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18 March 2026

**To: Councillors Dettbarn (Chair), Bell, Hogg, 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, 25 March 2026 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 25 February 2026 (copy herewith).
4. Action Log and Work Programme (copy herewith).

### **External Audit Reports**

5. Annual Audit Plan 2026/27 – Submit Report by Chief Financial Officer (copy herewith)
6. Asset Management - Best Value Thematic Work in South Ayrshire Council – Submit Report by Housing Operations and Development and Deputy Chief Executive (copy herewith).

### **Internal Audit Report**

7. Proposed Internal Audit Plan 2026/27 (including Annual Review of Internal Audit Charter) – Submit Report by Chief Internal Auditor (copy herewith).

### **Other Governance Report**

8. Audit and Governance Panel – 2026/27 Training Programme - Submit Report by Chief Governance Officer (copy herewith).
9. Grey Fleet Miles – Submit Report by Chief Executive (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](mailto:committeeservices@south-ayrshire.gov.uk)  
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**Agenda Item No. 3****AUDIT AND GOVERNANCE PANEL.**

Minutes of a hybrid webcast meeting on 25 February 2026 at 10.00 a.m.

Present in  
County Hall: Councillors Julie Dettbarn (Chair), Wullie Hogg and Bob Pollock.

Present  
Remotely: Councillor Brian McGinley.

Apologies: Councillors Kenneth Bell, Cameron Ramsay, and George Weir.

Attending in  
County Hall: T. Baulk, Chief Financial Officer; W. Carlaw, Service Lead - Democratic Governance; P. Bradley, Service Lead - Professional Design Services; C. McGhee, Chief Internal Auditor; D. Love, Corporate Finance Team Co-ordinator; J. Chapman, Committee Services Officer; and C. McCallum, Clerical Assistant.

Attending  
Remotely: T. Simpson, Service Lead - Corporate Accounting, G. McNally and P. Morrison, Audit Scotland.

**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. Call-ins from Cabinet.**

The Panel noted that there were no call-ins from Cabinet of 17 February 2026.

**3. Minutes of Previous Meeting.**

The Minutes of the meeting of 3 December 2025 ([issued](#)) were submitted and approved.

#### 4. **Action Log and Work Programme.**

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

The Chief Financial Officer advised Members that an incorrect version of the Action Log and Work Programme had been published online in error and confirmed that the correct version would be issued following the meeting.

The Panel

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

#### 5. **External Audit Reports – Progress to 31 December 2025.**

There was submitted a report ([issued](#)) of 4 February 2026 by the Chief Financial Officer providing Members with an update on the progress that the Council is making in relation to external audit improvement actions.

The Panel

**Decided:** to scrutinise the progress against the Council's external audit improvement actions as presented in this report.

#### 6. **Internal Audit – Progress Report to 31 December 2025.**

There was submitted a report ([issued](#)) of 11 February 2026 by the Chief Internal Auditor advising Members of progress of the 2024/25 and 2025/26 internal audit plans and Directorate's progress against implementation of internal audit action plans.

In response to the concerns expressed by Members regarding the limited assurance associated with PVG checks, the Chief Internal Auditor provided an update and gave assurance that the issue was being dealt with and that a progress report would be presented to the Panel.

A Member of the Panel requested clarification concerning the third extension requested in relation to the Document and Implement Contract Management procedures. The Service Lead - Professional Design Services indicated that the process had taken longer than initially anticipated, as it is tailored specifically for South Ayrshire Council. Furthermore, it was noted that significant progress had been achieved, with a briefing for Members planned to be delivered once it was set to be implemented to the Team.

The Panel, having considered the contents of the report

**Decided:**

- (1) to consider the content of this report.
- (2) to agree to extend the implementation date of action IA2023/30/04.01 to 30 April 2026.

**7. The Global Internal Audit Standards in the UK Public Sector – Self Assessment Rules.**

There was submitted a report ([issued](#)) of 11 February 2026 by the Chief Internal Auditor advising Members of the outcome of the Internal Audit self-assessment of conformance against the Global Internal Audit Standards (GIAS) in the UK Public Sector.

