

County Buildings
Wellington Square
AYR KA7 1DR
Telephone No. 01292 612102



29 October 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, 5 November 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
 - (a) 24 September 2025 (Special) (copy herewith); and
 - (b) 1 October 2025 (copy herewith)
4. Action Log and Work Programme (copy herewith).

External Audit Reports

5. South Ayrshire IJB External Audit Report 2024-25 – Submit Report by Director of Health and Social Care (copy herewith).

6. Audit Scotland: Delivering for the Future - Submit report by the Assistant Director - Corporate Policy, Strategy and Performance (copy herewith).

Internal Audit Reports

7. Internal Audit Plan 2025/26 – Midyear review - Submit report by the Chief Internal Auditor (copy herewith).
8. Internal Audit – Progress Report to 30 September 2025 - Submit report by the Chief Internal Auditor (copy herewith).

Other Governance Reports

9. Accounts Commission Annual Report 2024/25 - Submit report by the Chief Financial Officer (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 24 September 2025 at 10.00 a.m.

Present in
County Hall: Councillors Julie Dettbarn (Chair), Alan Lamont, Bob Pollock and George Weir.

Present
Remotely: Councillor Brian McGinley

Apologies: Councillors Kenneth Bell, Mary Kilpatrick and Cameron Ramsay

Attending in
County Hall: C. Sneddon, Interim Chief Executive; T. Baulk, Chief Financial Officer; K. Anderson, Assistant Director – Corporate Policy, Strategy and Performance; W. Carlaw, Service Lead - Democratic Governance; T Simpson, Service Lead – Corporate Accounting; C. McGhee, Chief Internal Auditor; Fiona Mithcell-Knight, Audit Scotland; Adam Haar, Audit Scotland; Kirsten Sharp, Audit Scotland; J. Chapman, Committee Services Officer; and E. Moore, Clerical Assistant.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting;
- (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. Final Report on the 2024/25 Audit

There was submitted a report (issued) of 17 September 2025 by the Chief Financial Officer submitting the external auditor's Proposed 2024/25 Annual Audit Report for consideration by Members of the Audit and Governance Panel and to allow the auditor to communicate the matters raised during the audit and to approve both the Council's Annual Accounts and the Charitable Trust Funds Financial Statements for the financial year ended 31 March 2025.

The External Auditor and The Chief Financial Officer provided responses following a number of questions by Members of the Panel in relation to the Capital Programme.

A Member of the Panel asked why the valuation of the cost of maintenance was substantially higher from Ayrshire Roads Alliance. The Chief Financial Officer provided an explanation of how the valuation was devised.

A Member of the Panel gave his views on Capital Expenditure, Financial Sustainability and Member-Officer relationships and asked Audit Scotland to comment on whether the response they received in respect of the issues that they raised were dealt with in a way that was closely related to the outcome they expected.

A Member of the Panel stated that there were clear signs of progress but there was still a need to pick up the pace. He further added that there were two occurrences of the use of the word “generally” in the report and asked for clarification on this. The Chief Internal Auditor advised that the word “generally” was used in a positive way and was overall satisfactory but there were some exceptions and provided examples of these.

Following discussion and issues raised by a Member of the Panel in relation to the Rental Agreements for Common Good, the Panel

Decided:

- (1) to note the contents of Audit Scotland’s audit completion letter (Annex 1);
- (2) to accept Audit Scotland’s Proposed 2024/25 Annual Audit Report (Annex 2), and to note that both the Council’s 2024/25 Annual Accounts and the Charitable Trust Funds 2024/25 Trustees’ Annual Report and Financial Statements have an unmodified audit opinion;
- (3) to approve the Council’s audited 2024/25 Annual Accounts (Annex 3) for signature and subsequent issue by 30 September 2025; and
- (4) to approve the Charitable Trust Funds audited 2024/25 Trustees’ Annual Report and Financial Statements (Annex 4) for signature and subsequent issue by 30 September 2025.

The meeting ended at 10:45 a.m.

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 1 October 2025 at 10.00 a.m.

Present in
County Hall: Councillors Julie Dettbarn (Chair), Alan Lamont, Bob Pollock and George Weir.

Present
Remotely:

Apologies: Councillors Kenneth Bell, Mary Kilpatrick, Brian McGinley and Cameron Ramsay.

Attending in
County Hall: C. Sneddon, Chief Executive; T. Baulk, Chief Financial Officer; K. Anderson, Assistant Director – Corporate Policy, Strategy and Performance; W. Carlaw, Service Lead - Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; C. McGhee, Chief Internal Auditor; J. Chapman, Committee Services Officer; and E. Moore, Clerical Assistant.

Attending
Remotely: L. Reid, Assistant Director – Transformation,

Opening Remarks.

The Chair

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

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 23 September 2025.

3. Minutes of Previous Meeting.

The Minutes of the meeting of 3 September 2025 ([issued](#)) were continued to the next Panel meeting as there were insufficient numbers to form a quorum.

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 was one item omitted in error for the Action Log which will now be reported to the next Panel meeting. It was noted that within the Work Programme there was typographical errors in that June 25 should be June 26.

The Panel

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

5. Best Value Action Plan – Progress Update.

There was submitted a report ([issued](#)) of 26 August 2025 by the Assistant Director of Corporate Policy, Strategy and Performance updating members on the progress toward delivering the Council's Best Value Action Plan.

A Member of the Panel asked for reassurance that the plans in place were sufficiently ambitious to credibly respond to the financial challenges that were faced. The Interim Chief Executive advised that there had been an increased pace and urgency across the range of work taking place to manage the budget gap and put the Council on a more sustainable financial footing.

A Member of the Panel thanked the Interim Chief Executive for the sterling work carried out in his interim role and enquired if there were adequate plans in place for a handover with the new Chief Executive. The Interim Chief Executive briefed Members on the plans that would take place before the new Chief Executive started on the 17th of November 2025.

The Interim Chief Executive provided Members with a response to a question in relation to Shared Services Options.

A Member of the Panel requested clarification as to who would manage Recommendation 1, Action 1. The Interim Chief Executive advised it would be him until the new Chief Executive starts.

The Panel, having scrutinised the content of the Best Value Action Plan update report,

Decided:

(1) to consider the progress through the narrative set out within Appendix.1

Audit and Governance Panel

Agenda Item No. 4.

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1	3/9/25	7. <u>External Audit Reports Progress to 30 June 2025.</u>	Member of the Panel queried whether the review of leases and rents in 4.8 had been completed.	The Chief Financial Officer	Required information from external valuers has been sourced with new rental agreements and new operational arrangements outlined in the Report to Council in May 2025 commencing from 1 October.	Y

Audit and Governance Panel

Work Programme 2025

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
1.	South Ayrshire IJB External Annual Audit Report 2024-25	Report to Panel	Director of Health & Social Care	November 2025 (Annually)	Report to this panel
2.	Accounts Commission – Delivering for the Future – Responding to the workforce challenge	Report to Panel	Asst. Director – Corporate Policy, Strategy and Performance	November 2025	Report to this panel
3.	Internal Audit – Progress Report Quarter 2	Report to Panel	Chief Internal Auditor	November 2025 (Quarterly)	Report to this panel
4.	Internal Audit Plan 2025/26 - Midyear Review	Report to Panel	Chief Internal Auditor	November 2025	Report to this panel
5.	Accounts Commission - Annual Report	Report to Panel	Chief Finance Officer	November 2025	Report to this panel
6.	Audit and Governance Panel – 2025 Annual Self-Assessment Outcome	Report to Panel	Chief Financial Officer/ Chief Governance Officer	December 2025 (Annually)	Being drafted
7.	Treasury Management and Investment Strategy Mid-Year Report 2025/26	Report to Panel	Chief Financial Officer	December 2025 (Quarterly)	Being drafted
8.	Corporate Fraud Team – Activity Report Update	Report to Panel	Chief Internal Auditor	December 2025 (Biannually)	Being drafted
9.	Accounts Commission – Senior Officer Exit Packages	Report to Panel	Chief Financial Officer	December 2025	Being drafted

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
10.	External Audit Reports – Progress to 31 December 2025	Report to Panel	Chief Financial Officer	January 2026 (Quarterly)	Not yet started
11.	Internal Audit – Progress Report Quarter 1	Report to Panel	Chief Internal Auditor	January 2026 (Quarterly)	Not yet started
12.	Treasury Management and Investment Strategy Quarter 1 Update Report 2025/26	Report to Panel	Chief Financial Officer	January 2026 (Quarterly)	Not yet started
13.	External Audit Reports – Progress to 31 June 2025	Report to Panel	Chief Financial Officer	January 2026 (Quarterly)	Not yet started
14.	Best Value Action Plan – Progress Update	Report to Panel	Asst. Director – Corporate Policy, Strategy and Performance	February 2026 (Biannually)	Not yet started
15.	Internal Audit – Progress Report Quarter 3	Report to Panel	Chief Internal Auditor	February 2026 (Quarterly)	Not yet started
16.	Treasury Management and Investment Strategy Quarter 3 Report 2025/26	Report to Panel	Chief Financial Officer	February 2026 (Quarterly)	Not yet started
17.	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
18.	Annual Audit Plan 2025/26	Report to Panel	Chief Financial Officer	March 2026 (Annually)	Not yet started
19.	Strategic Risk Management	Report to Panel	Chief Governance Officer	March 2026 (Biannually)	Not yet started

Audit and Governance Panel

	Issue	Actions	Assigned To	Due Date to Panel	Latest update
20.	Best Value Action Plan – Progress Update	Report to this Panel	Asst. Director – Corporate Policy, Strategy and Performance	April 2026 (Biannually)	Not yet started
21.	Audit and Governance Panel – 2024/25 Annual Report	Report to Panel	Chief Financial Officer/ Chief Governance Officer	June 2026 (Annually)	Not yet started
22.	Annual Accounts 2025/26	Report to Panel	Chief Financial Officer	June 2026 (Annually)	Not yet started
23.	Delivering Good Governance – 2025/26 Assessment	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	June 2026 (Annually)	Not yet started
24.	Internal Audit Annual Report 2025/26	Report to Panel	Chief Internal Auditor	June 2026 (Annually)	Not yet started
25.	Treasury Management Annual Report 2025/26	Report to Panel	Chief Financial Officer	June 2026 (Annually)	Not yet started
26.	Corporate Lets	Report to Panel	Director of Communities and Transformation	September 2026 (Annually)	Not yet started
27.	Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC)	Report to Panel	Chief Internal Auditor	September 2026 (Annually)	Not yet started

South Ayrshire Council

**Report by Director of Health and Social Care Partnership
to Audit and Governance Panel
of 5th November 2025**

Subject: South Ayrshire IJB External Annual Audit Report 2024-25

1. Purpose

- 1.1 The purpose of this report is to present Audit Scotland's Annual Audit Report on South Ayrshire IJB's Annual Accounts for the period 2024-25.

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 considers the Annual Audit report of South Ayrshire IJB for period 2024-25; and**
2.1.2 notes the contents of the Annual Audit report for 2024-25.

3. Background

- 3.1 South Ayrshire Integrated Joint Board is specified in legislation as a 'section 106' body under the terms of Local Government Scotland Act 1972 and as such is expected to prepare annual accounts in accordance with the Code of Practice on Accounting for Local Authorities in the United Kingdom supported by International Financial Reporting Standards (IFRS) unless legislation or statutory guidance requires different treatment.
- 3.2 The IJB's Annual Accounts are audited by Audit Scotland who have been appointed by the Accounts Commission for the period 2022-23 until 2026-27. Audit Scotland are an independent body whose responsibilities are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice 2021, and supplementary guidance and International Standards on Auditing in the UK.
- 3.3 Auditors give an independent opinion on the financial statements and other information within the annual report and accounts. They also review the arrangements within the IJB to manage its performance and use of its resources and aim to support improvement and accountability.
- 3.4 The IJB is responsible for maintaining accounting records and preparing financial statements that give a true and fair view. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant

legislation and establishing effective arrangements for governance, propriety and regularity to deliver on strategic plan objectives.

3.5 South Ayrshire IJB Annual Accounts for 2024-25 were approved by the IJB on the 10th of September 2025, alongside presentation of the Annual Audit report by Audit Scotland (Appendix 1).

4. Proposals

4.1 Audit Scotland's opinion on the Annual Accounts of the South Ayrshire IJB are unmodified and the financial statements give a true and fair view of the financial statements of the IJB.

4.2 Key messages included:-

- A balanced budget was set for 2024-25 but included savings proposals and use of contingency balances from IJB reserves. The 2024-25 overspend of £2.340m was met from reserves and reporting needs to be clearer on actual use of budgeted and actual reserves.
- Uncommitted reserves are now extremely low, at £0.597m significantly limiting South Ayrshire IJB's ability to respond to unexpected budget pressures.
- South Ayrshire IJB's medium-term financial plan identifies indicative funding gaps each year from 2026-27 to 2030-31 ranging from £6.006m to £8.384m, savings plans are being developed in response to this.
- Performance management arrangements are effective. Performance has improved in many areas since last year. Ten of the twelve national performance indicators have improved. Delayed discharges whilst above the target level have also reduced compared to 2023/24.
- The body has effective and appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- The body has effective and appropriate arrangements in place for securing Best Value

5. Legal and Procurement Implications

5.1 Production and audit of the annual accounts is a statutory requirement.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 The report provides an independent opinion on the financial statements and has been prepared in accordance with the statutory guidance.

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. **Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 1](#).

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 and the report aligns with IJB Strategic Priority “We are an ambitious and effective partnership”.

13. **Results of Consultation**

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

13.2 Consultation has taken place with Councillor High Hunter, Portfolio Holder for Health and Social Care Partnership, and the contents of this report reflect any feedback provided.

14. **Next Steps for Decision Tracking**

14.1 If the recommendations above are approved by Members, the Director of South Ayrshire Health and Social Care Partnership will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the ‘Council and Cabinet Decision Log’ at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by

Implementation	Due date	Managed by

Background Papers [South Ayrshire IJB Annual Accounts 2024-25](#)

Person to Contact Lisa Duncan, Chief Finance Officer SAIJB
Elgin House, Ailsa Hospital, Ayr, KA6 6 AB
Phone 01292 612392
E-mail Lisa.Duncan2@south-ayrshire.gov.uk

Date: 24th October 2025

South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	
Lead Officer (Name/Position/Email)	##, ## - ##@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – (issues specific to women & men or girls & boys)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children’s Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)	NO
Rationale for decision: This report advises the Panel of External Audit of South Ayrshire IJB Accounts 23-24. Members' decision on this has no specific equality implications	
Signed : Lisa Duncan	Service Lead CFO -SAIJB
Date: 7 th September 2024	

South Ayrshire Integration Joint Board

2024/25 Annual Audit Report



Prepared for South Ayrshire Integration Joint Board and the Controller of Audit
September 2025

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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Key messages

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement. The accounts show a true and fair view of the South Ayrshire Integration Joint Board's (the IJB') financial position.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by South Ayrshire Integration Joint Board.

Wider scope and Best Value audit

- 3 A balanced budget was set for 2024/25 but included savings proposals and the use of contingency balances from IJB reserves
- 4 The 2024/25 year end overspend of £2.340 million was met from reserves. Reporting of the budgeted and actual use of reserves needs to be clearer.
- 5 Uncommitted reserves are now extremely low, at £0.597 million significantly limiting South Ayrshire IJB's ability to respond to unexpected budget pressures
- 6 South Ayrshire IJB's medium-term financial plan identifies indicative funding gaps each year from 2026/27 to 2030/31 ranging from £6.006 million to £8.384 million, savings plans are being developed in response to this.
- 7 The Strategic Plan 2021-31 (refreshed in 2025) outlines the IJB's vision and aligns with South Ayrshire's Local Outcome Improvement Plan and the IJB's financial projections.
- 8 Performance management arrangements are effective. Performance has improved in many areas since last year. Ten of the twelve national performance indicators have improved. Delayed discharges whilst above the target level have also reduced compared to 2023/24.
- 9 The body has effective and appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

- 10** The body has effective and appropriate arrangements in place for securing Best Value.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of South Ayrshire Integration Joint Board annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).
2. The Annual Audit Report is addressed to South Ayrshire Integration Joint Board, hereafter referred to as 'the IJB' and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Fiona Mitchell Knight, of Audit Scotland, has been appointed as external auditor of the body for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Fiona Mitchell Knight as engagement lead and the audit team are independent of the IJB in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the IJB, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Integration Joint Board members, senior management, and other staff, particularly those involved in the preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, namely the Management Commentary and Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the IJB's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the IJB's arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the IJB's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the IJB from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The body's responsibilities

10. The IJB has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the body that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Communication of fraud or suspected fraud

11. In line with ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), in presenting this report to the Audit and Performance Committee we seek confirmation from those charged with governance of any instances of actual, suspected or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within the IJB, we invite them to communicate this to the appointed auditor for consideration prior to the Annual Accounts being certified.

National performance audit reporting

12. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the Integration Joint Board. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement. The accounts show a true and fair view of the IJB's financial position.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the body.

Audit opinions on the annual accounts

13. The IJB's annual accounts were approved at the meeting of the Integration Joint Board on 11 June 2025 and certified by the appointed auditor on 10 September 2025. The Independent Auditor's Report is included in the body's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement. The accounts show a true and fair view of the IJB's financial position.



Audit timetable

14. The unaudited annual accounts and all working papers were received by 30 June 2025 in accordance with the agreed audit timetable.

Audit Fee

15. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £34 thousand. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

16. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

17. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues

may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

18. Materiality levels for the audit of the IJB were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts and updated as can be seen in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for the IJB

Materiality	IJB
Materiality – set at 2% of gross expenditure	£6.290 million
Performance materiality – set at 70% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£4.405 million
Reporting threshold – set at 5% of materiality.	£0.315 million

Source: Audit Scotland

Significant findings and key audit matters

19. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for the body is the Integration Joint Board

20. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

21. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

22. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

23. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

24. The appropriateness of accounting policies adopted by the body was assessed as part of the audit. These were considered to be appropriate to the circumstances of the body, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

25. Accounting estimates are used in number of areas in the body's financial statements. Audit work considered the process management of the body has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

26. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity.

Significant matters discussed with management

27. All significant matters identified during the audit and discussed with the body's management have been reported in the Annual Audit Report.

Audit adjustments

28. No audit adjustments were required to the financial statements greater than the reporting threshold of £0.315 million.

Significant risks of material misstatement identified in the Annual Audit Plan

29. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 2, \(page 11\)](#).

Exhibit 2**Significant risks of material misstatement to the financial statements**

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Assurances will be obtained from the auditors of NHS Ayrshire and Arran and South Ayrshire Council over the completeness, accuracy and allocation of income and expenditure. Evaluate any significant unusual transactions outside the normal course of business. Evaluate significant transactions outside the normal course of business. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> We obtained assurances from the auditors of NHS Ayrshire and Arran and South Ayrshire Council over the completeness, accuracy and allocation of income and expenditure. We evaluated any significant unusual transactions outside the normal course of business. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>

Source: Audit Scotland

Wider scope and Best Value audit

Conclusion

A balanced budget was set for 2024/25 but included savings proposals and the use of contingency balances from IJB reserves

The 2024/25 year end overspend of £2.340 million was met from reserves. Reporting of the budgeted and actual use of reserves needs to be clearer.

