefits and revenues investigations) (Note 2)	2,216	222	0	0%		0	0	0	0
CT Single Person Discount (Corporate Fraud Team Investigations) (Note 3)	5,502	N/A	N/A	N/A	N/A	181	8	0	7,255
Total	10,818	1,211	553	46%	34	768	8	0	7,255

Note 1: The target number of investigations for these matches was reduced as, after an initial review by Accounts Payable, it was found that the matches checked were not duplicates or had already been identified by Accounts Payable

Note 2: SPD matches are not ranked by risk rating, therefore it has been agreed that a 10% sample check will be completed for these matches.

Note 3 CT SPD total matches are split over three separate reports, however the actual number of matches is likely to be much lower as the same match could be included in multiple reports therefore it has not been possible to set a target for these investigations. The CFT will continue to risk assess the matches as investigations progress.

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 4 June 2025**

**Subject: The Global Internal Audit Standards (GIAS) in the UK
Public Sector**

1. Purpose

- 1.1 The purpose of this report is to advise the Audit and Governance Panel of the requirements of the new Global Internal Audit Standard (GIAS), the Application Note: GIAS in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in Local Government.

2. Recommendation

- 2.1 **It is recommended that the Panel notes the new requirements of the Global Internal Audit Standards, the Application Note; GIAS in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in Local Government and that the results of the self-assessment against conformance with the new standards will be reported to this Panel in February 2026.**

3. Background

- 3.1 The Global Internal Audit Standards (GIAS) came into effect in January 2025 and replace the Public Sector Internal Audit Standards (PSIAS) 2013 (updated 2017). The GIAS guide the professional practice of internal auditing worldwide and serve as a basis for evaluating and elevating the quality of the Internal Audit function. They include a section on *Applying the Global Internal Audit Standards in the Public Sector*, and recognise that differences in governance structures, regulations and funding in the public sector may sometimes demand different approaches to maintain appropriate quality, efficiency, and effectiveness in delivering internal audit.
- 3.2 An application note, was developed to provide a framework for the practice of Internal Audit in the UK Public Sector when taken together with the GIAS. The Application Note: GIAS in the UK Public Sector sets out interpretations and requirements which need to be applied to the GIAS to form a suitable basis for Internal Audit practice in the UK Public Sector.
- 3.3 The authority for setting professional standards for internal audit in the UK public sector rests with the Relevant Internal Audit Standard Setters (RIASS) who have determined that the GIAS issued by the Institute for Internal Auditors (IIA) are a suitable basis for the practice of internal auditing in the UK public sector, subject to interpretations and requirements with the Application Note: GIAS in the UK Public Sector. The Application Note is effective within the Public Sector from 1 April 2025.

- 3.4 The Internal audit standards for UK Public Sector therefore encompasses both the GIAS and the Application Note and will be expressed as the GIAS in the UK Public Sector and must be referred to as such when expressing conformance with the standards.
- 3.5 In addition to GIAS and the Application Note, CIPFA produced a new Code of Practice for the Governance of Internal Audit in Local Government (the Code) [https://southayrshiregovuk.sharepoint.com/sites/IntAuditCorpFraud/Internal Audit Reference Documents/Forms/AllItems.aspx?id=/sites/IntAuditCorpFraud/Internal Audit Reference Documents/CIPFA-Code-on-the-Governance-of-Internal-Audit-2025.pdf&parent=/sites/IntAuditCorpFraud/Internal Audit Reference Documents](https://southayrshiregovuk.sharepoint.com/sites/IntAuditCorpFraud/Internal%20Audit%20Reference%20Documents/Forms/AllItems.aspx?id=/sites/IntAuditCorpFraud/Internal%20Audit%20Reference%20Documents/CIPFA-Code-on-the-Governance-of-Internal-Audit-2025.pdf&parent=/sites/IntAuditCorpFraud/Internal%20Audit%20Reference%20Documents) to support compliance with the principles and standards in Domain III (Governing the IA Function) of the GIAS in the UK Public Sector.

Summary of New Requirements

- 3.6 The GIAS in the UK Public Sector comprise of 15 principles split over five domains. Domains one and two, the Purpose of Internal Auditing and Ethics and Professionalism, are the foundations which apply across all other domains. Domain three, Governing the Internal Audit Function, relates to leading the internal audit function and sets out a role for those ‘charged with governance’ within an organisation so is the section of the standards which are most relevant for the Audit and Governance Panel in its role as the Council’s Audit Committee. The fourth Domain is around leading the internal audit function and therefore is the focus of the Chief Audit Executive¹ and domain five is focused on performing internal audit engagements.
- 3.7 Many aspects of how the Internal Audit function undertakes audits assignments and the principles under which it operates have not fundamentally changed and overall, arrangements currently in place in the Council reflect the new Standards and best practice. However, the GIAS in UK Public Sector formalise some requirements including:
- the Purpose of Internal Auditing² being expanded to include insight and foresight
 - development and approval of an Internal Mandate and Charter
 - development and implementation of an audit strategy
 - a requirement for internal auditors to demonstrate ‘professional courage and professional scepticism’
 - a requirement for Internal Audit plans to support the achievement of the organisation’s objectives
 - co-ordination with external assurance providers
 - a requirement for the results of the quality assessment to be reported annually
 - a requirement for internal auditors to collaborate with management to identify the root cause when possible.