A Member of the Panel gave his views and commented on the usefulness of the Self-Assessment undertaken.

Following discussion, it was noted that the GIAS set out guidance for Chairs of Audit Committees, albeit that it was not specifically tailored for the public sector.  
The Panel

**Decided:**

- (1) to note the contents of the report, the summary results for all domains in Appendix 1, the self-assessment action plan in Appendix 2 and the detailed self-assessment outcome against Domain III “Governing the Internal Audit Function” in Appendix 3; and
- (2) to agree that progress against the action plan would be included within the quarterly update reports to this Panel until fully implemented.

**8. Local Government in Scotland: Financial Bulletin 2024/25**

There was submitted a report ([issued](#)) of 30 January 2026 by the Chief Financial Officer presenting the findings and recommendations included in the Audit Scotland report ‘Local Government in Scotland: Financial Bulletin 2024/25), published in January 2026.

A Member of the Panel urged the public to review the Audit Scotland report, which detailed the financial difficulties faced by Councils.

The Panel

**Decided:**

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

9. **Treasury Management and Investment Strategy Quarter 3 Update Report 2025/26**

There was submitted a report ([issued](#)) of 4 February 2026 by the Chief Financial Officer providing Members with updates on the 2025/26 treasury prudential indicators for the period October-December 2025 (Quarter 3) and on the latest wider economic position.

The Chief Financial Officer informed Members that additional appendices had been attached to the report in error and confirmed that these would be removed in a revised version of the report which would be issued after the meeting.

The Panel

**Decided:** to scrutinise the contents of this report.

The meeting ended at 10:25 a.m.

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# Audit and Governance Panel

Agenda Item No. 4.

## Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1	26/2/26	Treasury Management and Investment Strategy Quarter 3 Update Report 2025/26	The Chief Financial Officer informed Members that additional appendices had been attached to the report in error and confirmed that these would be removed in a revised version of the report which would be issued after the meeting.	Chief Financial Officer	Revised version issued.	YES

## Audit and Governance Panel

### Work Programme 2025/26

	<b>Issue</b>	<b>Actions</b>	<b>Assigned To</b>	<b>Due Date to Panel</b>	<b>Latest update</b>
1.	<b>Annual Audit Plan 2026/27</b>	Report to Panel	Chief Financial Officer	March 2026 (Annually)	Report to this Panel
2.	<b>Asset Management – Best value thematic report 2025/26</b>	Report to Panel	Director of Housing Operations and Development	March 2026	Report to this Panel
3.	<b>Proposed Internal Audit Plan 2026/27</b>	Report to Panel	Chief Internal Auditor	March 2026 (Annually)	Report to this Panel
4.	<b>Audit and Governance Panel – Training Programme</b>	Report to Panel	Chief Governance Officer	March 2026	Report to this Panel
5.	<b>Grey Fleet Miles</b>	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	March 2026	Report to this Panel
6.	<b>Integration Joint Boards – Financial bulletin 2024/25</b>	Report to Panel	HSCP Chief Officer	May 2026	Being drafted
7.	<b>Strategic Risk Management</b>	Report to Panel	Chief Governance Officer	May 2026 (Biannually)	Not yet started
8.	<b>External Audit Reports – Progress to 31 March 2026</b>	Report to Panel	Chief Financial Officer	May 2026 (Quarterly)	Not yet started