Uncommitted reserves are now extremely low, at £0.597 million significantly limiting South Ayrshire IJB's ability to respond to unexpected budget pressures

South Ayrshire IJB's medium-term financial plan identifies indicative funding gaps each year from 2026/27 to 2030/31 ranging from £6.006 million to £8.384 million, savings plans are being developed in response to this.

The Strategic Plan 2021-31 (refreshed in 2025) outlines the IJB's vision and aligns with South Ayrshire's Local Outcome Improvement Plan and the IJB's financial projections.

Performance management arrangements are effective. Performance has improved in many areas since last year. Ten of the twelve national performance indicators have improved. Delayed discharges whilst above the target level have also reduced compared to 2023/24.

The body has effective and appropriate arrangements in place for Financial Management; Financial Sustainability, Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.

The body has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

30. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

31. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the body has in place for each of these is reported in this chapter.

Best Value

32. The duty on auditors to consider the arrangements in place to secure Best Value applies to the body as it falls within section 106 of the Local Government (Scotland) Act 1973.

33. Consideration of the arrangements the body has in place to secure Best Value has been carried out alongside the wider scope audit.

Significant wider scope and Best Value risks

34. Audit work has been performed in response to the significant wider scope and Best Value risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit](#).

Exhibit 3

Significant wider scope and Best Value risks

Significant risk	Planned audit response	Outcome of audit work
<p>Financial sustainability</p> <p>In recent years, the IJB has achieved short-term financial balance. However, at the time of writing, there are several uncertainties outside management's control that are impacting on the 2025/26 budget development. There is currently a significant budget gap for the 2025/26 financial year that needs to be addressed.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Review the approved 2025/26 budget and updates to the IJB's medium-term financial plans and assess the appropriateness of the assumptions made. Review financial monitoring reports to assess the financial position, including progress in realising efficiency savings. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The IJB's current financial position has a very low level of uncommitted reserves The Medium Term Financial Forecast figures updated from 2026/27 to 2030/31 show a budget gap of £33.2 million There are transformation activities ongoing mainly via the Improvement and Innovation Fund investing in more preventative services, however savings plans are only developed for the next year in advance. <p>Conclusion: The body is progressing arrangements to develop medium and longer-term financial plans. These should ensure links to strategic priorities and factor in financial flexibilities.</p>

Source: Audit Scotland

Conclusions on wider scope audit

Financial Management

A balanced budget was set for 2024/25 but included savings proposals and the use of contingency balances from IJB reserves

35. The IJB approved its 2024/25 budget in March 2024. The budget was set at total net expenditure of £314.857 million consisting of £219.097 million of partnership services, £64.004 million recharges from other partnerships, £2.733 million recharges from other partnerships and £34.488 million set aside. There was a £4 million funding gap which was to

be covered by £2.600 million in savings and a £1.500 million contribution from general reserves for Biggart Hospital beds.

The 2024/25 year end overspend of £2.340 million was met from reserves. Reporting of the budgeting and use of reserves should be improved

36. The IJB reported an overspend against budget of £2.340 million, which was funded from uncommitted reserves. The overall deficit of £6.406 million for 2024/25 was funded from:

- Earmarked reserves - £2.766 million
- Uncommitted reserves - £3.640 million

37. Reporting of the budgeting and use of reserves can be complex, however IJB finance reports could be more concise and consistent in how these are set out. This is especially important in the context of the financial pressures the IJB is currently under, much like other public sector bodies.

Recommendation 1

The IJB should review its finance reports to improve clarity on the reporting of its planned and actual use of reserves.

Uncommitted reserves are now extremely low at £0.597 million, significantly limiting South Ayrshire IJB's ability to respond to unexpected budget pressures

38. One of the key measures of the financial health of a body is the level of reserves held. The IJB general fund reserve is split between earmarked balances for future commitments or uncommitted balances. Uncommitted reserves are held to mitigate against unexpected budget pressures, ensuring services can continue without disruption.

39. The IJB's level of uncommitted reserves has reduced significantly over the last few years, currently £0.597 million as at 31 March 2025. ([Exhibit 4](#)). Reserves earmarked for specific purposes totalled £10.465 million as at 31 March 2025.

40. The low level of uncommitted general fund reserves seriously limits the IJB's ability to manage and mitigate future financial pressures. Given the financial pressures on the IJB, there is a significant risk that any overspends in 2025/26 would fully expend uncommitted reserves and require members to make difficult decisions to disrupt strategic priorities, request additional funding from partners or reduce service provision.

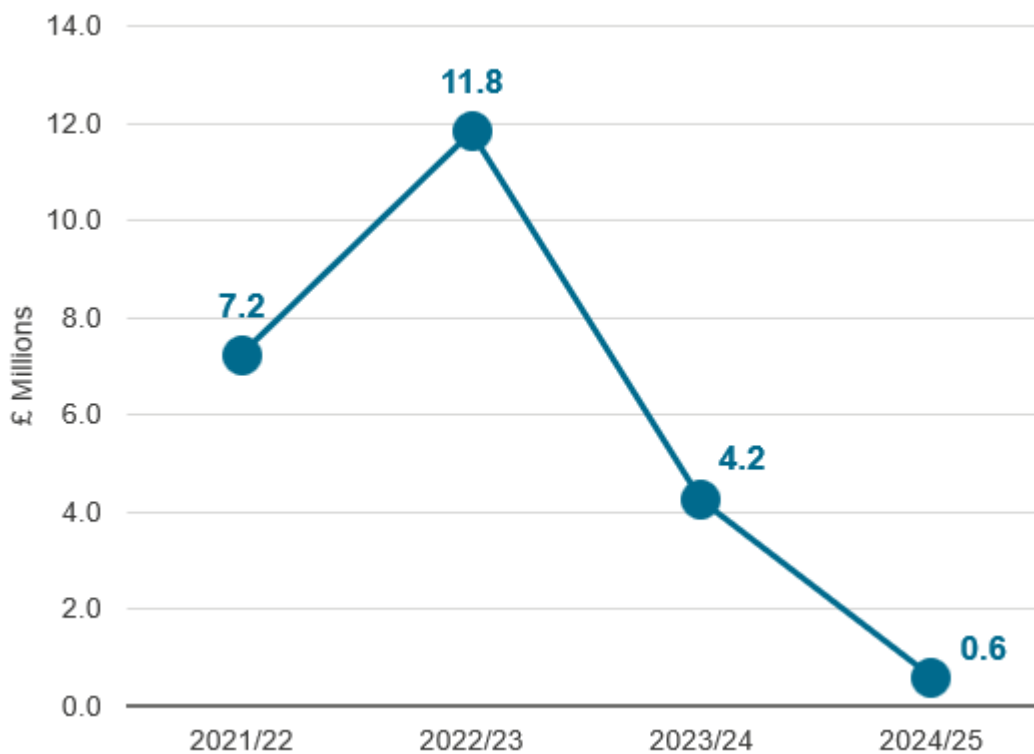
41. The IJB should review its uncommitted reserves position and ensure it factors maintenance of a sufficient balance into its medium-term plans.

Recommendation 2

The IJB should review its uncommitted reserves position and ensure it factors maintenance of a sufficient balance into its medium-term plans.

Exhibit 4

Changes in the value of South Ayrshire IJB's uncommitted reserves 2021/22 to 2024/25



Source: South Ayrshire IJB – Audited Annual Accounts

Financial systems of internal control operated effectively

42. The IJB is reliant on the systems of its partner bodies. NHS Ayrshire and Arran and South Ayrshire Council, for its key financial systems, including ledger and payroll. All IJB transactions are processed through respective partners' systems and all controls over those systems are within the partner bodies rather than the IJB.

43. As part of our audit approach, we sought assurances from the external auditors of NHS Ayrshire and Arran and South Ayrshire Council (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal control for either the health board or council.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

44. The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We reviewed the arrangements in place at NHS Ayrshire and Arran and South Ayrshire Council through consideration of the work by partner body auditors and found them to be adequate.

45. Appropriate arrangements are in place for the prevention and detection of fraud and error. We are not aware of any specific issues we require to bring to your attention.

Financial Sustainability

46. As outlined at [Exhibit 3](#), a significant wider scope risk was identified around financial sustainability.

47. Whilst we concluded that the arrangements for financial management were appropriate, we noted significant challenges going forward in the IJB's ability to achieve financial balance.

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

49. The IJB approved its medium term financial plan in 2023. An update to the original projected funding gap was presented to the IJB in March 2025 as part of the annual budget setting process for 2024/25.

The medium-term financial plan identifies indicative funding gaps each year from 2026/27 to 2030/31 ranging from £6.006 million to £8.384 million, savings plans are being developed in response to this.

50. The 2025/26 budget has a funding gap of £6.413 million and proposed savings of £5.413 million. These savings are part of a three-year savings plan which was originally to have been tabled at the IJB meeting of 11 June 2025 with an updated Medium Term Financial Forecast (MTFF), however this was postponed due to delays in the Scottish Government's own MTFF, which was subsequently published on 25 June 2025.

Recommendation 3

The IJB should prepare an updated medium term financial forecast which shows how savings will be made to deliver its future services within the available financial resources. Clear linkages to the IJBs strategic priorities should be included.

Vision, Leadership and Governance

Governance arrangements are appropriate and operate effectively

51. The audit work performed on the arrangements the IJB has in place around its Vision, Leadership and Governance found that these were effective and appropriate.

52. The IJB has established arrangements around committee reports and pre-agenda meetings and timetables. Democratic Services receive reports for committee in line with established lodgement dates outlined in the committee meeting calendar. The agenda and papers are then issued approximately a week before the committee date.

53. Pre-agenda meetings involving the IJB Chair, Chief Officers and Governance and Communications Managers take place prior to the issue of the formal agenda. Issues arising from the meeting are followed-up with officers who have reports to be presented to the IJB prior to issue.

54. All IJB meetings take place in a hybrid format with members and officers attendance either in-person in the Council chambers or remotely via Microsoft Teams. Members of the public can attend IJB Board meetings for open items of business.

55. Meeting papers are available on the website in advance of meetings and minutes are available following approval. Following prior year audit recommendations consideration has been given as to how the IJB can promote openness. The IJB have introduced a facility for members of the public to request a link to view a live streaming of the Board meetings. The Performance and Audit committee remains a closed committee in line with its approved terms of reference, however the papers and minutes from the committee are available on the South Ayrshire Council website.

56. From attendance at meetings, we have observed the committee business. We have noted that members are prepared for meetings and scrutinise the information presented. We have observed the interactions between officers and members and have noted their shared aims and vision for the IJB.

57. We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making and that members and officers work together to achieve the aims of the IJB. We conclude that the IJB has demonstrated a commitment to openness and transparency.

The Strategic Plan 2021-31 (refreshed in 2025) outlines the IJB's vision and aligns with South Ayrshire's Local Outcome Improvement Plan and the IJB's financial projections.

58. The Public Bodies (Joint Working) (Scotland) Act 2014 places a duty on the IJB to develop a Strategic Plan for the integrated functions and budgets under its control. The current strategic plan was approved in 2021 and covers the period to 2031. The 2014 Act requires a review of the plan every three years and progress on the review was reported to the Performance and Audit Committee in June 2025.

59. The plan outlines the IJB's priorities, planned activities and long-term ambitions. The plan contains seven strategic objectives to improve outcomes over the next ten years:

- We focus on early intervention and tackling inequality.
- We nurture and are part of communities that care for each other.
- We work together to give you the right care in the right place.
- We help to build communities where people are safe.
- We are an ambitious and effective partnership.
- We are transparent and listen to you.
- We make a positive impact beyond the services we deliver.

60. Within the Strategic Plan there are no financial projections. We consider that the strategic plan provides clarity on how the IJB intend to implement their visions and priorities. However, given the continued financial pressures the IJB faces in operating within its financial budget and the low level of reserves, it would be of benefit to tie the plan's content was linked to financial projections to reflect the financial resources available.

Recommendation 4

The updated IJB Strategic Plan should be linked to financial projections.

The review of the Integration Scheme continues and is due to conclude later in 2025

61. The Public Bodies (Joint Working) (Scotland) 2014, places a legal duty on Councils and Health Boards to review the Integration Schemes at least once every five years to consider whether any changes are necessary or desirable.

62. The Integration Scheme for the IJB was last reviewed in 2019. The current review of the Integration Scheme has been undertaken on a pan-Ayrshire basis by the three Councils and the Health Board to ensure a consistent and co-ordinated approach. A project Board was established to oversee the work and various work groups were established. The review

of the Integration Scheme through the various workgroups concluded in March 2024. Further work has since been undertaken to consider specific issues and the overall legal competence of the Integration Scheme.

63. It is anticipated that the Integration Scheme review will conclude in 2025. Following this, it will require approval by South Ayrshire Council and NHS Ayrshire and Arran, prior to submission to the Scottish Ministers.

Use of Resources to Improve Outcomes

Performance management arrangements are effective. Performance has improved in many areas since last year. Ten of the twelve national performance indicators have improved. Delayed discharges whilst above the target level have also reduced compared to 2023/24.

64. The Performance and Audit Committee has a role in providing oversight of performance reporting against the strategic plan. Twelve month rolling performance reports are presented to most meetings of the committee. The reports include a Partnership Scorecard which includes high-level performance indicators for workforce, employee development, risk management and service performance. This provides assurance to the Performance and Audit Committee of overall performance.

65. At the Performance and Audit Committee meeting in March 2025, members revised progress on the Service Improvement Plan 2024-27. The update included details of progress against the Service Improvement Plans, including details of actions completed or actions still underway past their completion dates.

66. The covering report to Committee outlined that the Service Improvement Plans include details of planned efficiencies and incorporates improvement actions that will contribute towards financial efficiency and sustainability at a service level. It further notes that the Service Improvement Plans are being delivered during a period of significant budget pressures. It noted that the five main service portfolios within the Health and Social Care Partnership are being impacted by financial constraints and savings targets.

67. Integration authorities are required to publish an Annual Performance Report by the end of July each year. Since 2018 Health and Social Care Partnerships have been working to improve performance against the six local objectives and trajectories set out by the Ministerial Strategic Group for Health and Community Care (MSG). The full year position was reported to the Performance and Audit Committee on 2nd September 2025. The report includes year-on-year comparison on the six prescribed Health and Social Care Delivery Plan and Ministerial Steering Group indicators as shown in [Exhibit 5](#).

Exhibit 5**National performance measures (age 18+)**

Measures	24/25 performance and (target)	Improving from 23/24
Unplanned admissions (U18)	● 1,765 (1,987)	Yes
Emergency department attendances (U18)	● 5,979 (7,778)	Yes
Unplanned bed days (acute) (U18)	● 1,390 (1,891)	Yes
Emergency bed days (mental health) (U18)	● 234 (302)	Yes
Unplanned admissions (18+)	● 13,174 (15,927)	Yes
Emergency department attendances (18+)	● 23,694 (28,328)	Yes
Unplanned bed days (acute) (18+)	● 123,675 (119,328)	No
Emergency bed days (mental health) (18+)	● 16,060 (28,122)	Yes
Emergency bed days geriatric long-stay) (18+)	● 8,311 (4,362)	Yes
Delayed transfers of care (all reasons) (18+)	● 31,351 (23,533)	Yes
End of life care (18+)	● 86.4% (87.5%)	No
Balance of spend (18+)	● 95.8% (95.1%)	Yes

Source: [South Ayrshire IJB - Annual Performance Report 2024/25 and 2023/24](#)

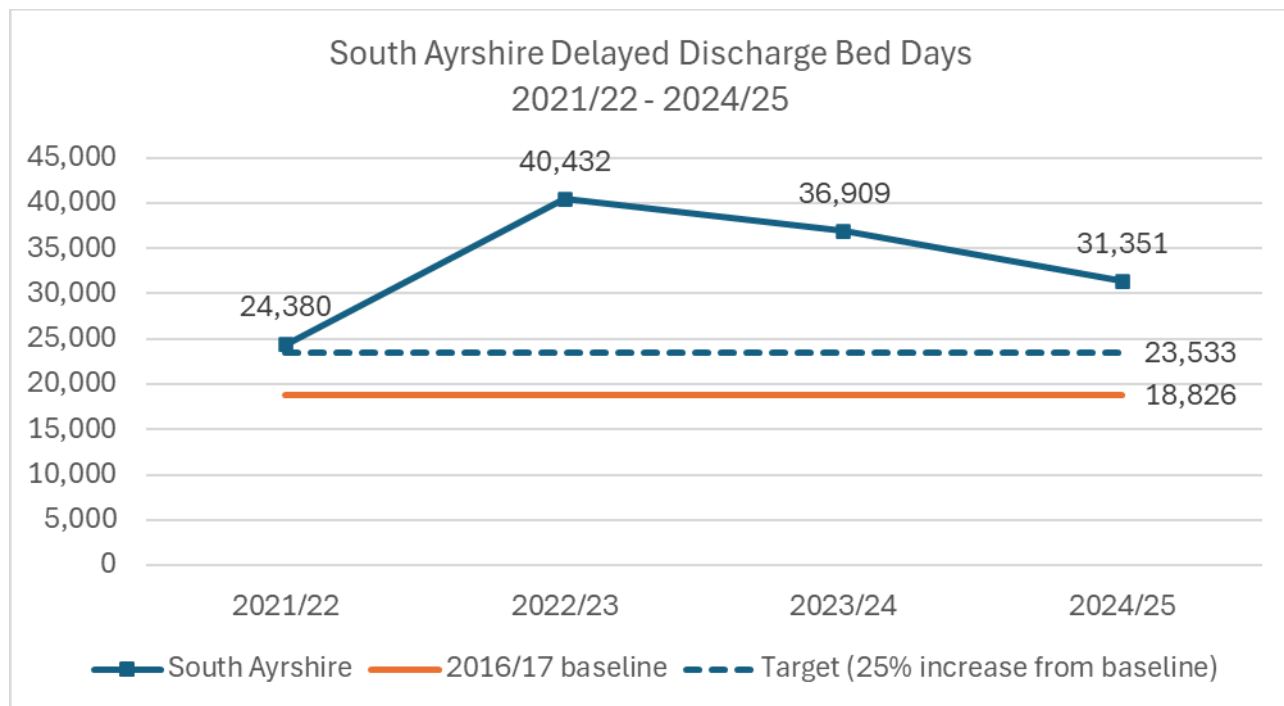
68. Delayed discharges bed days were reduced again in 2024/25, however they were still 66.5% more than the target level ([Exhibit 6](#)). Performance in this and several other areas has remained challenging but the IJB and its partners are committed to improving this position going forward.

69. Whilst there is a need for caution when drawing conclusion from national comparisons, the Accounts Commission's [Integration Joint Boards: Finance and Performance 2024](#) report makes it clear that IJB's need to make best use of available data. This needs to include effective data sharing between partners and key stakeholders. To that end, it is

important that members and management of South Ayrshire IJB satisfy themselves that the performance results of it are fully assessed on a continual basis and that these results are used to effectively inform how to improve outcomes for people who use its services.

Exhibit 6

Number of bed days occupied by delayed transfers of care (all reasons)



Source: [South Ayrshire IJB 2024/25 Annual Performance Report](#)

70. We conclude that the IJB has established appropriate arrangements for reporting performance against national outcomes through the Annual Performance report.

Conclusions on Best Value

71. We have not undertaken any specific Best Value work in 2024/25. However, based on our findings in this report, we consider that the IJB has arrangements in place to secure Best Value. This judgement is evidenced by:

- the body having well established and effective governance arrangements in place, with the Best Value being a key aspect of the governance arrangements.
- the arrangements the body has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value.