¹ Chief Internal Auditor in South Ayrshire Council

² Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight

- 3.8 The Audit Strategy and the Internal Audit Charter (including the Audit Mandate) which were approved by the Audit and Governance Panel on 26 March 2025 reflect the requirements of the new standards. The Internal Audit manual, processes and procedures will be updated, and all assignments completed as part of the 2025-26 Internal Audit Plan and going forward will be undertaken in compliance with the new standards.
- 3.9 The new standards also set out clearer roles and responsibilities for senior management and the audit committee. GIAS Domain III (Governing the Internal Audit Function) notes that appropriate governance arrangements with boards and senior management are essential to fulfil the Purpose of Internal Audit. The individual standards within Domain III include baseline 'essential conditions' which need to be satisfied to achieve conformance. However, the GIAS recognises that public sector organisations may require internal audit functions to adjust the application of some standards.
- 3.10 The Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) was therefore developed by CIPFA to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code works alongside the new standards and is aimed at those responsible for ensuring effective governance arrangements for internal audit.
- 3.11 The Code meets the objectives of the GIAS essential conditions, by providing for the necessary governance of internal audit, but in a way that is appropriate for UK local government bodies. It includes roles and responsibilities of the audit committee, senior management and those charged with governance towards internal audit. Within South Ayrshire Council this is the Audit and Governance Panel, in its role as the Council's Audit Committee, and the Executive Leadership Team.
- 3.12 Domain III (Governance of the Internal Audit function) of the GIAS (UK Public Sector) sets out a role for those 'charged with governance' within an organisation and notes that 'appropriate governance arrangements are essential to enable the internal audit function to be effective' and 'activities of the board (Audit Committee) ...are essential to the internal audit function's ability to fulfil the Purpose of Internal Auditing'.
- 3.13 As with the requirements for the day-to-day operation of the internal audit function, many of the requirements for the Audit and Governance Panel are already in place. However, the standards seek to clarify and formalise the requirements, highlighting the essential conditions that must be met to ensure full conformance with the GIAS in the UK Public Sector.
- 3.14 The essential conditions of Domain III relevant to the role of the Audit and Governance Panel are detailed below together with how it applies to Local Government as included within the Code (noted in brackets within the bullet points where required). The essential conditions include:
- Discussing with the CAE and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function.
 - Discussing with the CAE and senior management the appropriate authority, role, and responsibility of the internal audit function. (*In UK Local*

Government, internal audit's mandate is derived from regulations. In Scotland these are The Local Authority Accounts (Scotland) regulations 2014).

- Approving the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services. *(The audit committee workplan should provide for the internal audit mandate and charter, strategy, plans, engagement reporting and the annual conclusion, and quality reports. The committee should also oversee the tracking and implementation of the actions agreed following audits.)*
- Championing and demonstrate support for Internal Audit to enable it to fulfil the Purpose of Internal Auditing and pursue its strategy and objectives.
- Ensuring the internal audit is positioned at a level in the organisation that allows them to operate independently. *(The organisational position of the CAE should be supported by direct reporting to the audit committee. The audit committee must support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence raised by the chief audit executive. The chief audit executive must have the right of access to the chair of the audit committee at any time. The audit committee can escalate its concerns about internal audit independence to those charged with governance).*
- Communicating with the CAE to understand how the internal audit function is fulfilling its mandate.
- Engaging with senior management to appoint a CAE with qualifications and competencies necessary to manage the internal audit function effectively and ensure the quality performance of internal audit services and provide input to senior management to support the performance evaluation and remuneration of the CAE. *(In local government, matters around the appointment, removal, remuneration and performance evaluation of an in-house chief audit executive will be undertaken by senior management. The audit committee should provide feedback on the proposed job description and the performance evaluation of the chief audit executive should include feedback from the chair of the audit committee).*
- Setting the expectations with the CAE for the frequency of reports, the criteria for determining which issues should be escalated to the board (e.g. significant risks) and the process for escalating matters to the board.
- Discussing with the CAE, at least annually, the sufficiency of the internal audit resources to fulfil the internal audit mandate and deliver the audit plan. *(The audit committee and senior management must engage with the chief audit executive to review whether internal audit's financial, human, and technological resources are sufficient to meet internal audit's mandate as set out in the regulations and to achieve conformance with GIAS in the UK public sector).*
- Discussing differences of opinion on audit findings to support the Internal Audit Mandate being achieved. *(Where internal audit consider the management of risk or proposed actions in response to audit engagements represent an unacceptable level of risk to the authority, the audit committee must review the matter. The committee should make their recommendation to either management or those charged with governance as necessary).*