## Audit and Governance Panel

	<b>Issue</b>	<b>Actions</b>	<b>Assigned To</b>	<b>Due Date to Panel</b>	<b>Latest update</b>
9.	<b>Internal Audit – Corporate Fraud Activity</b>	Report to Panel	Chief Internal Auditor	3 June 2026 (Biannually)	Not yet started
10.	<b>Audit and Governance Panel – 2025/26 Annual Report</b>	Report to Panel	Chief Financial Officer/ Chief Governance Officer	3 June 2026 (Annually)	Not yet started
11.	<b>Corporate Fraud Team Activity Reports</b>	Report to Panel	Chief Internal Auditor	3 June 2026	Not yet Started
12.	<b>Draft Annual Accounts 2025/26</b>	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Not yet started
13.	<b>Delivering Good Governance – 2025/26 Assessment</b>	Report to Panel	Assistant Director, Corporate Policy, Strategy and Performance	24 June 2026 (Annually)	Not yet started
14.	<b>Internal Audit Annual Report 2025/26</b>	Report to Panel	Chief Internal Auditor	24 June 2026 (Annually)	Not yet started
15.	<b>Treasury Management Annual Report 2025/26</b>	Report to Panel	Chief Financial Officer	24 June 2026 (Annually)	Not yet started
16.	<b>Internal Audit – Progress Report Quarter 1</b>	Report to Panel	Chief Internal Auditor	2 September 2026 (Quarterly)	Not yet started
17.	<b>Strategic Risk Management</b>	Report to Panel	Chief Governance Officer	2 September 2026 (Biannually)	Not yet started

## Audit and Governance Panel

	<b>Issue</b>	<b>Actions</b>	<b>Assigned To</b>	<b>Due Date to Panel</b>	<b>Latest update</b>
18.	<b>Corporate Lets</b>	Report to Panel	Director of Communities and Transformation	2 September 2026 (Annually)	Not yet started
19.	<b>Treasury Management and Investment Strategy Quarter 1 Report 2026/27</b>	Report to Panel	Chief Financial Officer	2 September 2026 (Quarterly)	Not yet started
20.	<b>Final Report on the 2025/26 Audit</b>	Report to Panel	Chief Financial Officer	30 September 2026 (Annually)	Not yet started
21.	<b>South Ayrshire IJB External Annual Audit Report 2025-26</b>	Report to Panel	Director of Health & Social Care	November 2026 (Annually)	Not yet started
22.	<b>Internal Audit – Progress Report Quarter 2</b>	Report to Panel	Chief Internal Auditor	November 2026 (Quarterly)	Not yet started
23.	<b>Internal Audit Plan 2026/27 – Mid-year review</b>	Report to Panel	Chief Internal Auditor	November 2026 (Annually)	Not yet started
24.	<b>Accounts Commission - Annual Report</b>	Report to Panel	Chief Finance Officer	November 2026 (Annually)	Not yet started
25.	<b>Corporate Fraud Team Activity Reports</b>	Report to Panel	Chief Internal Auditor	December 2026	Not yet started
26.	<b>Internal Audit – Corporate Fraud Activity</b>	Report to Panel	Chief Internal Auditor	November 2026 (Biannually)	Not yet started

**South Ayrshire Council**

**Report by Chief Financial Officer  
to Audit and Governance Panel  
of 25 March 2026**

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**Subject: Annual Audit Plan 2025/26**

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**1. Purpose**

- 1.1 The purpose of this report is to provide background to the presentation by Audit Scotland of their Annual Audit Plan 2025/26 (the Audit Plan).

**2. Recommendation**

- 2.1 It is recommended that the Panel agrees the attached Annual Audit Plan 2025/26 (Appendix 1).**

**3. Background**

- 3.1 This is the fourth year of Audit Scotland's appointment as the Council's external auditor, which will cover the period until 2026/27 (inclusive).

**4. Proposals**

- 4.1 The Audit Plan sets out the scope of the audit along with the respective responsibilities of the auditor and the Council.

- 4.2 Audit Scotland have identified the following two significant risks of material misstatement to the Annual Accounts, which have the greatest impact on their planned audit approach:

4.2.1 Fraud caused by management override of controls; and

4.2.2 Valuation of property, plant and equipment.

- 4.3 The audit goes beyond simply providing assurance on the financial statements and the Council's internal control environment. The Code of Audit Practice (the Code) requires auditors to consider the adequacy of the arrangements in place for the following four wider scope areas in audited bodies: **financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.**

4.4 Although Audit Scotland's risk assessment process did not identify any significant risks in respect of those wider scope areas, the council's financial position will be a key focus of the 2025/26 Annual Audit Report.