- progress the body is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

72. Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. The Performance and Audit Committee receives regular reports on progress with service strategies.

73. In June 2023 the IJB approved a £4m Improvement and Innovation Fund with the aim to allocate funding to specific services on a non-recurring basis to improve services and ensure future financial sustainability. A further £2m was allocated in June 2024. At the end of financial year 2024/25 £4.730 million had been allocated to 55 projects, with the largest area being community health and care. A progress report to the IJB in June 2025 noted the outcomes of specific projects.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Reserves Reporting</p> <p>IJB finance reports could be more concise and consistent in how the budgeting and use of reserves is set out.</p> <p>There is a risk that the financial position is not as clearly presented within the finance reports.</p>	<p>The IJB should review its finance reports to improve clarity on the reporting of its planned and actual use of reserves.</p>	<p>Accepted</p> <p>[Update the budget monitoring report to ensure clearer use of reserves is presented within the commentary as well as the tables. Year end outturn reports to provide more information on year-end transfers to/and from reserves.</p> <p>Chief Financial Officer October 2025</p>
<p>2. Uncommitted Reserves</p> <p>The level of uncommitted reserves has dropped significantly in recent years and is now very low.</p> <p>There is a risk that that any overspends in 2025/26 would fully expend uncommitted reserves and require members to make difficult decisions to disrupt strategic priorities, request additional funding from partners or reduce service provision.</p>	<p>The IJB should review its uncommitted reserves position and ensure it factors maintenance of a sufficient balance into its medium-term plans.</p>	<p>Accepted</p> <p>Update of Medium-Term Financial Forecast will take account of maintaining a level of general uncommitted reserves where possible. The IJB is reliant on funding from partners to meet the specific strategic plan outcomes. Funding allocations are determined by the Scottish Government and for specific spending requirements there is limited opportunity to maintain sufficient uncommitted reserves, without impacting service delivery.</p> <p>Chief Financial Officer November 2025</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>3. Savings Plans</p> <p>There are currently no savings plans beyond 2025/26.</p> <p>There is a risk that the IJB does not have plans to cover the funding gaps projected beyond 2025/26.</p>	<p>Savings plans should be produced for at least the next 3 years.</p>	<p>Accepted</p> <p>An update of the Medium-Term Financial Forecast will include high level savings plans for three years to meet the projected funding gaps. The annual budget process will continue to set a balanced budget with annual funding allocations and annual savings plans approved to meet any budgeted gaps.</p> <p>Chief Financial Officer November 2025</p>
<p>4. Strategic Plan 2021-31</p> <p>The current strategy has no financial projections.</p> <p>There is a risk that the strategy and the IJB's financial projections are not aligned.</p>	<p>The updated Strategic Plan should be linked to financial projections.</p>	<p>Partially Accepted</p> <p>This is mainly due to timing and commitment to refresh the Strategic Plan every 3 years. The publication of the Scottish Government Medium-Term Financial Strategy and Spending Reviews to provide strategic financial outlook. The Medium-Term Financial Forecast will align and refer to the Strategic Plan 2021-2031. The Strategic Plan refresh refers to the Medium-Term Financial Forecast.</p> <p>Chief Financial Officer November 2025</p>

Appendix 2

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Scotland's colleges 2024	19 September 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
NHS in Scotland 2024: Finance and performance	3 December 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
General practise: Progress since the 2018 General Medical Services contract	27 March 2025
Council Tax rises in Scotland	28 March 2025

South Ayrshire Integration Joint Board

2024/25 Annual Audit Report



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South Ayrshire Council

Report by Chief Executive to Audit and Governance Panel of 5th November 2025

Subject: Audit Scotland Report – Delivering for the future: Responding to the workforce challenge

1. Purpose

- 1.1 The purpose of this report is to advise Members of the recent publication of Audit Scotland's 'Delivering for the future: Responding to the workforce challenge' report, attached as Appendix 1.

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 **Considers the key messages in the report and feedback any comments to officers.**

3. Background

- 3.1 Scottish councils are facing intensifying workforce challenges amid rising service demands, financial pressures, and an ageing population. This report by Audit Scotland evaluates how councils are responding to these issues and outlines recommendations for future workforce planning and development.

4. Detail

4.1 Key findings:

- **Workforce Pressures:** Councils employ 262,000 staff, with costs rising to £10.3 billion. Sickness absence rates have increased significantly since the COVID-19 pandemic, with stress and mental health cited as major factors.
- **Ageing Workforce:** Over one-third of council employees are aged 55+, raising concerns about future capacity and health-related absences.
- **Recruitment Challenges:** Councils struggle to attract and retain qualified staff, especially in social care, IT, and professional roles. Rural and island councils face additional barriers.
- **Digital Transformation:** While all councils have digital strategies, integration with workforce planning is inconsistent. Digital capacity and resourcing remain key issues.
- **Hybrid Working:** Widely adopted but limited to certain roles. Few councils have assessed its impact on productivity or wellbeing.

- **Workforce Planning:** Most councils have medium-term plans, but alignment with strategic priorities and service-level integration needs improvement.
- **Staff Engagement:** Less than half of councils effectively engage staff or unions in workforce planning. Survey response rates are low.
- **Training & Succession:** Many councils invest in apprenticeships and internal development, but few demonstrate measurable benefits or savings.
- **Shared Services:** Collaboration exists but is underutilized. Only a few councils report efficiencies from shared roles or services.

4.2 Audit Scotland recommend:

- Align workforce plans with strategic priorities.
- Improve use of workforce data and performance metrics.
- Accelerate digital transformation and assess its workforce impact.
- Formalize and evaluate hybrid working policies.
- Enhance staff engagement and wellbeing initiatives.
- Explore shared services and collaborative models.
- Monitor and report on workforce planning outcomes.

5. Legal and Procurement Implications

5.1 The recommendations in this report are consistent with legal requirements.

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 with rejecting the recommendations.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 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 as follows:
- Appendix one allows for scrutiny of a publication by an outside body.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to all Priorities of the Council Plan.

13. Link to Shaping Our Future Council Yes No

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, Council Leader and Policy Lead for Economy and Strategy and the contents of this report reflect any feedback provided.

Background Papers Link to report - [Delivering for the future: Responding to the workforce challenge](#)

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Delivering for the future

Responding to the workforce challenge



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
August 2025



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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Key facts

Council workforce



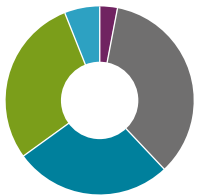
262,000 Total headcount, an increase of 5.6% since 2014



£10.3bn Employment costs, an increase of 26% since 2014



72% Employment costs as a total of net revenue expenditure



3% aged 24 or under

35% between 25 and 44

27% between 45 and 54

29% between 55 and 64

6% aged 65 and over



7.6 days Sickness absence days per teacher in 2023/24, an increase in 30 out of 32 councils, and an increase of 85% since Covid-19 (2020/21)



13.9 days Sickness absence days per employee in 2023/24, an increase in 25 out of 32 councils, and an increase of 45% since Covid-19 (2020/21)

Key messages

- 1 Councils are facing clear and continuing financial pressures and are having to make savings as they redesign and transform how they deliver services, including examining the need to make workforce reductions.** Recruiting and maintaining a skilled local government workforce remains challenging and, at the same time, demand for council services is increasing. This is placing additional demands on the existing workforce and there are indications this is now impacting upon the wellbeing of an ageing workforce, with absence levels rising to a new high.
 - 2 Auditors report that councils have responded positively to these challenges, but that further progress with workforce planning is still needed in light of continuing financial and demand pressures.** There remains scope for better alignment of workforce plans to corporate strategies, and opportunities to make better linkages between corporate and service arrangements. Councils could improve the availability and use of workforce data and demonstrate better, more meaningful engagement with their staff. Auditors also reported that there are existing initiatives across the sector to address issues with recruitment and retention, succession planning and the development of staff. But they also highlighted that opportunities to share services and roles could be better explored to deliver potential efficiencies and improve services. All councils recognise the importance of digital solutions in shaping their future workforce requirements, but digital capacity remains an issue for many, and further engagement with staff and service users is needed as councils transform how they deliver services.
 - 3 Staff remain the most important resource councils have to deliver services and meet the needs of their citizens.** Councils need to prioritise workforce planning and development to address existing and future challenges. Addressing rising sickness absence, embracing innovation and digital technology, and increased collaborative working will all be necessary to attract and retain staff, and ensure we all continue to benefit from a skilled and motivated local government workforce.
-

1. Introduction

Recruiting and maintaining a skilled local government workforce remains challenging. Demands are increasing, absence levels are rising, and the workforce is ageing. Councils face ongoing financial pressures, and there are increasing concerns about staff wellbeing.

- 1.** Our [2023 Local government overview](#) noted that councils have never faced such a challenging situation. Financial pressures across the sector are well documented, and councils are operating within difficult economic circumstances and labour market conditions while aiming to mitigate a wide range of complex risks and pressures.
- 2.** Greater demand for services, reduced income and significant challenges in recruiting and retaining staff mean it is harder for councils to do more with less. Some service performance and satisfaction indicators are now beginning to decline, with Local Government Benchmarking Framework (LGBF) data showing an increase in the number of indicators which are now declining. The rate of decline has now surpassed the rate of improvement in each of the last two years.
- 3.** Workforce costs continue to be the largest area of expenditure for local government and are rising. We have repeatedly reported on the increasingly urgent need for deep and lasting transformation in the way that councils are delivering services. This is vital to ensure services can be maintained. The shape, size and nature of the council workforce will be key to this journey.
- 4.** The audit of Best Value is now integrated into the annual financial audit. As part of this, auditors are asked to report on a specific thematic issue chosen each year by the Accounts Commission ([Appendix 1, page 23](#)). The Commission asked auditors to focus on the effectiveness of leadership in year one of the new Best Value approach, and to consider 'Workforce innovation – how councils are responding to workforce challenges' in year two.
- 5.** The key questions auditors were asked to consider as part of the Best Value work on workforce are set out at [Appendix 2 \(page 24\)](#). Auditors' findings were reported to councils and these individual reports can be found on the [Audit Scotland website](#) alongside the annual audit report for each council.
- 6.** In this short report, we highlight some of the common points identified by auditors in these Best Value thematic reports, including those councils where auditors highlighted specific examples of good

practice, with the aim of assisting councils as they review and develop their priorities further. We also set out a summary of the Commission's overall expectations for Best Value in this area, along with a summary of the improvement areas frequently identified by auditors. While not a focus for this work, we also recognise that councils have a range of responsibilities under the Public Sector Equality Duty that must inform their workforce planning.

7. Delays to concluding the annual audit mean that the Best Value thematic report for Clackmannanshire Council was unavailable at the time of preparing this report. Parts two and three, therefore, draw upon the findings from the reports of Scotland's other 31 councils.

The national context

8. Service demands have significantly increased since the Covid-19 pandemic, and funding remains constrained. An ageing population has increased the number of people in communities across Scotland who rely on essential council services. The overall population has increased by three per cent in the past ten years, with the 65+ and 75+ population growing by 18 per cent and 21 per cent respectively. Combined with the ongoing cost-of-living crisis, this has led to unprecedented pressures on the local government workforce to continue to deliver services for the most vulnerable in society.

9. Workforce pressures including recruiting staff from a competitive labour market, employee retention and high sickness absence levels are putting councils under sustained pressure. The recent LGBF [National Benchmarking Overview Report 2023/24](#) highlights issues such as ringfenced budgets, pay erosion across professional roles, an ageing workforce, geographic disparities in population, and reduced funding for consistent workforce investment, as contributing to general workforce capacity issues.

10. Workforce capacity and resilience challenges are not unique to councils, with similar pressures noted across the public sector in the Auditor General for Scotland's report [The Scottish Government's workforce challenges](#). The scale of these challenges, however, has been intensifying and ongoing financial pressures, alongside greater use of digital initiatives and technology, mean that councils must now consider the appropriate size and requirements of their future workforces.

Councils are facing recruitment and retention challenges and are now more reliant on temporary and agency staff

11. Despite overall increases in staff numbers, historic challenges with recruiting appropriately qualified staff have continued to rise, with an increasingly competitive labour market adding to reported staff shortages

across numerous council services. Competition from the private sector, skills shortages and competitiveness of pay are cited as the main drivers for councils finding it increasingly difficult to recruit appropriate staff.

12. [Scotland's Local Government Workforce Report 2024](#), jointly produced by SOLACE, the Improvement Service and SPDS (Society of Personnel Development Scotland), noted that councils overwhelmingly reported facing challenges to recruit and retain staff. While the overall workforce has grown, it has failed to keep pace with increasing demands across the sector. This has resulted in significant staff shortages across councils and the report highlighted critical workforce gaps in the social care and social work sectors. Lesser gaps were also noted in areas such as IT (including cybersecurity) and professional roles including accountants, trading standards officers, planners and environmental health officers.

13. As well as these issues impacting all councils, it is acknowledged that rural and island councils can face particular challenges recruiting staff to fill vacancies. Factors regularly cited include attracting people to live and work locally, a lack of affordable housing and a higher cost of living.

14. National reports produced by a range of stakeholders consistently emphasise that councils must urgently address the growing risk of failing to attract young people into the local government workforce, as well as ensuring local government is an attractive place to work for experienced professionals. As these pressures continue to take hold, the reliance on temporary and agency staff for some service areas has increased, and using agency staff is generally more expensive than permanent staff.

Councils are dealing with an ageing workforce, with more than a third of staff over the age of 55

15. Across Scotland, council workforce numbers have increased from 248,000 in 2014 (203,000 full-time equivalent staff (FTE)) to 262,000 (216,000 FTE) in 2024. Over the same period, employee costs have risen from £7.6 billion (in real terms) to £9.3 billion in 2022/23. Employee costs continue to rise, increasing by 11.1 per cent to £10.3 billion from 2022/23 to 2023/24.

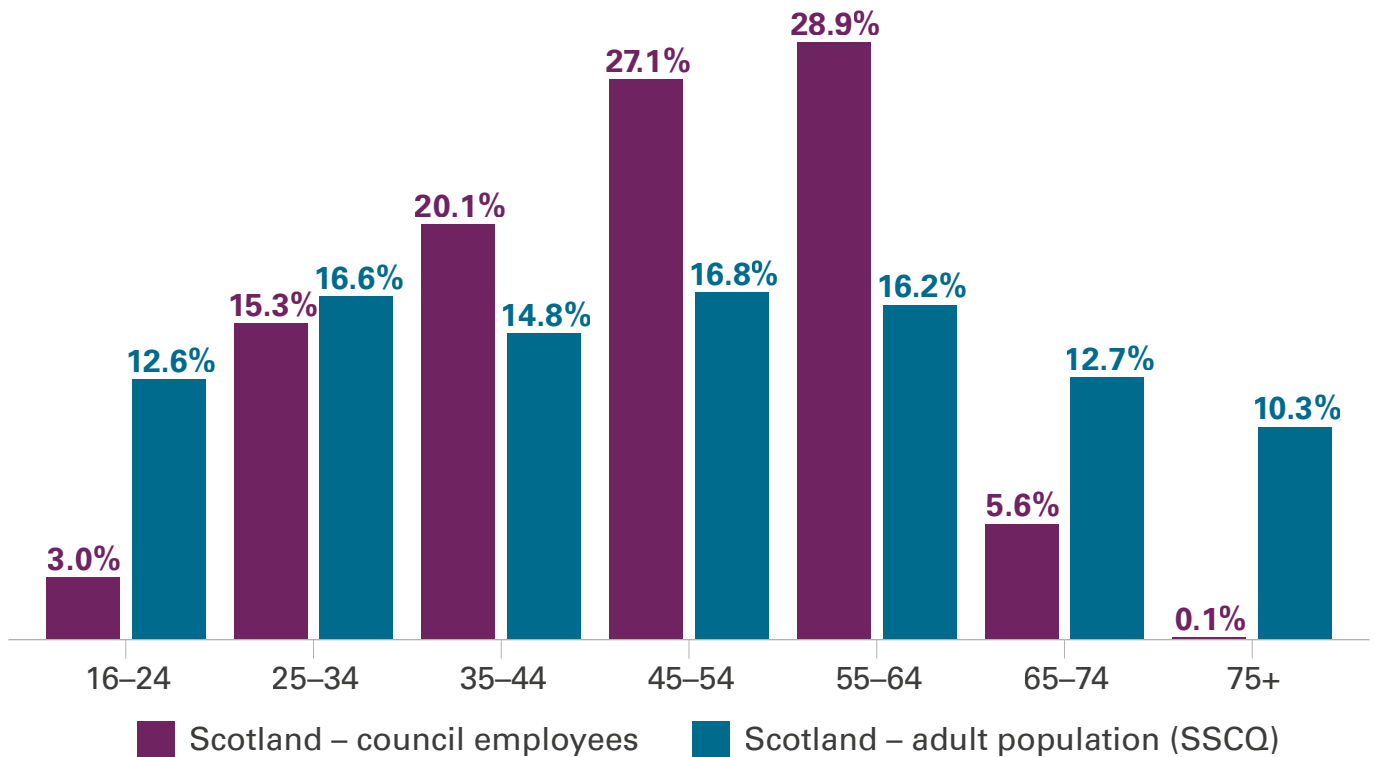
16. As well as increasing in number, the local government workforce has also been increasing in age with a third of the workforce now over the age of 55. The workforce proportions by age band, compared to the Scottish adult population, are shown in [Exhibit 1 \(page 8\)](#).

17. Health is deteriorating within the Scottish population as a whole and it is likely that this will impact older workers most, intensifying the challenges faced by local government to address workforce shortages. The [Scottish Burden of Disease](#) study is forecasting a worsening health scenario for key diseases, and councils must address the growing risk of an ageing workforce.

Exhibit 1.

Council employees and adult population 2024

Over a third of the workforce now over the age of 55.