- Approving the internal audit function's performance objectives at least annually.
- Assessing the effectiveness and efficiency of the internal audit function. (*To meet the requirements of the regulations (the mandate) for internal audit, the audit committee must satisfy itself on the effectiveness of internal audit. They should take into account conformance with the standards, interactions with the committee, performance, and feedback from senior management. Their conclusions should be reported to those charged with governance, for example as part of the audit committee's annual report*).
- Concluding on the organisation's governance, risk, and internal control (*The audit committee should have oversight of the annual governance statement before final approval. The audit committee must review the chief audit executive's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives. The committee should review in-year updates and make appropriate enquiries if there are concerns about internal audit performance*).
- Discussing with the CAE the quality assurance and improvement programme.
- Requiring receipt of the completed results of the GIAS in the UK Public Sector self-assessment and of the external quality assessment directly from the assessor (*Annually, the audit committee must review the results of the chief audit executive's assessment of conformance against GIAS in the UK public sector, including any action plan*).
- Reviewing and approved the CAE's action plan to address identified deficiencies and opportunities for improvement from the external assessment.
- Approving the timescales for completion to the action plan and monitor progress.

4. Proposals

- 4.1 Many of the requirement noted in 3.7 and 3.14 have already been met however, to achieve full conformance with the standards the Council will need to demonstrate that all aspects of the standards are met, including the governance of internal audit.
- 4.2 Although the new standards came into effect on 1 April 2025, it is not possible to demonstrate full compliance on this date. Until audit assignments are completed, outcomes reported, and the annual report and assurance statement prepared, it will not be possible to evidence conformance with the GIAS in the UK Public Sector.
- 4.3 As with the previous Public Sector Internal Audit Standards (PSIAS) the new standard requires the CAE to develop a quality assurance and improvement programme (QAIP) that covers all aspects of the Internal Audit function and includes both periodic internal self-assessments and External Quality Assessments (EQA).
- 4.4 An allocation of time to complete a self-assessment against the GIAS in the UK Public Sector is included within the 2025/26 Internal Audit Plan. The self-assessment will be completed in quarter three of 2025/26 and it is proposed that

the results, including an action plan if required, be reported to the Audit and Governance Panel in February 2026.

- 4.5 The external assessments will continue to be undertaken at least once every five years as part of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) reciprocal agreement. The next external assessment is scheduled to be completed in 2026/27. The results of this assessment will be reported to the Audit and Governance Panel once completed.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Not applicable.

7. Human Resources Implications

- 7.1 Internal Audit currently operates with integrity, objectivity and competency respecting confidentiality and operating with due professional care. Staff are required to comply with the Council's Code of Conduct and their respective professional body's code of ethics. Continuous professional development and training will support compliance with the new Standards across the internal audit service.
- 7.2 The GIAS in the UK Public Sector require Internal Audit to have sufficient staff and other resources to enable it to carry out the objectives of the Charter and to deliver a programme of independent and objective audit assurance work alongside other available sources of assurance to enable the CAE to prepare annual opinions on the adequacy of the overall control environment. The work of Internal Audit is delivered using existing internal audit staff resources (3.4 FTE). Should staff resources fall below this level within the year alternative external resources may be sought to ensure sufficient work is completed to enable an annual audit opinion to be provided.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 Failure to comply with the Global Internal Audit Standards (GIAS) in the UK Public Sector and meet our obligation to provide an annual internal audit opinion.

9. Equalities

- 9.1 The proposal in this report is in relation to the Council's requirements under the GIAS in the UK Public Sector relative to the operation of the Internal Audit function. Therefore, an Integrated Impact Assessment is not required for this report.

10. Sustainable Development Implications

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy, or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13. Link to Shaping Our Future Council Yes ☐ No ☒

- 13.1 Not applicable.

14. Results of Consultation

- 14.1 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers [Local Authority Accounts \(Scotland\) Regulations 2014](#)

[Global Internal Audit Standards](#)

[The Application Note: GIAS in the UK Public Sector](#)

[CIPFA Code of Governance of Internal Audit](#)

[Audit Committee Update - GIAS in the UK Public Sector](#)

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Date: 27 May 2025