4.5 Audit Scotland will report not only on progress made with the Council's improvement actions arising from the auditor's 2024/25 audit work but also follow up on findings previously reported in relation to Best Value.

4.6 Audit Scotland's reporting arrangements and planned audit outputs are summarised in Exhibit 4 of the Audit Plan (Appendix 1).

## **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 There are no financial implications arising from of this report.

## **7. Human Resources Implications**

7.1 There are no human resource implications arising from this report.

## **8. Risk**

### ***8.1 Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendation. This paper is based on Audit Scotland's analysis of the risks facing the Council.

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

8.2.1 If the recommendation is rejected, then detailed discussion and negotiation will be required between the Council and Audit Scotland in order to agree a mutually acceptable audit plan for 2024/25.

## **9. 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.

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## **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. Results of Consultation**

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

13.2 Limited 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.

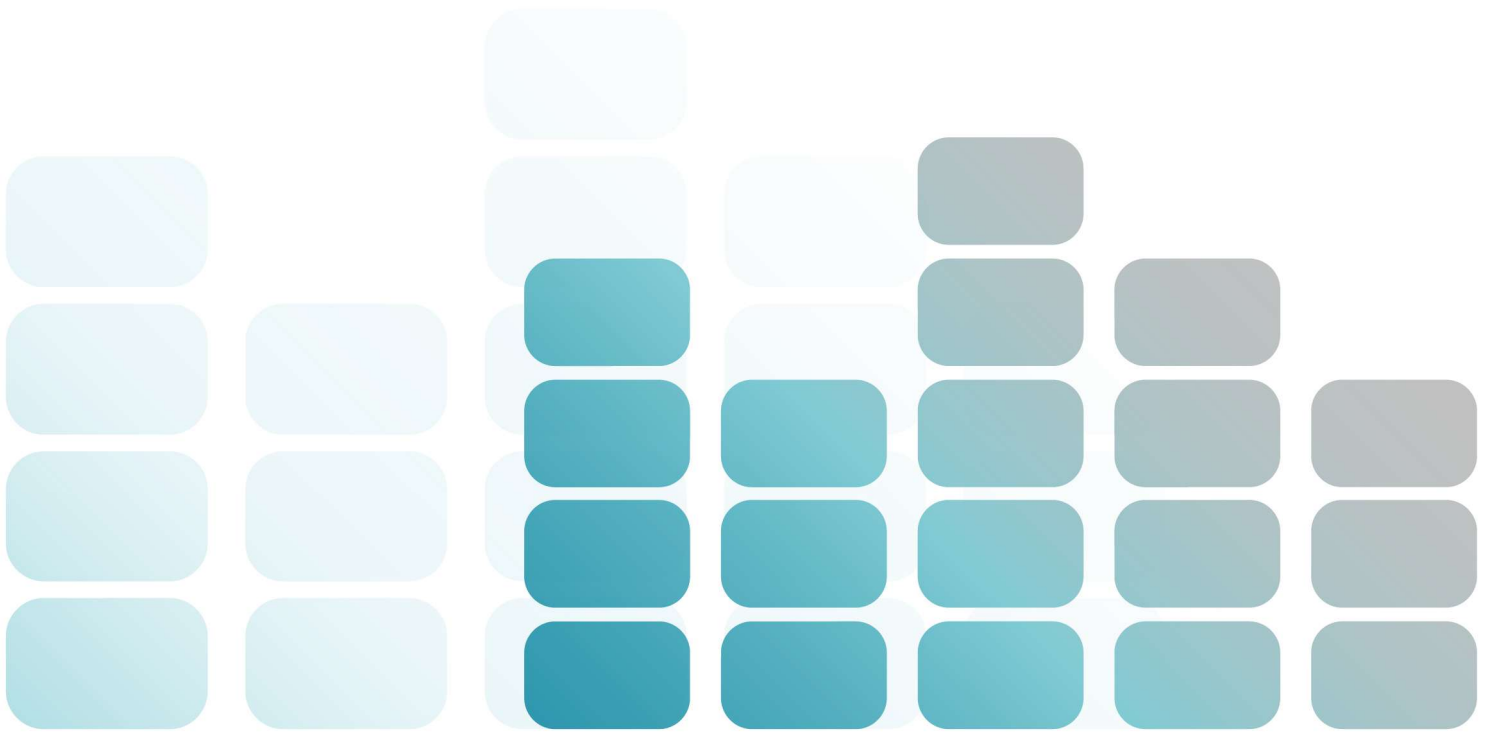
**Background Papers**    **None**

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**Date:**    **11 March 2026**

# South Ayrshire Council

Annual Audit Plan 2025/26



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## Accessibility

You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](http://www.audit.scot/accessibility).

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# Introduction

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## Purpose of the Annual Audit Plan

1. The purpose of this Annual Audit Plan is to provide an overview of the planned scope and timing of the 2025/26 audit of South Ayrshire Council's annual accounts. It outlines the audit work planned to meet the audit requirements set out in [auditing standards](#) and the [Code of Audit Practice](#), including supplementary guidance.

## Appointed auditor and independence

2. Fiona Mitchell-Knight, of Audit Scotland, has been appointed by the Accounts Commission as external auditor of South Ayrshire Council hereafter referred to as 'the council', for the period from 2022/23 until 2025/26, the fourth of the five-year audit appointment.

3. Fiona Mitchell-Knight and the audit team are independent of the council in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. This standard imposes stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with ethical standards. The arrangements are overseen by the Executive Director of Innovation and Quality, who serves as Audit Scotland's Ethics Partner.

4. The Ethical Standard requires auditors to communicate any relationships that may affect the independence and objectivity of the audit team. There are no such relationships pertaining to the audit of the council to communicate.

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# Audit scope and responsibilities

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## Scope of the audit