Source: Scotland's Local Government Workforce Report 2024, produced by Society of Local Authority Chief Executives (Solace), the Society of Personnel and Development Scotland (SPDS) and the Improvement service (IS)

Sickness absence levels are generally increasing across councils

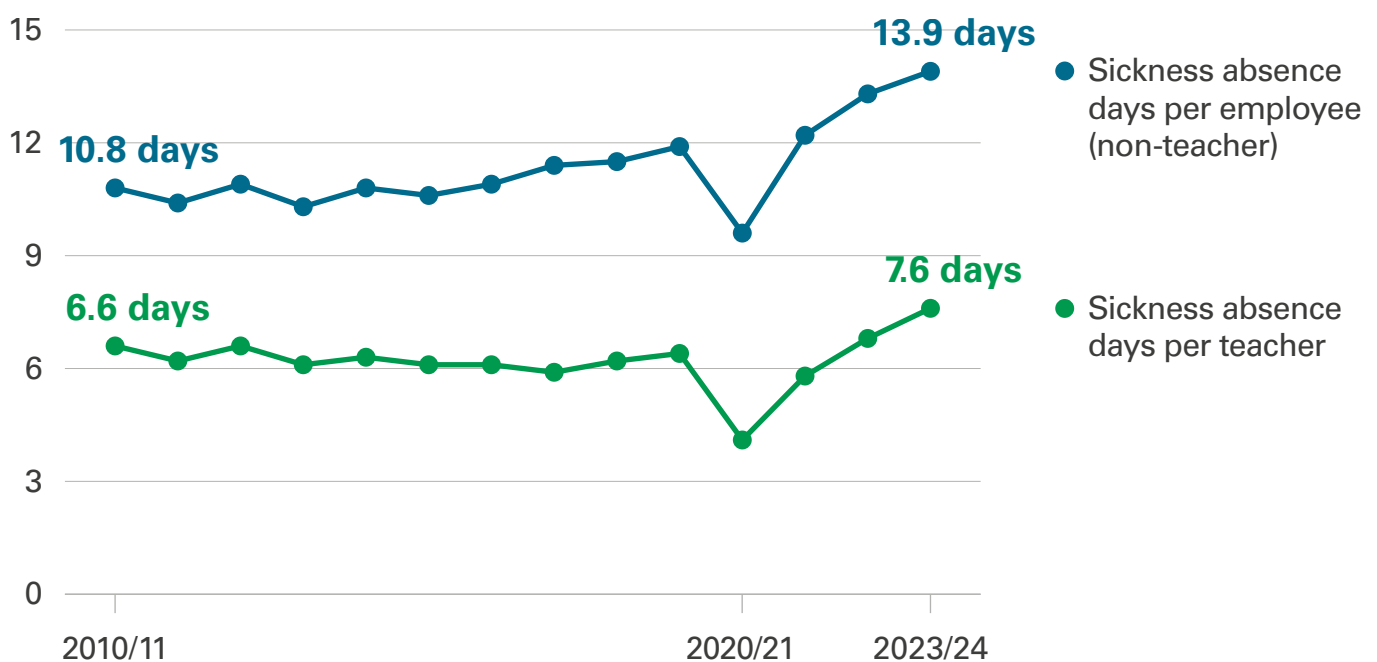
18. The LGBF data for 2023/24 highlights challenges related to managing staff absences due to sickness, which have been increasing since the Covid-19 pandemic ([Exhibit 2, page 9](#)):

- Absence levels per employee (non-teacher) increased in 27 councils between 2022/23 and 2023/24, with an average 4.5 per cent increase nationally. This continues the longer-term trend, with absence levels increasing at 30 councils since the LGBF base year of 2010/11 and the national absence rate also increasing (from 10.8 days to 13.9 days per employee in 2023/24).
- Teaching absence levels increased in 27 councils between 2022/23 and 2023/24, with an average 11.7 per cent increase nationally. Again, this continues a longer-term trend, with teaching absences increasing at 25 councils since the base year of 2010/11 and the national absence rate also increasing (from 6.6 days to 7.6 days per teacher in 2023/24).

- A total of 2.65 million days were lost to sickness across local government in 2023/24. Increasing sickness absence trends in local government are mirrored in the Scottish Government workforce and NHS Scotland. The Scottish Government reported 8.6 days absence per employee for the 12 months to September 2024 and NHS Scotland reported a sickness absence rate of 6.2 per cent until February 2024, its highest level in the last decade.
- The Office for National Statistics (ONS) sickness absence in the UK labour market statistics show that sickness absence per employee in the public sector has been consistently higher than the private sector. The ONS UK data, however, also indicates a trend of decreasing absence rates in both the public and private sector since the Covid-19 pandemic.

Exhibit 2.

Average sickness days lost per employee



Source: Local Government Benchmarking Framework

There are indications, including increasing staff absence rates, that staff wellbeing is now being impacted

19. Sickness absence rates are at record high levels, with the LGBF overview report citing stress, mental health and fatigue as key contributors. The Chartered Institute for Personnel Development's [Working Lives Scotland 2024](#) report highlights there is a growing unease across the public sector. There has been a drop in the proportion of public sector employees saying they feel inspired at work and an increase in the proportion of staff feeling detached from their jobs and motivated only in monetary terms. The LGBF National Benchmarking Overview Report 2023/24 suggested this represents a modal shift in beliefs across the local government workforce.

The next sections of the report reference specific councils and examples of good practice highlighted by auditors in local Best Value thematic reviews. Such practices may not be exclusive to these councils.



2. How councils have responded

Councils have responded positively to workforce challenges, but further progress with workforce planning is needed. Auditors reported positively on many initiatives councils have introduced, but highlighted challenges around digital capacity and scope for increased collaborative working.

Effective workforce planning needs to support the priorities and longer-term vision of councils

20. Workforce planning involves identifying and addressing future capacity and skills gaps, at operational and leadership levels. It requires strategic thinking, comprehensive workforce data and ongoing consultation and engagement with staff and trade unions. A council focused on achieving Best Value will have a workforce strategy that sets out expectations on how the local authority's staff will deliver its vision, priorities and values. This means they will be exhibiting characteristics of mature workforce planning ([Exhibit 3, page 12](#)).

21. To be effective, workforce planning must be integrated across the organisation. Workforce strategies need to support the council in achieving its strategic priorities. They must support other key plans including financial, asset, digital and transformation planning. They need to be underpinned with detailed workforce plans within services.

Most councils have up-to-date workforce strategies and plans in place, but more work is required to fully align these to their priorities and adopt organisation-wide approaches

22. Auditors reported within individual thematic Best Value reports that almost all councils have developed and implemented some form of organisation-wide workforce or people plan. Most workforce plans focus on the medium term (ie, the next 5–6 years) and have been reviewed and updated recently (between 2022 and 2024). There was only one instance where the council workforce strategy could not be easily accessed and had not been updated.

Exhibit 3. Workforce planning maturity matrix

Basic	Developing	Mature
<ul style="list-style-type: none"> • Short-term operational focus • Limited workforce data and analytics • Workforce plan not linked to priorities and delivery of strategic plans 	<ul style="list-style-type: none"> • Medium-term focus • Aligned to delivering priorities • Workforce and recruitment plans • Some workforce analysis • Annual review 	<ul style="list-style-type: none"> • Long-term focus on strategic priorities • Workforce and market analysis • Recruitment, development, retention and succession included in workforce planning • Workforce plans reflect new ways of working and scenario planning of future models for service delivery and demands • Real time monitoring including of performance levels and staff wellbeing

Source: Audit Scotland

23. Auditors reported clear linkages between workforce plans and strategic priorities at around a quarter of councils. But there remains scope for considerable improvement in this area. Further work is needed at many councils to fully align workforce plans with council priorities, making links more explicit (including to financial and transformation plans).

24. Auditors also reported that workforce planning at corporate and service level could be better aligned. Some councils had well-developed service-level arrangements for workforce planning in place but less well-developed corporate-level planning, coordination and reporting. It was not always clear how corporate-level planning translated into service-level action.

Councils should reflect further on how they consult with their employees when developing and reviewing plans

25. Just under half of councils engaged with either trade union representatives, the existing workforce, or both, when considering and developing workforce plans and strategies. Where engagement has taken place there is limited information on whether this has been effective in reducing any negative impact on staff.

26. There remains room for councils to further reflect on how they engage with their workforce when developing and considering workforce plans. For example, people survey results could be more widely used to inform plans or to monitor the impact of these. Securing good response rates to staff surveys can, however, be a challenge and response rates were below 30 per cent in most councils where these were reported to us. Leaders need to engage with staff and trade unions over fundamental workforce reform. This is particularly challenging in an environment of potential job losses.

Councils can make better use of data when preparing and reporting on workforce plans

27. Workforce planning data should be maintained and considered to ensure plans are well informed and evidence based. While auditors report that some councils already make good use of workforce data to support and inform their plans, most councils could make improvements.

28. Auditors found that there are examples of councils already undertaking work to improve the availability of data in plans and progress reports. Elsewhere, auditors noted councils are working to develop workforce metrics which will be available to managers and to inform corporate reporting.

Councils including **Aberdeenshire, Angus** and **Eilean Siar** display evidence of utilising workforce data to support strategic workforce planning and other associated plans.



Councils including **Dumfries and Galloway, Dundee City, North Ayrshire** and **South Lanarkshire** all use workforce data at a service level to assist with workforce planning.

Councils are scrutinising and monitoring workforce plans but the approach to this varies, and it is not always clear how this links to future workforce planning

29. Councils should monitor the impact of their workforce planning and delivery approaches, and ensure these are regularly reported to, and scrutinised by, an appropriate committee. This should include cost, service quality and productivity benefits as well as employee wellbeing. This reporting should be used to inform their workforce planning approach. Councils and their partners should also understand the wider impact of their employment practices on recruitment, as well as the overall impact on the local economy and labour market.

30. Around two-thirds of councils monitor the effectiveness of workforce planning, for example through update reports, staff surveys and

workforce dashboards, and many councils report on this at committee level. For a small number of councils where measurement and monitoring have not yet been implemented, scrutiny arrangements were either not clear or have not been developed, and there is no reporting to committees.

31. Some councils have developed, or are developing, workforce metrics and dashboards to inform workforce management and planning. One council was reported to be undertaking 'deep dives' to understand the data and take corrective action. Another was reported to use operational line managers to raise key concerns and suggestions which can then be taken to their workforce planning risk matrix.

32. However, use of performance information is not widespread, and auditors also reported that it was not always clear how strategies and plans were impacted by workforce update reports. In some cases, auditors explicitly noted there was scope for improvements in monitoring of workforce data at a service level.

Digital solutions are being used to support staff to deliver frontline services, as well as to unlock back-office efficiencies, but more progress is needed

33. Previous local government overview reports have noted that digital technology will make councils' future workforces look and work quite differently. To achieve the change required, councils need to make good use of digital technology and use their workforces in flexible ways. Digital technology has a strong bearing on a council's workforce needs. It can be used to re-shape jobs to increase productivity and reduce back-office functions while improving service quality. Technology solutions include online services, customer relationship management systems, mobile digital devices and, more recently, artificial intelligence (AI) applications.

34. Councils need to be innovative in their use of technology and build on new working practices that emerged during the pandemic. In doing so, they must also consider service quality and the needs of people experiencing digital exclusion. Auditors found that all councils have in place some form of a digital strategy or plan. However, there are varying degrees to which this has been integrated with workforce planning and productivity to identify efficiencies. Many councils report challenges with the resourcing of digital priorities.

35. Around half of councils have introduced digital initiatives and developments that have been reported to deliver workforce benefits, increased productivity and improved services in some cases. Digital developments include initiatives such as the introduction of digital champions; increased use of sensor technologies to support the delivery of social care services; increased environmental monitoring in homes and to monitor waste disposal; and more novel approaches such as pilot programmes investigating the use of drones to deliver school meals.

36. Many other councils do have digital projects and plans under way and have made some progress in identifying where these could have impact. However, there were four instances where it was observed that the digital strategy was out of date, or that limited progress had been made with digitalisation projects. Further progress is now needed at these councils to support and enhance digital opportunities and allow a clear assessment and understanding of the impact digital technologies could have on workforce plans and assumptions.

Councils like **Dundee City**, **City of Edinburgh** and **East Lothian** are investing in digital tools, training, and infrastructure to enhance service delivery and workforce efficiency. Projects across these and other councils include developing AI chatbots, digital skills teams and smart city initiatives.



Consultation and engagement on changes to service delivery could be improved

37. There are few examples of councils' efforts to engage staff and service users over new ways of working, service accessibility and digitisation of services. Only one auditor reported that a council had undertaken extensive consultation with both its workforce and citizens when developing its digital strategy. One council was reported to actively engage with its communities in delivering services and five further councils carried out staff engagement or staff surveys to gain views and experiences with digital developments.

38. A number of councils were also reported to have considered digital exclusion and the impact of this on their local community. A small number already have actions in place to address this, for example introducing staff to act as digital champions. Others have set out their intentions to address digital exclusion in their recent digital strategy. In a 2024 report, jointly prepared with the Auditor General for Scotland, we set out a series of recommendations about [Tackling digital exclusion](#).

Hybrid working is now widespread, but is available to only a relatively small proportion of council staff and its impact has not been fully assessed

39. During the pandemic, councils needed to make the best use of their existing workforce while adhering to public health guidance and continuing to monitor employee wellbeing. Home-working and hybrid working (a combination of office and home-based working) have now become commonplace. These workstyles are often highly valued by staff, and where available can help council attract job applicants.

40. All councils reviewed have in place some form of flexible working or hybrid working policy. However, the availability of hybrid working is often

dependent on the type of role and typically is open to a relatively small proportion of staff, with many frontline and teaching staff not able to work from home.

41. Auditors report that only a small number of the councils have formally reviewed the impact of hybrid working on efficiencies, wellbeing and recruitment. There have been few examples of measurable efficiencies identified. Councils continue to look to new ways of working to improve job satisfaction and reduce sickness absence and staff turnover.

Angus Council has considered the impact of hybrid working on the wellbeing of its workforce and on financial savings and efficiencies by being proactive with its estate.



Glasgow City Council, Shetland Islands Council and **South Ayrshire Council** note that flexible working arrangements have had a positive impact on the workforce's wellbeing and work-life balance, but only Glasgow has measured impact on productivity, via a hybrid working staff survey.

Shetland Islands Council has successfully used its home working policy to widen the pool of potential employees for previously hard-to-fill roles.

Councils are continuing to invest in their staff, with increased focus on succession planning and training initiatives

42. Councils need to find ways to ensure they have the workforce capacity and skills they need to deliver services in the future. Training and development opportunities can help to attract and retain employees and ensure a skilled workforce remains in place. There is also a growing recognition that the shape and nature of future roles will be influenced by technological advances, and that both employers and employees will increasingly place emphasis on career-long continuous learning and development.

43. Many councils work with their partners to offer apprenticeship schemes or vocational qualifications. Succession planning is also important to develop future leaders and ensure that essential skills are in place. Jobs can be redesigned to optimise the workforce and improve services, for example generic roles across health and social care disciplines.

44. Auditors reported that most councils have some form of initiative in place to improve the skills and capacity of their current and future workforce. Most commonly, auditors saw initiatives in place to support and encourage young people into the workforce. Around half of councils have in place apprenticeships or programmes with local education partners to develop their current and future workforce.

45. Auditors also reported that many councils have developed a 'grow your own' scheme, with the aim of training and developing existing staff rather than relying solely on external recruitment. Other initiatives reported include redeployment of staff across the organisation, and considering the balance of temporary and permanent staff, including a focus on areas where recruitment and retention has been more difficult, for example in the social care workforce.

46. Progress in demonstrating savings and other benefits resulting from workforce initiatives, however, has been limited. Auditors were only able to report that two councils have currently been able to demonstrate savings and benefits from their measures to develop skills and capacity.

Councils including **Aberdeen City, East Ayrshire, East Dunbartonshire, South Ayrshire** and **North Lanarkshire** have expanded apprenticeship programmes, including adult apprenticeships and pre-apprenticeship schemes.



Inverclyde's Workforce Refresh programme significantly increased youth employment.

More broadly, **East Renfrewshire Council** has prioritised investment in staff development and wellbeing, creating an earmarked reserve in 2023 to employ a Health and Wellbeing Officer. A further allocation from the council's Investment for the Future reserve was also made to support investment in development of its workforce.

Councils have been exploring how best to co-deliver services, including shared service delivery and joint posts

47. Councils should look to work collaboratively with their partners to make the best use of their existing workforces and plan for particular workforce needs in their areas. They should also work across traditional service department roles within councils to deliver improved services and outcomes. Examples of this include generic working across health and social care, professional posts or functions being shared between councils, and services delivered through empowered communities.

48. Auditors found a mixed picture when it comes to shared services across councils. It is clear that the majority of councils work collaboratively with other councils, health and social care partnerships and other public and third sector partners. Auditors also reported examples of shared payroll services, and cross-council partnerships in fraud detection and occupational health, for example. However, many councils recognise that there is more that could be gained from increased collaborative working, with development work to explore the opportunities and efficiencies from more collaborative working currently ongoing across the sector.

49. Only three councils have reported savings or efficiencies as a result of shared services, however these have not been formally captured or fully quantified. Councils should continue to explore where they could work together with partners to utilise staff resources more efficiently or effectively in the future and learn lessons from those that have shared service arrangements on how the barriers to shared services can be overcome.

Two councils report shared service arrangements with other councils in areas including HR and payroll. We can also see good examples of shared services in the construction/roads space, for example partnerships with **Tayside Contracts** and **Ayrshire Roads Alliance**. This has helped protect some councils from workforce pressures that could have been faced within construction and facilities services.



Scottish Borders Council operates a centralised model for services such as finance, HR and property and has integrated joint services with the health board. It also has arrangements in place with another council to provide insurance services. It is currently exploring shared service arrangements with its sports and leisure trust, as well as opportunities for working with a further council.



Most councils are not actively reporting on the increased use of temporary and agency staff

50. Workforce data held by councils on the use of temporary and agency staff is currently limited. Auditors reported only two councils held data on the proportion of temporary staff that make up their workforce. One council reported that numbers of temporary staff have increased since the Covid-19 pandemic, but it is recognised that dependence on agency staff continues to be a challenge across the sector, particularly across social care services delivered on behalf of Integration Joint Boards.

Councils are actively considering their future workforce requirements, including the need to make reductions

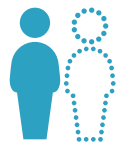
51. Councils' current workforce planning is taking place against a backdrop of ongoing financial pressures, amid concerns about the financial sustainability of Scotland's councils. These have regularly been reported upon with our 'Local government in Scotland' overview reports.

52. Staff costs make up a large proportion of council spending. This means that, as new working practices and technologies are introduced, councils are forecasting their future workforce requirements while considering how to generate efficiencies and savings. It is important that

councils consider any such changes within the Best Value characteristics outlined. There must be clear links to continuing delivery of council priorities, ongoing and significant consultation with staff and trade unions, and a need to ensure that new ways of working unlock efficiencies and better service performance.

53. Managed workforce reductions, however, can come with their own risks. As councils reshape roles to enable them to deliver with fewer staff, then individuals may need to have a broader combination of skills. This can mean significant training and development for existing staff, while also contributing to recruitment challenges.

North Ayrshire Council's Voluntary Early Release Programme, completed in 2023/24, is projected to save £2.4 million in recurring savings from the reduction of 85 staff. An assessment of the impact on service delivery was considered before the release of staff was approved. The council's Medium-term Financial Plan projects that its workforce will decrease by 79.5 full-time equivalent posts (FTEs) through natural attrition, vacancy management, redeployment and voluntary early release.



3. Meeting future needs

Staff remain the most important resource councils have to deliver services and meet the needs of their citizens. Councils need to prioritise workforce planning and development, and innovation and collaboration will be necessary if future needs are to be met.

The Commission's view

54. Staff remain the most important resource that councils have to deliver services and meet the needs of their citizens. But the challenges of recruiting and supporting staff are increasing as the workforce ages, needs change, and structural issues with labour markets emerge. Financial pressures are also an important factor. As councils adopt new technology and ways of working, and look to generate efficiencies, the shape and size of the future workforce needs to be actively considered.

55. Councils have workforce strategies and plans in place, but there remains scope for better alignment of these plans to wider corporate strategies, more joined up approaches to corporate and service-level arrangements, and for improved progress reporting in some cases.

56. Councils are now taking a range of actions to improve the effectiveness and mobility of their workforces, and continued investment in leadership and staff development will be necessary. But this investment must be joined-up across the whole organisation. Councils must now, as a priority, ensure that workforce planning moves past the 'developing' stage and begin exhibiting the characteristics of mature organisations in order to achieve Best Value (Exhibit 3).

The Commission's expectations

57. Best Value statutory guidance sets out what is expected of councils when carrying out workforce planning as part of their overall management of their workforce ([Appendix 1, page 23](#)).

58. Going forward, councils will need strong leadership to develop the innovative approaches required to deal with increasing workforce pressures and challenges. Prioritising wellbeing and fostering a culture of trust, empowerment and continuous learning through improved engagement with staff will be increasingly important.

59. More use of digital solutions is now being made to support staff with the delivery of frontline services and to unlock back-office efficiencies.

However, councils are at different stages in the development of digital solutions and digital capacity remains a challenge for many. There is a need to ensure that the efficiencies that technology can unlock are recognised within workforce plans, to ensure that appropriate and necessary recruitment can be identified and planned for.

60. The implementation of shared services has also been a mixed picture across councils. Most councils work collaboratively, however the number of formal arrangements in place for sharing services with partners to create workforce benefits is limited. Councils need to actively explore these opportunities.

Auditors made recommendations aimed at improving workforce planning to support service delivery, while supporting and developing existing staff

Workforce planning

Auditors made recommendations to enhance workforce planning, improve transparency, and ensure alignment with the council's strategic priorities, including:



- making linkages between workforce strategies and plans and corporate strategies more explicit
- ensuring that service-level plans reflect and address corporate priorities
- more clearly defining performance measure outcomes and setting clearer targets
- having regular monitoring and reporting of progress
- expanding the range of workforce planning information collected to inform planning, including overall workforce profile, data on turnover, vacancy rates, casual and temporary staff, and the learning and development needs of staff
- better engaging with staff as part of the planning process and being transparent about how staff feedback is incorporated.

Digital technology

Auditors made recommendations on the use of digital technology to support workforce productivity and improve service delivery, including:



- being clearer how plans for digital technology will shape and impact the workforce, including expected benefits and necessary support for skills development
 - increasing the pace of digital transformation projects and developing measures to monitor their impact on productivity and service outcomes
 - undertaking a corporate review of digital skills to identify gaps and areas for improvement.
-

Hybrid working



Auditors made recommendations to enhance the effectiveness of hybrid working, ensuring benefits for both the organisation and its employees, including:

- formalising the policy and procedures for hybrid working
- measuring and monitoring the impacts of hybrid working. This should capture the benefits for staff including wellbeing, and any savings achieved or improvements to services.

Workforce development



Auditors made recommendations in relation to developing a skilled and capable workforce to meet future demands effectively, including:

- assessing the skills profile of the current workforce in line with future workforce requirements, including a digital skills assessment
- reporting on the impact that current skills and capacity development programmes are having on filling skills gaps and succession planning
- monitoring and reporting on the cost versus benefit of using agency staffing, including collecting data on the number of agency staff employed.

Shared services and collaborative working



Auditors made recommendations in relation to collaborative working, including:

- continuing to explore opportunities for joint working and collaboration to build resilience and to make the best use of resources
- capturing learning from successful shared roles and functions and establishing flexible roles to apply when developing future roles.

Measuring the impact of plans



Auditors made recommendations on the measurement of impact of workforce planning approaches, including:

- clearly setting out scrutiny arrangements for workforce planning with clear roles and responsibilities for monitoring, oversight and decision-making on workforce planning at committee and officer level
- prioritising the development of workforce planning reporting tools
- ensuring that organisational and service-level workforce strategies are supported by appropriate performance management information including quantifiable metrics.

Appendix 1

Best Value guidance: use of resources, workforce

The Local Government in Scotland Act 2003 introduced a statutory framework for Best Value for local authorities and the Scottish Government publishes Best Value Statutory Guidance structured across seven specific themes.

One of the seven themes is effective use of resources, and this includes the effective use of councils most important resource, their staff. Within this there are specific requirements related to how councils carry out workforce planning as part of their overall management of their workforce:

- A workforce strategy is in place that sets out expectations on how the local authority's staff will deliver its vision, priorities and values.
- The strategy is translated into workforce plans, covering employee numbers, skills, knowledge, competencies and organisational structures, that demonstrate how staff will be deployed to deliver the services planned for the future. Plans are regularly reviewed at appropriate intervals according to a clear review cycle.
- All employees are managed effectively and efficiently and know what is expected of them. Employee performance is regularly assessed through performance appraisal, with individuals and teams being supported to improve, where appropriate.
- Members and senior managers understand and demonstrate that effective delegation is an important contribution to the local authority's ability to achieve Best Value.
- The contribution of staff to ensuring continuous improvement is supported, managed, reviewed and acknowledged.
- The local authority demonstrates a commitment to fairness, equity and safety in the workplace; it adopts relevant statutory guidance through progressive workplace policies and a commitment to best practice in workplace relationships.
- Leaders ensure that there is the organisational capacity to deliver services through effective use of all employees and other resources. They communicate well with all staff and stakeholders and ensure that the organisation promotes a citizen- and improvement-focused culture that delivers meaningful actions and outcomes.

Appendix 2

Best Value local thematic guidance

The 2023/24 planning guidance issued to auditors required all auditors to carry out work and report on how councils are responding to the current workforce challenges through building capacity, increasing productivity and innovation. The programme of work required included an assessment of, and conclusion on, the following key questions:

- How effectively are the council's workforce plans integrated with its strategic plans and priorities?
- How effectively has digital technology been used to support workforce productivity and improve service quality and outcomes?
- How effectively is the council using hybrid and remote working and other innovative working practices such as a four-day week to achieve service and staff benefits?
- What innovative practice is the council using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities?
- What progress has the council made with sharing roles or functions across its services and/or with other councils and partners?
- How effectively is the council measuring the impact of its workforce planning approach?

Delivering for the future

Responding to the workforce challenge



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South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 5 November 2025**

Subject: Internal Audit Plan 2025/26 – Midyear Review

1. Purpose

- 1.1 The purpose of this report is to seek approval for a revision to the 2025/26 Internal Audit plan.

2. Recommendation

- 2.1 **It is recommended that the Panel approves the revised 2025/26 Internal Audit plan.**

3. Background

- 3.1 The 2025/26 Internal Audit plan was approved by the Audit and Governance Panel on 26 March 2025.
- 3.2 The audit plan is flexible, and the Chief Internal Auditor is required to continually reassess and amend the audit plan throughout the year and where changes are taking place around emerging risks and the environment in which audit work is carried out.
- 3.3 In line with Global Internal Audit Standards (GIAS) in the UK Public Sector, the changes to the plan require communication to the Panel for review and approval.

4. Detail

- 4.1 The 2025/26 Internal Audit Plan approved by the Panel on 26 March 2025 included 611 available audit days. It is proposed to amend the number of available audit days in the approved plan to 488. This is required due a higher number of days being required to complete investigations and previous years assignments than was originally anticipated, a staff vacancy in the first six months of the year and the requirement for additional Chief Internal Auditor and Senior Auditor time to be allocated to train and support the new member of staff.
- 4.2 It is proposed that this 123 days adjustment is made by adjusting the allocated days to seven approved assignments, deferring four assignments to be considered for the 2026/27 Internal Audit Plan and adding two assignments to the 2025/26 reserve list. Data matching/analysis will be used where possible to help ensure testing is concentrated in high-risk areas in assignments where time has been reduced. Assignments included on the reserve list will be completed should additional resources become available, and all outstanding assignments included on the

reserve list on 31 March 2026 will be considered for inclusion in future risk based Internal Audit plans.

4.3 It is proposed that the 123 days are adjusted in the following areas within the 2025/26 Internal Audit Plan:

Category	2025/26 Approved Plan	Proposed revised 2025/26 Plan	Difference
Key Corporate Systems	60	50	-10
Governance/Best Value	95	54	-41
Transformation	30	15	-15
ICT Auditing	30	15	-15
Directorates/Other Systems	104	59	-45
Regularity	44	34	-10
Follow Up Reviews	30	15	-15
Other Entities	55	48	-7
Other Commitments	163	198	35
Total of planned days	611	488	-123

4.4 Full details of the proposed revised 2025/26 internal audit plan, together with reasons for each change, and the reserve list are presented in [Appendix 1](#) and [Appendix 2](#).

4.5 The revised internal audit plan is based on an assessment of risk in each audit area. The consideration of risk will help ensure there is no limitation of scope which would have a negative impact on the provision of annual audit opinion at the year end. It should be noted that the estimation of days available for routine audit assignments may be subject to further change should a large-scale investigation requiring Internal Audit Resources arise or if there is long term sickness absence or staff vacancies within the Internal Audit team. Should this happen, consideration will be given to whether arrangements to engage external resources are required to ensure sufficient work is completed to allow an annual audit opinion to be provided.

4.6 The audit plan will continue to be reviewed throughout the remainder the year and further changes will be brought to the panel for approval where required.

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 The risk of the proposed changes to the 2025/26 Internal Audit Plan has been assessed by Internal Audit as medium but should not impact on the ability of the Chief Internal Auditor to provide an independent opinion for the year ended 31 March 2026. There are no risks associated with adopting the recommendation.

8.2 ***Risk Implications of Rejecting the Recommendations***

8.2.1 Rejecting the recommendation could result in failure to comply with the Global Internal Audit Standards (GIAS) in the UK Public Sector to communicate changes to the internal audit plan to the Panel for review and approval.

9. **Integrated Impact Assessment (incorporating Equalities)**

Our Integrated Impact Assessment (IIA) considers the following areas:

- Public Sector Equality Duty, Human Rights and Fairer Scotland Duty;
- United Nations Convention on the Rights of the Child (UNCRC);
- Sustainability, climate change and biodiversity;
- Potential impact on older people;
- Rural communities;
- Health and wellbeing;
- A trauma informed organisation; and
- The Promise.

9.1 The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards (GIAS in the UK Public Sector). The latter includes compliance by those in the Internal Audit function with the Code of Ethics. The proposal in this report is in relation to the Councils requirements under the GIAS in the UK Public Sector in relation to the operation of the Internal Audit function. Therefore, an Integrated Impact Assessment it is not required for this report.

10. **Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not require consideration of a SEA.

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 X

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 [Internal Audit Plan 2025-26](#)
[Global Internal Audit Standards](#)
[The Application Note: GIAS in the UK Public Sector](#)
[CIPFA Code of Governance of Internal Audit](#)

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Date: 22 October 2025

PROPOSED REVISED INTERNAL AUDIT PLAN 2025/26

No	Audit Area	Objectives	Reason for the Proposed Change	Days in Approved Plan 26 March 2025	Proposed Days	Proposed Days - Total
Key Corporate Systems						
1	Main Accounts	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments	It is proposed that time is reduced due to limited staff resources. High risk areas have already been reviewed in 2023/24 and 2024/25. The 2025/26 review will concentrate on ensuring recommendations from previous assignments in this area have been implemented.	15	10 (-5)	
2	HR & Payroll	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments	N/A - No Change Proposed	20	20	
3	Procurement	Review of compliance with the updated One-time Payment process	It is proposed that time is reduced due to limited staff resources. Sample testing will be reduced to reflect the time available.	10	5 (-5)	
4	Procurement	Review compliance with the new Framework Agreement procedures	N/A - No change proposed	15	15	50
Governance/Best Value						
5	Financial Sustainability	To provide assurance that there are adequate arrangements in place within the Council to manage the Council's financial sustainability	Propose reducing time due to limited staff resources. This area will be considered for further work in 2026/27.	15	10 (-5)	

No	Audit Area	Objectives	Reason for the Proposed Change	Days in Approved Plan 26 March 2025	Proposed Days	Proposed Days - Total
6	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise	Time has been reduced to reflect actual time spent on this assignment.	10	9 (-1)	
7	Following the Public Pound	Ayrshire Growth Deal (AGD) - Follow Up of actions from 2024/25 Assignment (if required) and review of high risk areas.	Propose reducing time due to limited staff resources. Audit resources have been allocated to the AGD since 2021-22 and will be considered this area for inclusion in future Internal Audit Plans. Resources allocated in 2025/26 will concentrate on ensuring improvement actions raised in the 2024/25 audit have been fully implemented.	15	5 (-10)	
8	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	There has not been sufficient progress in this area to enable an audit to be completed – propose deferring until 2026-27	20	0 (-20)	
9	Capital Contract Management	Review of updated contract management procedures, to provide assurance on the governance arrangements around the management of capital projects	N/A - No change proposed	20	20	
10	Ward Capital Management	Review of the management and delivery of the Ward Capital programme to provide assurance that governance arrangements are in place and operating satisfactorily	Propose reducing time due to limited staff resources. It is expected that the Capital Contract Management assignment will include a review of risk	15	10 (-5)	54

No	Audit Area	Objectives	Reason for the Proposed Change	Days in Approved Plan 26 March 2025	Proposed Days	Proposed Days - Total
			and controls that are also relevant in this area.			
Transformation						
11	Transformation Programme	To provide assurance that approved governance arrangements are being applied consistently with transformation projects	Propose reducing time due to limited staff resources. Transformation will continue to be considered for inclusion in future Internal Audit Plans	30	15 (-15)	15
ICT Auditing						
12	Cloud Based System	To provide assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud.	Propose deferring to 2026-27 audit plan to allow BCP assignment to be completed and all ICT systems to be identified.	15	0 (-15)	
13	Business Continuity and Resilience (BCP)	To provide assurance that there are adequate arrangements in place to ensure business continuity and resilience within Council hosted and cloud based ICT systems.	N/A - No change proposed	15	15	15
Directorates						
14	Health and Social Care Partnership	To provide assurance that the Quality Assurance Process in place is effective	N/A - No change proposed	15	15	
15	Corporate Policy and Strategy	To provide assurance that the updated Housing Allocations Policy and guidance adequately reflects statutory guidance	N/A - No change proposed	10	10	
16	Corporate Policy and Strategy	To follow up actions from 2024/25 Climate Change audit assignment and confirm Council	Actions not due within 2025-26 and updated strategy currently being	15	0 (-15)	

No	Audit Area	Objectives	Reason for the Proposed Change	Days in Approved Plan 26 March 2025	Proposed Days	Proposed Days - Total
		polices and strategies are in place and effective	developed, therefore propose deferring to 2026-27 audit plan			
17	Corporate Policy and Strategy	To provide assurance that the Integrated Impact Assessment is being completed where required	Risk assessed against other assignments in the plan and propose it is removed from current plan due to resource restrictions, but will be included on reserve list and completed if additional resources become available	15	0 (-15)	
18	Communities and Transformation	To provide assurance that there are adequate controls in place and operating effectively within the Ambition Fund programme	Risk assessed against other assignments in the plan and propose it is removed from current plan due to resource restrictions but will be included on reserve list and completed if additional resources become available	12	0 (-12)	
19	Housing Operations and Development	To provide assurance that there are adequate controls in place to ensure the Council's estate is properly valued and managed in line with the Asset Management Plan/Transforming Our Estate project	N/A - no change proposed	25	25	
20	Housing Operations and Development	Review Performance information included in the Annual Return on the Charter (ARC) .	Time reduced to reflect actual time spent on this assignment	12	9 (-3)	59
Regularity						

No	Audit Area	Objectives	Reason for the Proposed Change	Days in Approved Plan 26 March 2025	Proposed Days	Proposed Days - Total
21	Continuous Auditing/Data Analytics	Account Payables, Bank Accounts, Payroll and Expenses and develop the use of Continuous Audit in other Council Services.	Propose reducing time allocated to development of continuous auditing in other Council Services due to limited staff resources	30	20 (-10)	
22	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	N/A - no change proposed	10	10	
23	Grants	Review of evidence to support Network Support Grant claim.	N/A - no change proposed	4	4	34
Follow Up Reviews						
24	Directorates	Follow up of Actions from 2024/25 Audit Assignment - Malicious Damage	N/A - no change proposed	5	5	
25	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - Participatory Budgeting	N/A - no change proposed	5	5	
26	Governance and Best Value	Follow up of Actions from 2024/25 Audit Assignment - Use of Consultancy Services	Follow up not required – consideration will be given to including a Council wide review of the use of consultants in a future audit plan.	5	0 (-5)	
27	Follow Up Contingency	Follow up of Actions from 2024/25 Audit Assignment not yet concluded	Propose reducing the time allocation and use five days to follow up actions from 2024/25 Audit Assignment - PVG Checks	15	5 (-10)	15
Other Entities						
28	AVJB	Assignments approved by AVJB.	Propose reducing time from provision of management support to reflect actual time.	25	21 (-4)	

No	Audit Area	Objectives	Reason for the Proposed Change	Days in Approved Plan 26 March 2025	Proposed Days	Proposed Days - Total
			Planned Audit Assignments will still be completed			
29	IJB	Assignments approved by IJB.	Propose reducing time from provision of management support to reflect actual time. Planned Audit Assignments will still be completed	25	22 (-3)	
30	East Renfrewshire - Independent Examination of Trust annual Accounts	Part of reciprocal arrangements between South Ayrshire, North Ayrshire and East Renfrewshire Council	N/A - no change proposed	5	5	48
Other						
31	Investigations	Allowance for investigations of irregularities.	Additional time required to complete investigations	20	43 (+23)	
32	Advice and Guidance (general)	Client requests, advice and consultancy - including participation on working groups.	Propose reducing allocation of time due to limited staff resources	5	4 (-1)	
33	Contingency	Contingency budget for unplanned commitments arising during the year.	Propose reducing allocation of time due to limited staff resources. High risk areas will be still allocated time from this area if required	20	15 (-5)	
34	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2024/25	Additional time required to conclude prior year work – however the assignments completed will contribute to the assurance provided for 2025/26	53	73 (+20)	

No	Audit Area	Objectives	Reason for the Proposed Change	Days in Approved Plan 26 March 2025	Proposed Days	Proposed Days - Total
35	Management and Audit development	Update of procedures/process to reflect the requirements of the new GIAS in UK Public Sector, Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments.	Propose reducing allocation of time due to limited staff resources	55	53 (-2)	
36	Quality Assurance Improvement Programme (QAIP)	Annual self-assessment of compliance with Internal Audit Standards (GIAS in UK Public Sector).	N/A - no change proposed	10	10	198
PROPOSED TOTAL AS AT MIDYEAR REVIEW						488

REVISED RESERVE LIST 2025/26

Rank*	Audit Area	Description	Estimated Days
1	Corporate Policy and Strategy	To provide assurance that the Integrated Impact Assessment is being completed where required	15
2	Communities and Transformation	To provide assurance that there are adequate controls in place and operating effectively within the Ambition Fund programme	12
3	Ayrshire Roads Alliance (ARA) Service Level Agreement	To obtain assurance that there are adequate arrangements in place to monitor ARA's delivery of services to South Ayrshire Council	20
4	Asset Management System (Housing)	To obtain assurance that there are adequate controls in place and operating effectively within the upgraded Housing Asset Management System (due to be completed by Nov 2025)	20
5	Regeneration	To obtain assurance that there are adequate controls around delivery of the Maybole regeneration project	20
6	Telephony Charges	To ensure there are adequate controls in place to ensure telephony charges incurred by Council Services are properly monitored and approved	20

*Ranked in order of risk assessment

Note: Assignments 1 and 2 of the reserve list have been deferred from the 2025/26 approved Internal Audit Plan

South Ayrshire Council
Report by Chief Internal Auditor
to Audit and Governance Panel
of 5 November 2025

Subject: Internal Audit – Progress Report to 30 September 2025

1. Purpose

- 1.1 The purpose of this report is to advise Members of progress of the 2024/25 and 2025/26 internal audit plans and Directorate's progress against implementation of internal audit action plans.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the content of this report.