**5.** The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (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 the Annual Governance Statement.
- An opinion on the audited part of the Remuneration Report.
- Conclusions on the council'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 council's arrangements for securing Best Value.
- Providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts return.
- A review of the council's arrangements for preparing and publishing statutory performance information.
- Provision of an Annual Audit Report setting out significant matters identified from the audit of the annual accounts and the wider scope areas specified in the Code of Audit Practice.

## Responsibilities

**6.** The Code of Audit Practice sets out the respective responsibilities of the auditor and the council. 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 council's arrangements in place for the wider scope areas and to secure Best Value.

### **The council's responsibilities**

**8.** The council 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 that give a true and fair view and other 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.

# Audit of the annual accounts

## Introduction

9. The audit of the annual accounts is driven by materiality and the risks of material misstatement in the financial statements, with greater attention being given to the significant risks of material misstatement. This chapter outlines materiality, the significant risks of material misstatement that have been identified, and the impact these have on the planned audit procedures.

## Materiality

10. 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.

11. Broadly, the concept of materiality is to determine whether matters identified during the audit could reasonably be expected to influence the decisions of users of the financial statements. 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.

12. The materiality levels determined for the audit of the council and its group are outlined in [Exhibit 1](#).

## Exhibit 1

### 2025/26 Materiality levels for the council and its group

Materiality	The council and its group
<p><b>Materiality</b> – based on an assessment of the needs of users of the financial statements and the nature of the council operations, the benchmark used to determine materiality is gross expenditure based on the audited 2024/25 financial statements. Materiality has been set at 2% of the benchmark.</p>	£12.9 million

Materiality	The council and its group
<p><b>Performance materiality</b> – this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate that further audit procedures are required. Using professional judgement, performance materiality has been set at 65% of planning materiality.</p>	£8.4 million
<p><b>Reporting threshold</b> – all misstatements greater than the reporting threshold will be reported.</p>	£650,000

Source: Audit Scotland

## Significant risks of material misstatement to the financial statements

**13.** The risk assessment process draws on the audit team’s cumulative knowledge of the council, including the nature of its operations and its significant transaction streams, the system of internal control, governance arrangements and processes, and developments that could impact on its financial reporting.

**14.** Based on the risk assessment process, significant risks of material misstatement to the financial statements have been identified and these are summarised in [Exhibit 2](#). These are the risks which have the greatest impact on the planned audit approach, and the planned audit procedures in response to the risks are outlined in [Exhibit 2](#).

**15.** Risk assessment is an iterative and dynamic process. The assessment of risks set out in this Annual Audit Plan and [Exhibit 2](#) may change as more information and evidence is obtained over the course of the audit. Where such changes occur, these will be reported to the council and those charged with governance, where relevant.

## Exhibit 2

### Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response
<p><b>Fraud caused by management override of controls</b></p> <p>International Standard on Auditing (UK) 240, states that management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively. The risk of fraud caused by management override of controls is therefore a mandatory risk for all audits.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries.</li> <li>• Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition at the year-end.</li> <li>• Evaluate significant transactions outside the normal course of business.</li> <li>• Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.</li> <li>• Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.</li> </ul>

Risk of material misstatement	Planned audit response
<p><b>Valuation of property, plant and equipment</b></p> <p>The council held £995.4 million of property, plant, and equipment (PPE) at 31 March 2025, of which £839.5 million was land and building assets.</p> <p>The council is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated replacement cost (DRC) basis. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations.</p> <p>Further to this, changes to the Code of Practice on Local Authority Accounting for 2025/26 introduced a requirement for Council's to apply indexation to land and building assets in years where they are not subject to revaluation. It is a matter of judgement for the council to determine the most appropriate index for each asset. As a result, there is a significant degree of subjectivity in the indexation, which is based on specialist assumptions and market evidence.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design and implementation of controls over the valuation process.</li> <li>• Review the information provided to the valuer and assess this for completeness and accuracy.</li> <li>• Evaluate the competence, capabilities, and objectivity of the valuer.</li> <li>• Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred.</li> <li>• Review the appropriateness of the key data and assumptions used in the 2025/26 valuation process, and challenge these where required.</li> <li>• Review the indices applied by management to assets not subject to valuation in 2025/26 and assess if these are reasonable and have been correctly applied.</li> </ul>

Source: Audit Scotland

## Key audit matters

**16.** The Code of Audit Practice requires public sector auditors to communicate key audit matters. Key audit matters are those 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.

**17.** 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.

**18.** The matters determined to be key audit matters will be communicated in the Annual Audit Report. [Exhibit 2](#) outlines the significant risks of material misstatement to the financial statements that have been identified, including those that have greatest impact on the planned audit procedures and require most attention when performing the audit.

## Group audit

**19.** The council is part of a group and prepares group financial statements. The group is made up of seven components, including the council which is the parent of the group. Risk assessment procedures have been performed on the group audit to identify if there are any risks of material misstatement to the group financial statements, or any components where audit procedures are required for the purposes of the group audit. The outcome of the risk assessment procedures on the group audit are outlined in [Exhibit 3](#).

### Exhibit 3

#### Outcome of risk assessment procedures on the group audit

Group component	Accounting treatment	Risk of material misstatement	Audit procedures required	Auditor
South Ayrshire Council	Consolidated on a line-by-line basis	Yes – <a href="#">Exhibit 2</a>	Yes – full scope audit	Audit Scotland
The Common Good Fund	Consolidated on a line-by-line basis	No – but is material to the group financial statements	Yes – analytical procedures at group level and focussed testing on non-current assets	Audit Scotland
Ayr Renaissance LLP	Consolidated on a line-by-line basis	No – not material	Yes – analytical procedures at group level	N/A – the LLP is in the process of being wound up