3. Background

- 3.1 Progress against the Internal Audit annual plan and implementation of actions is reported to the Audit and Governance Panel on a quarterly basis. The last quarterly progress report was reported to Panel on 3 September 2025 and included progress for the first quarter of 2025/26 to 30 June 2025.
- 3.2 This report provides an update on the progress of the 2024/25 and the 2025/26 Plans for the period 1 July 2025 to 30 September 2025 and the progress of implementation of Internal Audit actions as at 20 October 2025.

4. Detail

Progress of Internal Audit Plan 2024/25

- 4.1 Five final reports for South Ayrshire Council (SAC) have been issued since the last quarterly update report in September 2025. All five assignments reported reasonable assurance. A total of 21 improvement actions were raised within these reports and all were accepted by management.
- 4.2 In addition to the five SAC audit reports issued, an audit report was also issued for the IJB (Business Resilience and Continuity) in this period and a draft report issued for the Ayrshire Rural and Island Ambition Fund (ARIA). A further two draft SAC reports have been issued and are currently being cleared with service management. The final three 2024/25 SAC assignments are in progress. A summary of the status of all 2024/25 assignments as at 30 September 2025 can be found in [Appendix 1](#).

Internal Audit Annual Audit Plan 2025/26 Progress

- 4.3 There were no final SAC reports for 2025/26 issued in this period. One draft report has been issued and is currently being cleared with service management. One assignment, an independent examination of the East Renfrewshire Council Trusts' financial statements (assignment 30) was also completed as part of the reciprocal arrangement between, East Ayrshire, North Ayrshire, South Ayrshire and East Renfrewshire Councils. Seven 2025/26 assignments are in progress.
- 4.4 A summary of the of the status of all 2025/26 assignments as at 30 September 2025 can be found in [Appendix 2](#).
- 4.5 A summary of the findings for each assignment completed between 1 July 2025 and 30 September 2025 has been included in [Appendix 3](#). The full audit report for these assignments was shared with all Members after being cleared with the relevant service and issued to management.

Performance Indicators 2025/26

- 4.6 As agreed as part of the External Quality Assessment (EQA) Action Plan, performance indicators in relation to the delivery of the overall Internal Audit Service have been developed and are included in all quarterly progress reports to this Panel. The Performance included in the table below relates to Internal Audit activity since the last quarterly report in September 2025. Performance in relation to delivery of the IJB and AVJB plans is included within their annual audit reports. Performance of members of the team and identification of training needs will continue to be monitored by the Chief Internal Auditor.

Measure	Description	Target	Actual
1. Working Draft Report	Percentage of working draft reports issued within 3 weeks of completion of fieldwork. <i>(Quarterly Indicator)</i>	90%	100% (8/8)
2. Final Report	Percentage of final reports issued within 2 weeks of agreeing draft report. <i>(Quarterly Indicator)</i>	100%	100% (5/5)
3. Audit Plan Delivery	2025/26 Audit Plan completed to draft by 30 April 2026 <i>(Annual Indicator)</i>	90%	4% as at 30 Sept 2025
4. Audit Budget	Percentage of audits completed within budgeted days. <i>(Quarterly indicator)</i>	80%	60% (3/5)
	Direct Audit Days delivered <i>(Quarterly indicator)</i>	80%	83%

5. Audit Recommendations	Internal Audit recommendations agreed (measured from 1 April) <i>(Quarterly indicator)</i>	90%	100% (21/21)
7. Client Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above. <i>(Quarterly Indicator)</i>	100%	100% (3/3)
8. Delivery of Annual Report	Annual opinion /report presented to AGP <i>(Annual Indicator)</i>	By 30 June annually	Target Met Reported 25 June 2025
9. Audit Plan	AGP Approval of audit charter and annual plan <i>(Annual Indicator)</i>	By 31 March annually	Target Met Approved 26 March 2025

4.7 The internal audit plan for 2025/26, approved by Panel on 26 March 2025, includes 26 deliverable assignments for South Ayrshire Council. There is also an allocation of time for Internal Audit to deliver audit plans for the IJB and the AVJB (assignments numbers 28 and 29 in the audit plan), to audit the Ayrshire Rural and Island Fund (ARIA) 2025/26 Grant Claim (assignment 22) and carry out an independent examination of the East Renfrewshire Trust (assignment 30), which has been completed. A summary of the status of 2025/26 plan for SAC deliverable assignments as at 30 September 2025 is included in the table below:

Status	No. of Deliverables	Percentage
Complete	1	4%
Work in progress	7	27%
Not started	18	69%
Total	26	100%

4.8 In addition to planned Internal Audit assignments, allocations of time are included within the plan for ad-hoc requests for advice and guidance, contingency assignments, and investigations. There were three requests for advice and guidance received in the quarter to 30 September 2025. One request was in relation to reimbursement from a school fund, one was in relation to administering bank charges for corporate appointeeship and one was in relation VAT free purchase of musical instruments by schools. There was one investigation concluded in the period and two investigations are ongoing as at 30 September 2025. There were no contingency assignments carried out during this reporting period.

Implementation of Internal Audit Action Plans

4.9 Three follow up assignments are included in the 2025/26 internal audit plan. A further 15 days is also included in the annual plan to carryout follow up assignments where required for 2024/25 audit assignments not yet concluded. Follow up

assignments are completed on a risk basis and will be programmed into the Internal Audit work plan in line with agreed action implementation dates.

- 4.10 The follow up of all other internal audit actions is undertaken through review of Ideagen, where all recommendations are uploaded for management action. Quarterly alerts are issued from Ideagen to action owners requesting action status to be updated.
- 4.11 There are currently four overdue actions and 16 actions due for completion in the next six months open in Ideagen. Details of these actions together with the 'latest notes' recorded in Ideagen by the action owners are included in [Appendix 4](#).
- 4.12 Extensions to implementation dates may be requested by Services where progress of implementation has been impacted by factors outwith their control and/or which were not known at the time of agreeing the original due date. Up to two extensions may be agreed between the Service and the Chief Internal Auditor. Extensions have been requested for all four outstanding actions. First extensions were required to allow the newly developed training programme for Fusion users to be delivered at a time which would be most effective to address year end process issues, to allow a report to be developed to provide an audit trail of changes made by Enterprise Resource Planning(ERP) and to allow time to meet with the external system provider to clarify Journey process wording in Fusion . A second extension was required as, following a period of long-term absence, additional time is required to allow a meeting to be arranged with Finance services to set up appropriate coding for malicious damage spend.
- 4.13 Where more than two extensions to due dates have been requested, a representative from the Service will be asked to attend the AGP and provide an explanation for the request. There were no such requests made during this reporting period.

Quality Assurance and Improvement Programme (Compliance with Global Internal Audit Standards in the UK Public Sector)

- 4.14 New Global Internal Audit Standards became effective in the Public Sector from 1 April 2025 (GIAS in the UK Public Sector). As with the previous Public Sector Internal Audit Standards (PSIAS) the new standards require the CAE¹ 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).
- 4.15 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 is currently ongoing and will be completed in quarter three of 2025/26. As agreed, Members of this Panel will be invited to input into the section of the self-assessment which relates to governing the Internal Audit function (Domain III) and the full results, including the action plan if required, will be reported to the Audit and Governance Panel in February 2026.
- 4.16 The EQA 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

¹ CAE in South Ayrshire Council is the Chief Internal Auditor

2028/29. The results of this assessment will be reported to the Audit and Governance Panel once completed.

- 4.17 The last EQA was completed in February 2024 and was reported to this Panel on 29 May 2024. The results of the EQA were broadly in line with the self-assessment and concluded that Internal Audit fully conforms with ten areas and generally conforms with four areas. There were no areas assessed as partially or not conforming. An action plan containing seven improvement actions in relation to low priority areas was prepared, and all seven actions have been fully 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 Not applicable.

8. Risk

- 8.1 Audit reports include, in the action plans, a separate risk assessment detailing the risk of not implementing each of the Internal Audit recommendation. A recommendation to consider whether the Directorate risk register requires to be updated to reflect issues raised within the report is also included in the report. In addition, quarterly meetings have been set up between Risk and Safety and Internal Audit to ensure new emerging risks are included in Council Risk Registers and the Annual Internal Audit Plan where required.

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 could result in failure to perform a scrutiny role in relation to the application of the Global Internal Audit Standards in the UK Public Sector.

9. Integrated Impact Assessment (incorporating Equalities)

Our Integrated Impact Assessment (IIA) considers the following areas:

- Public Sector Equality Duty, Human Rights and Fairer Scotland Duty;
- United Nations Convention on the Rights of the Child (UNCRC);
- Sustainability, climate change and biodiversity;
- Potential impact on older people;

- Rural communities;
- Health and wellbeing;
- A trauma informed organisation; and
- The Promise.

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 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 6 November 2024 – Internal Audit Plan 2024/25 – Midyear Review](#)

[Report to Audit and Governance Panel of 26 March 2025 – Proposed Internal Audit Plan 2025-26 \(including Annual Review of Internal Audit Charter\)](#)

[Internal Audit Charter 2025-26](#)

[Global Internal Audit Standards](#)

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

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

Person to Contact **Cecilia McGhee, Chief Internal Auditor**
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Date: 22 October 2025

PROGRESS AGAINST INTERNAL AUDIT PLAN 2024/25 (As at 30 September 2025)

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
Key Corporate Systems										
1	Main Accounts	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.		✓	✓	✓	✓	✓		
2	HR & Payroll	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.		✓	✓	✓	✓	✓	✓	3 Sept 2025
3	Procurement	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.		✓	✓	✓	✓	✓	✓	5 Nov 2025
Governance/Best Value										
4	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise.		✓	N/A	✓	✓	Included in the Corporate Fraud Update Reports		4 Dec 2024
5	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2023/24 Assignment (if required). Review of contract management		✓	✓	✓	✓	✓	✓	5 Nov 2025

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
		within the AGD programme.								
6	Governance and Best Value	Obtain assurance that adequate arrangements are in place for the use of consultancy services throughout the Council.		✓	✓	✓	✓	✓	✓	3 Sept 2025
7	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	Deferred to 2025-26 Audit Plan							
ICT Auditing										
8	Access Controls	Obtain assurance that there are adequate controls in place over the employee access to Council networks, systems and devices within schools.		✓	✓	✓				
Directorates										
9	Health and Social Care Partnership	Financial Intervention Orders/Corporate Appointeeship - Review of the financial intervention orders/corporate appointeeship procedures to confirm carried out timeously.	✓	✓	✓	✓				

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
10	Health and Social Care Partnership	CM 2000 review to confirm it meets expected objectives and that outputs from the system are reliable.		✓	✓	✓	✓	✓	✓	5 Nov 2025
11	Education	Review the use of Pupil Equity Fund (PEF) to confirm compliance with the conditions of the fund/national guidance.	✓		✓	✓	✓	✓	✓	3 Sept 2025
12	Strategic Change and Communities	Climate Change - scope to be agreed following development of national audit programme.	✓	✓	✓	✓	✓	✓		
13	Chief Executives (Human Resources)	Using Data analytics to confirm all employees have a current/valid Protection of Vulnerable Groups (PVG) Certificate in place where required.	✓	✓	✓	✓	✓	✓	✓	3 Sept 2025
14	Housing Operations and Development	Review of Transport Management System post implementation to confirm it meets expected objectives.	✓	✓	✓	✓	✓	✓		
15	Housing Operations and Development	Review Performance information included in the Annual Return on the Charter (ARC).		✓	✓	✓	✓	✓	✓	4 Sept 2024
16	Housing Operations	Review of Scottish Housing Regulator -		✓	✓	✓	✓	✓	✓	26 Feb 2025

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
	and Development	Annual Assurance Statement.								
17	Housing Operations and Development	Obtain assurance that the new procedure for malicious damage invoices includes adequate controls and is operating effectively.		✓	✓	✓	✓	✓	✓	3 Sept 2025
Regularity										
18	Continuous Auditing	Account Payables, Payroll and Debtors and develop the use of Continuous Audit throughout the Council.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
19	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	✓	✓	✓	✓	✓	✓		
20	Grants	Review of evidence to support Network Support Grant claim.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
21	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Social Work Locations.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
22	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Schools.	✓	✓	N/A	✓	✓	✓	✓	3 Sept 2025
23	Stores	Obtain assurance that there are adequate		✓	✓	✓	✓	✓	✓	4 Sept 2024

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
		controls in place to ensure Property Maintenance stock adjustments between the stock count and end and 31/3/2024 are correctly recorded.								
Follow Up Reviews										
24	Directorates	Follow up of Actions from 2023/24 Audit Assignment - Waste Management.		✓	N/A	✓	✓	✓	✓	5 Nov 2025
25	ICT Auditing	Follow up of Actions from 2023/24 Audit Assignment- Social Media.		✓	N/A	✓	✓	✓	✓	26 Feb 2025
26	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - Systems Access Controls.	✓	✓	N/A	✓	✓	✓	✓	5 Nov 2025
27	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment- Participatory Budgets.	Deferred to 2025/26 IA Plan							
28	Directorates	Follow up of Actions from 2023/24 Audit Assignment- Cash income at Leisure facilities.		✓	N/A	✓	✓	✓	✓	3 Sept 2025
29	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - Procurement -	✓	✓	N/A	✓	Being completed as part of investigation			

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
		Framework Agreements.								
Other Entities										
30	AVJB	Elections Act 2022 - To provide assurance that the changes required to processes around on-line postal voters and divergence of Scottish/UK Postal and Overseas have been implemented and are operating effectively		✓	✓	✓	✓	✓	✓	26 Feb 2025
		Staff Training - Council Tax System - To provide assurance that training has been fully carried out on the new Council Tax system.	✓	✓	✓	✓	✓	✓	✓	3 Sept 2025
31	IJB	Business Continuity and Resilience – To provided assurance that there are adequate arrangements in place to ensure business continuity and resilience within the HSCP	✓	✓	✓	✓	✓	✓	✓	5 Nov 2025
Other										

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
32	Investigations	Allowance for investigations of irregularities.	Two investigations started in 2024-25 carried forward into 2025-26							
33	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups.	Complete – New budget allocation for 2025-26							
34	Transformation Programme	Allocation of time to allow Internal Audit to provide advice & guidance and support to the Transformation Programme.	✓	✓	N/A (Advice and Guidance Assignment)	✓	✓	N/A – no report required	3 Sept 2025	
35	Contingency	Contingency budget for unplanned commitments arising during the year.	Complete – New budget allocation for 2025-26							
36	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2024/25.	2023-24 Assignments Complete							
37	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments.	Complete – New budget allocation for 2025-26							
38	Quality Assurance Improvement Programme (QAIP)	Annual self-assessment of compliance with PSIAS.	✓	✓	N/A	✓	✓	Completed as part of the annual report submitted to AGP 25 June 2025	3 Sept 2025	

PROGRESS AGAINST INTERNAL AUDIT PLAN 2025/26 (As at 30 September 2025)

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
Key Corporate Systems										
1	Main Accounts	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments	✓							
2	HR & Payroll	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments		✓						
3	Procurement	Review of compliance with the updated One-time Payment process	✓							
4 4	Procurement	Review compliance with the new Framework Agreement procedures	✓	✓						
Governance/Best Value										
5	Financial Sustainability	To provide assurance that there are adequate arrangements in place within the Council to manage the Council's financial sustainability	✓	✓						
6	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise	✓	✓	N/A	✓				

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
7	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2024/25 Assignment (if required) and review of high risk areas.	✓							
8	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	✓							
9	Capital Contract Management	Review of updated contract management procedures, to provide assurance on the governance arrangements around the management of capital projects	✓							
10	Ward Capital Management	Review of the management and delivery of the Ward Capital programme to provide assurance that governance arrangements are in place and operating satisfactorily	✓							
Transformation										
11	Transformation Programme	To provide assurance that approved governance arrangements are being applied consistently with transformation projects	✓	✓						
ICT Auditing										
12	Cloud Based System	To provide assurance over the Council's arrangements to ensure data security where	✓							

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
		business is transacted through the Cloud.								
13	Business Continuity and Resilience	To provide assurance that there are adequate arrangements in place to ensure business continuity and resilience within Council hosted and cloud based ICT systems.		✓	✓	✓				
14	Health and Social Care Partnership	To provide assurance that the Quality Assurance Process in place is effective	✓							
15	Corporate Policy and Strategy	To provide assurance that the updated Housing Allocations Policy and guidance adequately reflects statutory guidance		✓	✓	✓	✓	✓		
16	Corporate Policy and Strategy	To follow up actions from 2024/25 Climate Change audit assignment and confirm Council policies and strategies are in place and effective	✓							
17	Corporate Policy and Strategy	To provide assurance that the Integrated Impact Assessment is being completed where required	✓							
18	Communities and Transformation	To provide assurance that there are adequate controls in place and operating effectively within the Ambition Fund programme	✓							

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
19	Housing Operations and Development	To provide assurance that there are adequate controls in place to ensure the Council's estate is properly valued and managed in line with the Asset Management Plan/Transforming Our Estate project	✓							
20	Housing Operations and Development	Review Performance information included in the Annual Return on the Charter (ARC) .	✓	✓	✓	✓	✓	✓	✓	3 Sept 2025
Regularity										
21	Continuous Auditing/Data Analytics	Account Payables, Bank Accounts, Payroll and Expenses and develop the use of Continuous Audit in other Council Services.		✓	N/A	✓				
22	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	✓							
23	Grants	Review of evidence to support Network Support Grant claim.	✓							
Follow Up Reviews										
24	Directorates	Follow up of Actions from 2024/25 Audit Assignment - Malicious Damage	✓							
25	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - Participatory Budgeting	✓							

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
26	Governance and Best Value	Follow up of Actions from 2024/25 Audit Assignment - Use of Consultancy Services	✓							
27	Follow Up Contingency	Follow up of Actions from 2024/25 Audit Assignment not yet concluded	Time will be allocated from this budget when the 2024-25 Internal Audit Plan has been completed							
Other Entities										
28	AVJB	Civil Penalty Notices	✓							
		Training and Development	✓							
29	IJB	Financial Sustainability	✓							
30	East Renfrewshire - Audit of Trust Accounts	Part of reciprocal arrangements between South Ayrshire, North Ayrshire and East Renfrewshire Council	✓	✓	✓	✓	✓	✓	✓	5 Nov 2025
Other										
31	Investigations	Allowance for investigations of irregularities.	Two investigations started in 2024-25 carried forward into 2025-26. One concluded and one ne investigation started							
32	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups.	Ongoing through the year							
33	Contingency	Contingency budget for unplanned commitments arising during the year.	✓							
34	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2025/23.	Ongoing							
35	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal	Ongoing through the year							

No	Audit Area	Objectives	Not Started	Planning	Terms of reference Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Final report Issued	Included in AGP Progress Report
		Auditor Review of assignments.								
36	Quality Assurance Improvement Programme (QAIP)	Annual self-assessment of compliance with GIAS in the UK Public Sector.	✓	N/A	N/A	✓				

2024/25 Internal Audit Reports Issued in period 1 July 2025 to 30 September 2025

Assignment Name/Ref	Assurance ²	No of Actions Raised
<p>2025-03 Procurement- Fusion Controls</p> <p><i>Assignment Summary</i></p> <p>This assignment followed on from the 2023/24 assignment (2024-03 Procurement – Fusion Controls) which concluded that reasonable assurance was obtained that there are adequate system controls within Procurement, specifically the Purchase to Pay (P2P) and the Accounts Payables processes post implementation of Oracle Fusion. The objective of this assignment was to obtain assurance that the system controls are operating effectively and are consistently applied and included follow-up of the implementation of the actions raised as part of the 2024-03 Procurement – Fusion Controls review. The assignment sought to provide assurances that controls are in place and operating effectively in the following areas:</p> <ul style="list-style-type: none"> • Adding and changing creditors details. • Recording transactions, including the order, receipt and payment of goods and services. • Creditor payments and OTP (One time payments) • Reconciliations. • User access rights and permission. • Monitoring and Reporting. • Performance management. <p>Overall reasonable assurance was obtained in the areas within the scope of the assignment.</p> <p>The audit gave rise to five recommendations. The main recommendations relate to the use of the auto receipt functionality within the system, receipting orders timeously, actioning invoices on hold timeously (Order Status Maintenance) and completion of an appropriate level of training by all users. Unless these recommendations are addressed, there is a risk that, financial loss could occur through the Council paying for goods not received, the Council's</p>	<p>Reasonable</p>	<p>5 (4 medium risk, 1 low risk)</p>

² **Substantial Assurance.** A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable Assurance. There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited Assurance. Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.