Group component	Accounting treatment	Risk of material misstatement	Audit procedures required	Auditor
Strathclyde Partnership for Transport (SPT)	Accounted for on equity basis	Yes – risk of material misstatement due to estimation in the valuation of the land and buildings balance included in the council's share of SPT net assets	Yes – obtaining assurances on the audit procedures carried out on the valuation of land and buildings in SPT	Audit Scotland
Strathclyde Concessionary Travel Scheme Joint Board	Accounted for on equity basis	No – not material	Yes – analytical procedures at group level	Audit Scotland
Ayrshire Valuation Joint Board	Accounted for on equity basis	No – not material	Yes – analytical procedures at group level	Audit Scotland
South Ayrshire Integration Joint Board	Accounted for on equity basis	No – not material	Yes – analytical procedures at group level	Audit Scotland

Source: Audit Scotland

**20.** Where audit procedures are required on a component's financial statements, and the component auditor is different to the council's appointed auditor, group audit instructions will be issued to the component auditor outlining expectations and requirements in performing these audit procedures.

**21.** As the auditor of SPT, Fiona Mitchell-Knight is also the council's auditor. Assurances will be taken from the SPT audit in reaching the audit opinion on the council's group accounts.

## Audit of the Annual Accounts of the four section 106 charities administered by the council

**22.** Elected members of the council are trustees for four registered Scottish charities:

- **South Ayrshire Charitable Trust:** Charity number SC045677
- **South Ayrshire Council Charitable Trusts:** Charity number SC025088

- **McKechnie Trust:** Charity number SC012759
- **David Elder Edward Fund:** Charity number SC016728

**23.** Pamela Morrison, of Audit Scotland, has been appointed by the Accounts Commission as external auditor of the charities, from the period from 2025/26 until 2026/27.

**24.** The Ethical Standard requires auditors to communicate any relationships that may affect the independence and objectivity of the audit team. There are no such relationships pertaining to the audit of the charities to communicate.

**25.** The trust balances are disclosed in a note in the council's Annual Accounts but do not represent assets of the council so are not included within the council's balance sheet. As a result of the interaction of the Local Government (Scotland) Act 1973 with charities legislation, a full and separate audit and independent auditor's report is required for each registered charity irrespective of the value of its assets.

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

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

**27.** Based on our risk assessment, we have identified one significant audit risk for the Trustees' Annual Report and Financial Statements, being "fraud caused by management override of controls". Our response to this risk includes the same audit procedures as set out in [Exhibit 2](#).

**28.** Our calculated materiality levels are set out in [Exhibit 4](#).

## Exhibit 4

### 2025/26 materiality levels for the charitable trusts

Materiality	
<p><b>Materiality</b> – based on an assessment of the needs of users of the financial statements and the nature of the council operations, the benchmark used to determine materiality is net assets based on the audited 2024/25 financial statements. Materiality has been set at 2% of the benchmark.</p>	£17,500
<p><b>Performance materiality</b> – this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate that further audit procedures are required. Using professional judgement, performance materiality has been set at 75% of planning materiality.</p>	£13,125
<p><b>Reporting threshold</b> – all misstatements greater than the reporting threshold will be reported.</p>	£875

Source: Audit Scotland

**29.** The Code of Audit Practice includes provisions relating to the audit of small audits. In light of the volume and lack of complexity of the financial transactions, we plan to apply the less complex body provision of the Code to the 2025/26 audit of the charities.

**30.** No significant risks in the wider scope areas or Best Value were identified from the risk assessment process.

**31.** Our work on the Trustees Annual Report and Financial Statements of the charities will be undertaken in line with the audit timetable set out in [Exhibit 5](#).