No Assurance. Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.


Assignment Name/Ref	Assurance ²	No of Actions Raised
Financial Regulations or Employees' Code of Conduct could be breached, supplier sanctions could be placed on SAC leading to the potential of reputational damage and additional resources could be required to follow up outstanding invoices.		
<p>2025-05 Ayrshire Growth Deal</p> <p><i>Assignment Summary</i></p> <p>The objective of this assignment was to review the governance arrangements in place for the creation and approval of Outline Business Cases (OBCs) prepared for the Ayrshire Growth Deal (AGD) to ensure there are sufficient controls to enable projects to be sufficiently appraised and reviewed. It is anticipated that any recommendations for improvement can be applied to future OBC and Full Business Cases (FBC) prepared by South Ayrshire Council (SAC). The assignment sought to provide assurances that controls are in place and working satisfactorily in the following areas</p> <ul style="list-style-type: none"> • Developing the OBC • Review and approval of the OBC by SAC • SAC arrangements in place for the submission of the draft OBC to the required parties for approval as detailed in the AGD Governance document. <p>Overall reasonable assurance was obtained in the areas within the scope of the assignment.</p> <p>The audit gave rise to five recommendations which management agreed to implement. The main recommendations relate to, breaking down costs and estimates, OBC Errors/ Inconsistencies and responding to feedback, reviewing the Risk Register, documenting reviews and approval of Internal Procedures and preparing an AGD OBC checklist. Unless these recommendations are addressed there is a risk that, errors/ omissions or unrealistic expectations may not be identified which could have financial consequences and lead to project failure. If estimates/ assumptions are not fully documented this could lead to business continuity issues in the event of any staff changes. Incomplete or inaccurate information in a business case could lead to increased feedback from PMO/ Scottish and UK Governments which could lead to delays in the draft OBC progressing to the next stage. If project risks are not managed appropriately, this could lead to project overspends or failure.</p>	Reasonable	5 (2 high risk, 1 medium risk and 2 low)
<p>2025-10 CM2000</p> <p><i>Assignment Summary</i></p> <p>The objective of this review was to obtain assurance that the CM2000 System is delivering the Health and Social Care Partnership (HSCP) objectives as detailed in the project business case. The assignment sought to provide assurances that the CM2000 system is delivering the objectives outlined within the project business case for the Care at Home scheduling and monitoring system. Specifically, that it is supporting the needs of the Care at Home Service by:</p> <ul style="list-style-type: none"> • Providing business data relating to in-house provision and purchased provision to enable more efficient and effective allocation of resources to Service Users; 	Reasonable	3 (3 low risk)

Assignment Name/Ref	Assurance ²	No of Actions Raised
<ul style="list-style-type: none"> • Enabling better monitoring on the quality and quantity of services being delivered; • Reducing the risk of error due to manual handling and update of work rotas, and; • Reducing time intensive working practices resulting from the use of large excel spreadsheets to allocate home care resources; <p>Overall reasonable assurance was obtained in the areas within the scope of the assignment.</p> <p>The audit gave rise to five recommendations which management agreed to implement. The main recommendations relate to, further reduction in the use of spreadsheets, exploring integration with the payroll system, and improving benefit management processes when implementing future projects.</p>		
<p>2025-24 Follow Up Review – Waste Management</p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to follow up the nine action plan points raised in the report IA2024/10 – Waste Management Procedures to assess that they have been effectively implemented. Of the nine actions agreed, one was no longer required, three were fully implemented with no further action required, one was sufficiently implemented with no further action required, two were sufficiently implemented with some further action required and two were partially implemented with further action required. The further action advised relates to updating and completing the development of written procedures and progressing the implementation of a new stock system. Where further action is advised, it is recommended that Management monitor the action to ensure it is sufficiently and timeously completed. Outstanding actions will continue to be included in Internal Audit Quarterly Progress Reports to the Audit and Governance until completed.</p>	<p>75% Sufficiently Implemented</p>	<p>4 recommended action require further work to complete</p>
<p>2025-26 Follow Up Review – Systems Access Controls</p> <p><i>Assignment Summary</i></p> <p>The objective of the assignment was to follow up the 13 action plan points raised in the report IA2023/07 – System Access Controls to assess that they have been effectively implemented. Of the 13 actions agreed, three were low risk and not included in audit testing, four were fully implemented with no further action required, two were sufficiently implemented with some further action required, three were partially implemented with further action required and one was not implemented with further work required. The further action advised relates to, following up where equipment is not returned to ICT, sharing information on employees moving roles within the Council, issuing reminders to managers on the starters, leavers and movers process, updating standards,</p>	<p>60% Sufficiently Implemented</p>	<p>4 recommended action require further work to complete</p>


Assignment Name/Ref	Assurance²	No of Actions Raised
communication of new standard for system administrators, updating and adding “how to” guides to the Council’s intranet, and sending out password reminders. Where further action is advised, it is recommended that Management monitor the action to ensure it is sufficiently and timeously completed. Outstanding actions will continue to be included in Internal Audit Quarterly Progress Reports to the Audit and Governance until completed.		

Overdue Actions (As at 20 Oct 2025)


IA2024/02 and IA2025/02a HR and Payroll Fusion Controls - employee set-up							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/02a.06 Audit trail	31-Jul-2025	Jane Murray	Amy Meechan	20-Oct-2025 ERP Team hoping to have first draft of report ready by end of Nov 21-Jul-2025 Call raised with ERP team to create report		50%	Extension granted to 30 November to allow report to be developed
IA2025/02a.11 Tasks/ Client journeys	31-Aug-2025	Jane Murray	Amy Meechan	16-Oct – 2025 After a meeting with Mastek, we are going to have a meeting to look at Journeys and how we use them, and if/how we can make this easier for managers/employees 21-Jul-2025 Still to look into what exactly managers/new employees etc see for each Journey task, once this is checked - I will look at how to make the process/wording more clear, will need sent to Mastek at this point to amend journey page		20%	Extension granted to 31 January to allow meeting with Mastek and agree a way forward


IA2025/03 Procurement - Fusion Controls							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/03.05 Provision of Training	30-Sep-2025	Tim Baulk	David Alexander	08-Oct-2025 Procurement, finance and ERP colleagues have agreed on a training programme for Fusion users to complement the existing training material for Fusion		25%	Extension granted to 31 January 2026 to allow training to be


				already available on the CORE. In order to target year end issues, it has provisionally been agreed to run initial training sessions in Jan 26.			started and rolled out
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IA2025/17 Malicious Damage Invoices							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/17.06 Monitoring of Malicious Damage Spend	30-Sep-2025	Christina Cox	Derek Yuille	20-Oct 2025 – Meeting to be arranged with Finance to set up appropriate coding 24-Jul-2025 - due to long term absence of a key member of staff and replacement staff only able to cover item 3. Expect to be able to resume 4th August 2025		5%	1st Extension to 30 September 2025 granted 2 nd extension to 30 November granted

Actions Due within next 6 Months (As at 20 October 2025)


IA2021/06 Scottish Housing Regulator Annual Return 2019/20							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2021/06/02 Asset management system	30-Nov-2025	Michael Alexander	John Hodge	10-Jan-2024 Extension granted to 30/11/2025 as per the AGP 8/11/2023		30%	

IA2021/20 Controls around meeting waste management regulations							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2021/20/02 Mid-term review of strategy	31-Mar-2026	Kenny Dalrymple	Fiona Ross	15-Oct 2025 Since approval of the Waste Management Strategy there have been annual update / progress reports submitted to Service and Partnership Performance Panel and there will be another report due March 2026 which will be our mid point review .		80%	

IA2023/07 System Access Controls							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2023/07.05 Employee Movers	31-Mar-2026	Louise Reid	Kevin Mullen; Wendy Wesson	03-Oct-2024 Although work has been ongoing in this area, the Starters, Movers and Leavers' is now a year 2 transformation project which should be concluded by end of FY 25/26 and should deliver efficiencies in terms of the Councils approach.		55%	Extension to 31/3/2026 agreed at AGP 6/11/2024


				Therefore an extension to March 26 is requested.			
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IA2023/30/04 EE Masts Riverside Place

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2023/30/04.01 Document and implement contract management procedures	31-Dec-2025	Christina Cox	Pauline Bradley	05-Oct-2025 The bespoke contract management software is being developed and led by ARA.		96%	1st Extension granted to 31/3/2025 2nd Extension granted to 31/12/2025, to allow full implementation and roll out. An audit assignment to review procedure/procedures around capital contract management is included within the 2025-26 Internal Audit Plan

IA2024/08 Records Management

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
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IA2024/8/03 Obtain assurance of Compliance	31-Dec-2025	Catriona Caves	Deborah McVey	<p>15-Oct-2025 Services being contacted by Records Management Team to obtain appropriate assurances.</p> <p>08-Jul-2025 Two temporary members of staff have been recruited to Information Governance, via the Transformation Project, to support development of M365 and SharePoint to support the record retention scheduling of Council data in this format. Staff have a one- year contract. They are currently being trained in the requirements of the post, and a pilot is taking place in ICT and Information Governance, to introduce record retention labels.</p> <p>The Records & Data officer is currently on maternity leave, which may result in timescales not being achieved, the Information Governance team is however continuing to support implementation with resources available.</p>		80%	
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IA2024/10 Waste Management Procedures							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/10/01 Develop written procedures/processes for all key business operations	31-Oct-2025	Fiona Ross	John Morrison	15-Oct-2025 Waste Management team continuing to work with the Transformational Team to conclude the various processes		90%	1st Extension grant to 31 October 2025

IA2024/11 Housing Lets - Anti Fraud Review





Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2024/11/01 Housing Services should take action to ensure that the policy is reviewed every two years	31-Oct-2025	Michael Alexander	Chris Carroll	<p>03-Apr-2025 Lead Officers from both Housing Policy & Strategy and Housing Operations have been identified to review each of the sections of the existing policy document. The Officer group has met and a work plan was agreed. The review process is underway and is expected to be completed by end of April 2025. Thereafter, any necessary consultation with tenants will be undertaken. It will then be determined if any proposed changes require formal council approval.</p> <p>To allow all processes to be completed and time for any necessary panel/council approvals for proposed changes to policies, the due date was extended to 31 October 2025.</p>	▶	45%	1st extension Granted to 31 Oct 2025
IA2024/11/06 Housing Services should consider incorporating a section into the policy document in relation to prevention/detection of fraudulent activities or attempted fraud when applying for Council houses.	31-Oct-2025	Kenny Dalrymple	Michael Alexander	<p>03-Apr-2025 As part of the policy review work underway, a section will be incorporated into the policy document in relation to prevention/detection of fraudulent activities or attempted fraud when applying for Council houses. Discussions are ongoing with Revenues and Benefits, and consideration will be given to strengthening existing anti-fraud measures taking account of established good practice and any data sharing restrictions.</p>	▶	45%	1st extension granted to 31 Oct 2025

				<p>At the present time, existing safeguards and statements are in place on the housing application, to make applicants aware that the Council has a duty to manage public funds, and to prevent and detect fraud. It also advises applicants how their personal information will be used by the Council, and that where appropriate, relevant information will be shared with other agencies.</p> <p>Furthermore, the declaration included on the housing application form clearly states that If the Council gives an applicant a tenancy based on false or misleading information, the Council may take legal action to get the property back.</p> <p>To allow all processes to be completed, any required tenant consultation and time for any necessary panel/council approvals for proposed changes to policies, the due date was extended to 31 October 2025.</p>			
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IA2025/10 CM2000 Review							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/10.01 Reduce the use of Spreadsheets to record information available through CM2000 and explore whether additional functions	31-Mar-2026	Stewart Marshall;	Helen Brown			50%	

and reports are available from the system							
IA2025/10.02 Steps should be taken to explore integration with payroll systems in line with the Business Case.	31-Mar-2026	Stewart Marshall;	Helen Brown			0%	


IA2025/26 Follow-up: System Access Controls

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/26.02 Movers	31-Oct-2025	Bernie Sanderson	Noemi Cecconi			0%	
IA2025/26.04 Leavers mailing list	31-Oct-2025	Bernie Sanderson	Noemi Cecconi			0%	
IA2025/26.05 Security for Administrators out with ICT	01-Dec-2025	Kevin Mullen	Anne Yeo			0%	
IA2025/26.07 Access Control Standard	01-Dec-2025	Kevin Mullen	Anne Yeo	30-Sep-2025 9 standards have been updated including Access Control Standard. They will be made available for internal review starting on October 21st with a view to being publish before the end of December. The Password Standard and Password Management Standard will both need to go to the Integrity Group. 8 more of the standards will need to be reviewed and updated on the Core and then there are also a small number that need to be written from scratch.		15%	

IA2025/35/05 Taxi and Private Hire Vehicle Licence checks

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2025/35/05.04 Removal of plates – failed inspections	31-Mar-2026	Christine McMenamin	Laura McChristie	16-Oct-2025 Work is ongoing with this, we have advised the ARA garage the procedure for removing plates and it will be formalised into the policy when it is reviewed by cabinet or full council next year.		30%	

IA2026/31/01b St Ninians and Hourstons Controls Report

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2026/31/01b.07 Transfer of procurement responsibility for capital contracts from PDS to Procurement	31-Jan-2026		Tim Baulk	08-Oct-2025 The vacancy management process has been started for 2 Level 9 Procurement Officer posts and 1 Procurement Assistant post as per cabinet approval. Once these posts have been filled the procurement duties will be able to be transferred in full to the Corp procurement team.		25%	

South Ayrshire Council

**Report by Chief Financial Officer
to Audit and Governance Panel
of 5 November 2025**

Subject: Accounts Commission Annual Report 2024/25

1. Purpose

1.1 The purpose of this report is to advise the Panel of the Accounts Commission Annual Report 2024/25.

2. Recommendation

2.1 **It is recommended that the Panel considers the findings outlined in the Accounts Commission Annual Report 2024/25 (attached as Appendix 1).**

3. Background

3.1 In August 2025, the Accounts Commission published its annual report for 2024/25 which covered the following:

- their year in numbers;
- Chair's welcome;
- their reporting;
- their impact;
- how they work; and
- information about them.

4. Detail

4.1 Audit Scotland and Accounts Commission reports are regularly considered by the Audit and Governance Panel, and it is proposed that Members consider and note the terms of the Accounts Commission annual report for 2024/25.

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 may impact on the reputation of the Council.

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. 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, Policy Lead for Finance and Corporate Services, and the contents of this report reflect any feedback provided.

Background Papers None

Person to Contact Tim Baulk, Chief Financial Officer
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Date: 15 October 2025

Our work and impact

Annual review 2024/25



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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Our year in numbers



125

Annual audits



7

Reports on how well councils achieve Best Value



2

Statutory reports on areas of concern



£25.2bn

Local government spending scrutinised



7

Performance audits on key public services



10

Blogs and briefings on topical issues



17

Meetings and events with local government leaders



14,000

Downloads and web views of our reports



Welcome

Welcome to our review of our work and impact during 2024/25.

Local government in Scotland faces some of the most severe challenges seen in generations. Councils must balance significant financial pressures against a backdrop of rising demand for services and issues in relation to recruiting and retaining staff. They recognise that they must make fundamental changes to protect services, but this is difficult while also trying to meet the day-to-day needs of individuals, families and communities.

In this context, the work of the Accounts Commission and the auditors we appoint to work on our behalf is crucial. We hold local government to account, and we support improvement in services. We report publicly on annual local government spending of £25.2 billion, as well as on the performance of councils and the key issues affecting communities across Scotland.

Robust, independent and reliable public audit is vital for residents, service users and decision-makers. However, in the current context we aim to do more. As we report in this review, we have focused on three areas that are key to having an impact on the lives and outcomes of the people of Scotland and the communities they live in.

The first is how we can inform and support the fundamental changes that local government must make. We do this through the intelligence and insights we find across Scotland, and through raising issues at a local and national level.

The second is ensuring we add value and have a direct impact. Just two of the ways we do this are: the advice and feedback we give councils through the annual financial audit; and sharing the good practice we find.

The third is by making sure we are talking with – and listening to – all of our stakeholders. In this report you will see the varied and innovative ways we reach and talk with the diverse groups and organisations our work affects.

All of these remain priorities over the coming years as we continue to work to drive improvements and change in the services that so many of us rely on and use every day.

Jo Armstrong
Chair, Accounts Commission for Scotland

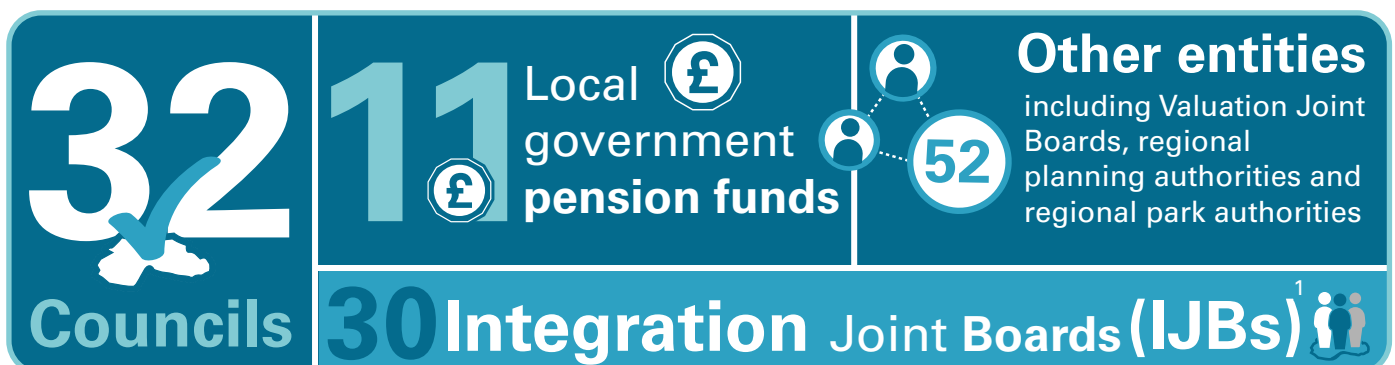


Our reporting

Reporting in public is central to our role of holding local government to account and supporting improvement. We report on how well councils manage and report their finances, on how well they achieve Best Value in their use of public money, and on issues of importance to people's quality of life and the services they use and rely on.

Financial audits

We oversee the [annual audit of all local government accounts in Scotland](#), carried out by Audit Scotland and private firms contracted on our behalf. Financial audits are the bedrock of the assurance we provide about how taxpayers' money is managed, and they inform the areas where we want to help drive improvement.



Note. 1 IJBs are partnerships between councils and NHS boards to manage community health and social care services.

Audit covers more than reviewing an organisation's accounts. It also considers governance and leadership, financial management, and the authority's use of resources to improve outcomes. Annual financial audit also acts as a key part of an early warning system in relation to issues emerging within a local government body.

In 2024/25, we oversaw the audits of 125 local government accounts (for the 2023/24 financial year). Of these, 42 per cent were delivered by target dates and 90 per cent were completed by 31 March 2025, with the remainder scheduled to be completed shortly after. The delays reflect the ongoing pressures on auditors and local bodies. Recovering delivery timelines is a priority for us, and we are on track to recover against expected performance within three years. Auditors gave unqualified opinions in all that had been completed. An unqualified opinion means the auditor considers the accounts are 'true and fair' and comply with accountancy standards and legislation, and the auditor has no significant concerns about matters contained in the accounts.

Raising of concerns from accounts

Under the Local Government (Scotland) Act 1973, the Controller of Audit can report to us on matters of concern identified during audit work. This is an additional safeguard that allows us to respond to any serious issues, and the reports highlight lessons other councils can learn in order to help safeguard public money in future.

In 2024/25, the Controller of Audit issued two such reports:

- [Renfrewshire Council: Dargavel Village update report](#): This followed up an earlier report on the council's failings in providing adequate school accommodation.
- [Aberdeen City Council](#): This report considered the council's actions in response to an employee's £1.1 million fraud.

In response to each report, we set out clear expectations and learning points for all in response to the issues identified.

Ensuring Best Value

Councils in Scotland have a specific legal duty to take actions to achieve continuous improvement and ensure efficiency and effectiveness. This is known as 'Best Value', and we assess this for each council each year alongside the financial audits.

Each year we also consider a particular Best Value theme and report on that for each council and on a national basis. In 2024/25, we examined how councils are responding to challenges in recruiting and retaining staff and we reported on this in the [Best Value workforce report](#) published in August 2025.

We also publish a fuller Best Value report on each council at least once every five years. These reports are produced by the Controller of Audit and discussed in our meetings, and usually supplemented with our 'findings' that set out what we believe are the key issues, and the actions the council should take in response.

During 2024/25, we published one thematic report – [Delivering for the future: Why leadership matters](#) – and reports on Best Value in:

- [Falkirk Council](#)
- [Clackmannanshire Council](#)
- [City of Edinburgh Council](#)
- [Scottish Borders Council](#)
- [East Renfrewshire Council](#)
- [Fife Council](#).



Important national issues

Through our work, we aim to support the major reforms needed in local government if services and finances are to be sustainable in the future.

We provide a national overview of finances and performance across local government in Scotland, as well as recommendations to support improvement.

We published five overview reports in 2024/25:

- [Local government budgets 2024/25](#): an early assessment of councils' budgets for that year – the first time we have produced this type of report
- [Local government financial bulletin 2023/24](#): our detailed annual analysis of council finances
- [Transformation in councils](#): a special report focused on the need for councils to make major changes to how they provide services
- [Integration Joint Boards' Finance and performance 2024](#): our full annual review of community health and social care
- [Integration Joint Boards' Finance bulletin 2023/24](#): including an interactive tool allowing users to explore data for the whole of Scotland and their local area.

Our reports found that local government faces severe budget constraints and rising demand, there is an urgent need for major reform, and strong leadership and meaningful engagement with communities about future budget priorities are crucial.



[Financial bulletin](#)

We also deliver a programme of performance audits, looking at key policies and services that impact people's lives.

Because responsibility for many services and policies is shared between the Scottish Government and local authorities, many of these audits are delivered jointly with the Auditor General for Scotland (who reports on devolved public bodies in Scotland other than local authorities).

We look at how well services, projects and policies are being managed and delivered, and make recommendations for improvement.

In 2024/25, we published four such reports:

- [Tackling digital exclusion](#)
- [Alcohol and drug services](#)
- [Sustainable transport](#)
- [Additional support for learning](#).



In 2024/25, we also published a [review of Housing Benefit overpayments 2018/19 to 2021/22](#), assessing and comparing councils' performance in recovering overpayments.

Blogs

We supplement our reporting with blogs. This is an example of how we seek to communicate our key messages with service users and stakeholders. See [Our impact](#) (below) for more information.

In 2024/25, we published seven blogs:

- [Delivering for the future – why leadership matters](#)
- [The important role of a CFO](#) (Chief Financial Officer)
- [Benchmarking and good public performance reporting matter](#)
- [The Accounts Commission's role in supporting reform](#)
- [Transparency, transformation and sustainability of council services](#)
- [Integration Joint Boards finances continue to be precarious](#)
- [Expectation, demand and reality – the context of recent Council Tax rises in Scotland.](#)



Our impact

Reaching audiences

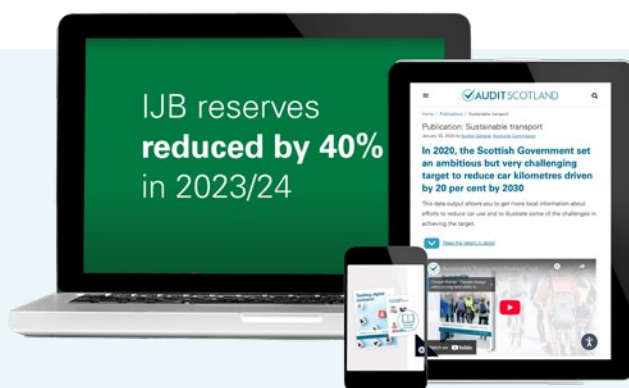
We want our work to address issues that are important to individuals, communities and organisations across Scotland and in all walks of life. We aim to ensure our work is as accessible and relevant as possible. Below are some examples of approaches taken during 2024/25.

- For our report on [Alcohol and drug services](#), we worked with Audit Scotland's youth advisory panel (10–19-year-olds from across Scotland) to inform the findings and recommendations. The panel directly shaped the recommendation that preventative education could be delivered better in schools.
- We worked with the panel to make [a short film for teenagers](#). The film highlighted key findings and set out how the panel believed preventative education should be delivered.
- Our report on [Tackling digital exclusion](#) was important for public bodies and politicians, as well as people who do and people who do not (or cannot) use digital services. We produced a range of outputs to support the report and make it accessible, engaging and useable, from checklists and resources for public bodies to address exclusion, to videos and graphics and an easy-read report, and a poster for use in places like libraries.
- Our [bulletin on Integration Joint Boards' finances](#) contained a wealth of data useful for people wanting to know about their local health and care services. We also produced an interactive data tool for users to explore as they wished.

For every report we publish, we produce a range of communications outputs, and we share them and other information with a wide range of stakeholders. When we publish a report on a specific council, we contact local media and community groups to help encourage communities to use our work to hold their council to account.

Project examples:

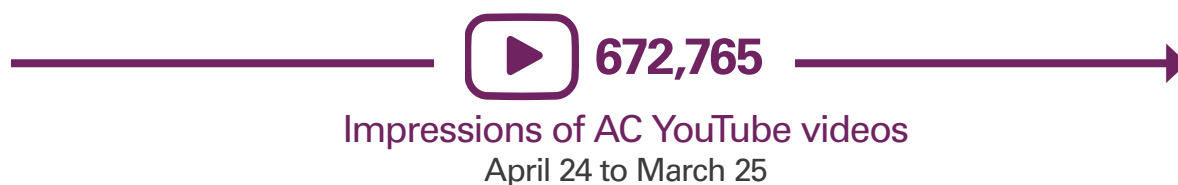
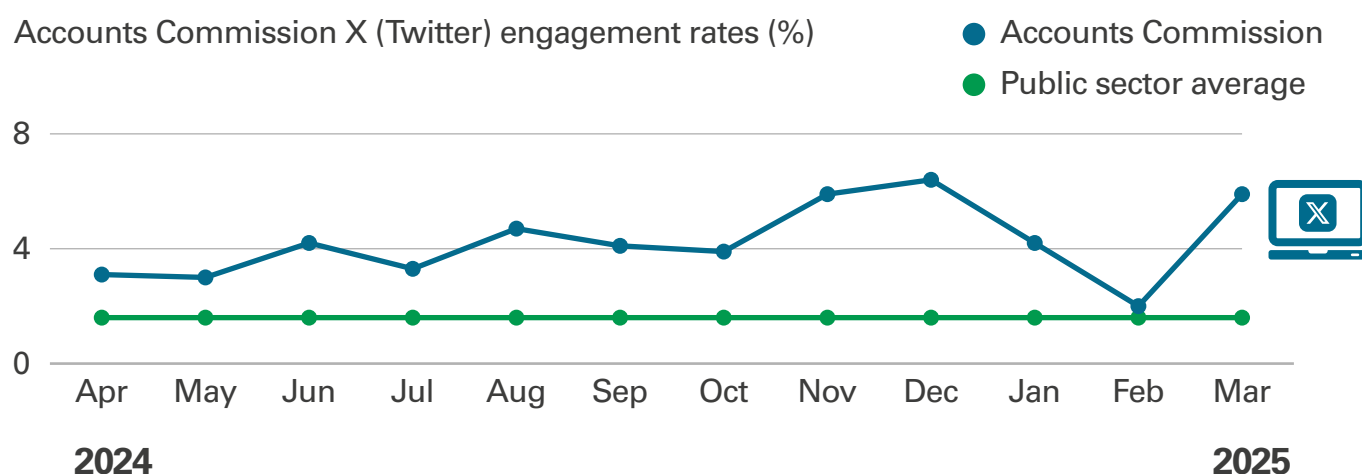
- [Integration Joint Boards in Scotland animation](#).
- [Easy read summary – Additional support for learning](#), and the [digital exclusion flyer](#).
- [Sustainable transport report and interactive web page](#).



This year, we've made it easier for members of the public to follow our meetings by sharing links to watch online and making recordings with transcripts available on YouTube. These are shared on [our meetings hub on our website](#) alongside agendas, public papers and detailed minutes.

We work on the public's behalf, so it's vital that we are as transparent as possible. We meet in public, but for some agenda items, discussion takes place in private. In each case, the meeting agenda provides the reason, and the minutes clearly describe what was discussed and decided.

Many interested people are either unable to attend our meetings or watch a full recording. So after each meeting, we record a short update on what was discussed, such as our March [post-meeting update video](#).



Making a difference

Our work generates data, insights and analysis that can support local government improvement. For example, through our audit work and reporting in 2024/25 we helped local authorities:

- improve the way they manage key services by highlighting the impact of issues such as high staff absence rates
- provide clearer, more accurate and more timely performance information to residents.

We share good practice and case studies, and public bodies have told us this is one of the areas where we can add the most value.

Examples of findings and recommendations in 2024/25 that support the sharing and development of good practice in local government include:

- In our reports on [Scottish Borders Council](#) and [Fife Council](#), we said other councils could learn from actions they have taken to improve recruitment and retention of staff in key areas.
- The [report on the council tax refunds fraud at Aberdeen City Council](#) highlighted the lessons for all councils to learn in relation to implementing controls to reduce risks.
- In our [briefing on council budgets for 2024/25](#), we set out our expectations for how budget information is presented to elected members and the public.

Meanwhile for our joint report on tackling digital exclusion, we provided a range of [resources and case studies for public bodies](#) via our website.

During 2024/25, we diversified our approach to addressing the issues we find in our reports. Previously, we would either publish findings or hold a hearing, but this year we developed other options. For example, we wrote to all councils to ask that they learn from the Aberdeen City Council fraud.

During 2025/26, we intend to develop our approach further through a new 'response framework'.

'The Accounts Commission's bulletin on Integration Joint Boards clearly demonstrates the immense challenges that IJBs and local government are having to work through in ensuring the local delivery of integrated health and social care services.'

Convention of Scottish Local Authorities (COSLA)

How we work

Planning our work programme

Throughout the year, auditors assess and highlight areas of risk across councils, as well as examples of good practice, and report these to the Controller of Audit, who provides us with updates at each of our meetings.

At each Commission meeting (11 per year), we discuss and debate current and emerging issues and consider draft reports – such as those set out in Our reporting – before they get published.

In March and September each year, we come together with Audit Scotland colleagues to discuss and consider the key risks and current issues facing local government and to consider important intelligence such as the data in the Local Government Benchmarking Framework.

At these sessions, we establish what we think should be the focus of our work for the coming year. The choices we make about what we report on are guided by our five strategic priorities, set out in [our current Strategy](#).

The Accounts Commission's five strategic priorities are:

1. **Finances:** The impact of trends in funding on local government's ability to provide services and to deliver positive outcomes
2. **Reform:** The actions being taken to meet the needs of communities in the context of rising demand and financial constraints
3. **People and communities:** The relationship between local government and the people and communities it serves
4. **Inequalities:** The contribution local government makes to tackling poverty and lessening the impact of inequalities
5. **Environmental sustainability:** How well local government is fulfilling its obligations around climate change and related issues.



Throughout 2025/26, we will be consulting key local government stakeholders as part of a regular review of these priorities to ensure our reporting remains relevant and has the desired impact.

Engaging with stakeholders

We want stakeholders, including the public and councils, to trust and have confidence in our work. Only by understanding what is important to them can we deliver reports that are valued, credible and drive improvement.

While we work and report independently, we engage with representative stakeholders on our work programme proposals, including:

- council leaders
- council chief executives
- directors of finance
- IJB chief officers
- other key professional groups
- sector bodies like COSLA and the Improvement Service
- third sector organisations
- the Scottish Government
- the Scottish Parliament's Local Government, Housing and Planning Committee.

Meaningful and purposeful engagement is integral to all audit work undertaken on behalf of the Commission by teams across Audit Scotland.

Advisory groups are used to aid the preparation of reports, including an [Equalities and Human Rights Advisory Group](#), set up in 2016 to support the embedding of equalities and human rights consideration in audit work.

Our reporting in 2024/25 was supported by round table discussions with stakeholders, including:

- on the key issues facing social care, as part of producing our 2024 IJBs report – with Scottish Government, COSLA, IJBs, NHS, regulators, representative bodies and third-sector care providers
- following publication of our Transformation in councils report, with council chief executives and the Improvement Service.

In addition, after each Best Value report on an individual council, or a section 102 report (such as those on Renfrewshire Council and Aberdeen City Council in 2024/25), we meet with the chief executive, political leader and other senior figures at that council, to discuss the report and the actions the council plans to take in response, as well as seek their views on the audit process.



Note: Photos from visits to the Highlands, East Renfrewshire, and Scottish Borders, 2024/25.

At each meeting of the Commission, chair Jo Armstrong reports publicly on the individuals, organisations, and groups she has engaged with.

Improving public performance reporting

As part of our duty to hold local government to account and support improvement, we publish a 'Direction' to councils about publishing information that will enable comparisons of their performance with others and over time. Councils must also show how well they are improving local outcomes in partnership with other public bodies.

During 2024/25, we worked with key local government stakeholders to develop a new **Statutory Performance Information (SPI) Direction**, which will apply to their performance reporting for this year (2025/26) onwards. The Direction is accompanied by guidance to help councils understand what they need to do to comply.

Our guidance for councils on the new SPI Direction includes some examples of good practice in meeting specific requirements. For example, it highlights three councils' approaches to making performance information accessible to a wide audience:

- [Dundee City Council](#)
- [East Dunbartonshire Council](#)
- [Falkirk Council](#).

Effective performance reporting helps people understand how well their council is doing, and the reasons for changes in how local services are provided. The new SPI Direction reinforces the need for councils to be transparent about how they are responding to the needs of their local communities, what factors are impacting on their performance, and how they are using data to inform decisions.

Improving scrutiny

We work closely with other bodies to make sure public sector scrutiny is targeted, proportionate and coordinated. During 2024/25, the Controller of Audit led work with the Scrutiny Coordination Group to improve and streamline this work.

Find more information about [our work on improving scrutiny](#) on our website.

'The Commission's independent Best Value report has recognised the impressive work being done right across the council, which is a credit to our employees and strong local partnerships. It also reflects on the areas where the council can build on its performance, particularly in view of the challenges facing local authorities, and work is under way to address those.'

Cllr Owen O'Donnell, leader of East Renfrewshire Council

About us

Our purpose

Our purpose is to hold councils and other local government bodies in Scotland to account for their finances and performance, and to support improvement. We do this by reporting independently and publicly and making recommendations. Importantly, our key messages and recommendations are based on robust audit evidence.

We are passionate about helping to improve the services used by people across Scotland every day.

Our work is guided by [Public audit in Scotland 2023-28](#), a shared statement of purpose between the Accounts Commission, the Auditor General for Scotland and Audit Scotland, which sets out a vision of ensuring public money is spent well.



[Who we are](#)

(The Auditor General is responsible for the audit of all other devolved public bodies in Scotland; Audit Scotland is the organisation that provides services to the Accounts Commission and to the Auditor General.)

Commission members

The Commission comprises [12 individual members](#) appointed by (but working independently from) Scottish ministers. They come from across Scotland, from varied backgrounds, and bring a broad range of experience and skills to our work.

Members are appointed for a four-year period and can be reappointed for a further four years. They are remunerated (paid) for 2.5 days per month, except for the chair (10.5 days) and the deputy chair (4.5 days).

Costs

In 2024/25, approximately £185,000 was spent on members' remuneration, national insurance, travel and subsistence. We publish [quarterly information on our spending](#).

The Commission's income, operating costs and other expenditure are part of Audit Scotland's budget. More information on 2024/25 income and expenditure can be found within [Audit Scotland's annual report](#).

Our plans for 2025/26

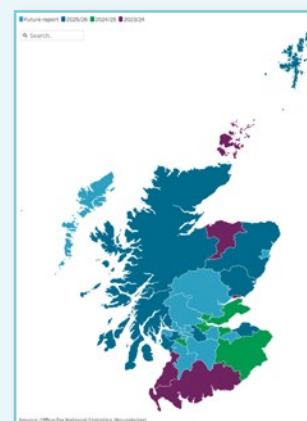
In 2025/26, we will:

- Continue our **Best Value reporting** for the following councils:
 - Argyll and Bute, Highland, Renfrewshire, East Lothian, North Ayrshire, North Lanarkshire, Shetland Islands, and Aberdeenshire.
- Develop a response framework for Best Value and other statutory reports, to maximise their impact, ensure that we use our statutory powers appropriately to hold councils and other local government bodies to account, highlight best practice and support continuous improvement.
- Publish reports on:
 - Flooding in communities, Improving care experience, Culture and leisure services, Delayed discharges
 - the finances of councils and IJBs, Council budgets for the current year, Workforce innovation, Health and social care performance.
- Engage with stakeholders on:
 - our strategic priorities and future work programme to ensure that they remain relevant
 - our reports, to ensure that they have impact and drive improvement.
- Build relationships and gain insights:
 - During 25/26, we will develop a more structured approach to our engagement with key local government stakeholders to enhance our communications, reach and impact.



Best Value reporting

Link to online [interactive map](#)



Our work and impact

Annual review 2024/25



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