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# Wider scope audit

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## Introduction

**32.** Reflecting the fact that public money is involved, the Code of Audit Practice requires that public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit set out by the Code of Audit Practice broadens the audit of the annual accounts to include consideration of additional aspects or risks in four wider scope areas, which are summarised below:

- **Financial Management** – this means having sound budgetary processes. Factors that can impact on the council being able to secure sound financial management include the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities, bribery and corruption.
- **Financial Sustainability** – this means looking forward over the medium and longer term in planning the services to be delivered and how they will be delivered effectively. This is assessed by considering the council's medium to longer-term planning for service delivery.
- **Vision, Leadership and Governance** – this means having a clear vision and strategy, with set priorities within the vision and strategy. This is assessed by considering the clarity of plans in place to deliver the vision and strategy and the effectiveness of the governance arrangements to support delivery.
- **Use of Resources to Improve Outcomes** – this means using resources to meet stated outcomes and improvement objectives through effective planning and working with partners and communities. This is assessed by considering the council's arrangements for ensuring resources are deployed to improve strategic outcomes, meet the needs of service users, and deliver continuous improvement.

**33.** A conclusion on the effectiveness and appropriateness of arrangements the council has in place for each of the wider scope areas will be reported in the Annual Audit Report.

## Significant wider scope risks

**34.** No significant risks in the wider scope areas were identified from the risk assessment process. The council's financial position will be a key focus of the 2025/26 Annual Audit Report.

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# Best Value audit

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## Introduction

**35.** Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit. As part of the annual audit, auditors are required to take a risk-based approach to assessing and reporting on whether the council has made proper arrangements for securing Best Value, including follow up of findings previously reported in relation to Best Value.

**36.** The Accounts Commission also reports nationally on thematic aspects of councils' approaches to, and performance in, meeting their Best Value duties. As part of the annual audit, thematic reviews, as directed by the Accounts Commission, are conducted on the council. The thematic review for 2025/26 is on the subject of asset management and involves considering how the council is managing its assets to ensure high quality services whilst also responding to the challenges around financial sustainability and climate change. Conclusions and judgements on the thematic review have been reported in a separate Management Report and summarised in the Annual Audit Report, where required.

**37.** At least once over the five-year appointment, the Controller of Audit (CoA) will report to the Accounts Commission on the council's performance in meeting its Best Value duties. The council's Best Value report was published in November 2023. There are no plans for any further CoA reports on the council currently.

**38.** Auditors have a statutory duty to satisfy themselves that councils have made proper arrangements for preparing and publishing statutory performance information in accordance with the [Statutory Performance Information Direction 2024](#) (the Direction) issued by the Accounts Commission. The outcome of this will be reported in the Annual Audit Report, which will include:

- A conclusion on the council's arrangements for preparing and publishing the statutory performance information.
- Any instances where the arrangements or reporting are not in accordance with the Direction.
- Areas where the arrangements require to be improved.

**39.** In addition, the Accounts Commission requires auditors to include a summary of Local Government Benchmarking Framework (LGBF) indicators that the council has reported in the Annual Audit Report.

## Significant Best Value risks

**40.** No significant Best Value risks were identified from the risk assessment process. Audit work on the wider scope areas will help support conclusions around Best Value.

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# Reporting arrangements, timetable and audit fee

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## Audit outputs

**41.** The outputs from the 2025/26 audit include:

- This Annual Audit Plan.
- An Independent Auditor's Report to the council and the Accounts Commission setting out opinions on the annual accounts.
- An Annual Audit Report to the council and the Accounts Commission setting out significant matters identified from the audit of the annual accounts, conclusions from the wider scope and Best Value audit, recommendations, where required, and any good practice identified.

**42.** The matters to be reported in the outputs will be discussed with the council for factual accuracy before they are issued. All outputs from the audit will be published on [Audit Scotland's website](#), apart from the Independent Auditor's Report, which is included in the audited annual accounts.

**43.** Target dates for the audit outputs are set by the Accounts Commission. In setting the target dates for the audit outputs, consideration is given to the statutory date for approving the annual accounts, which is 30 September 2026 for local government bodies.

**44.** The Independent Auditor's Report and Annual Audit Report are planned to be issued by the target date of 30 September 2026.

## Audit timetable

**45.** Achieving the timetable for production of the annual accounts, supported by complete and accurate working papers, is critical to delivery of the audit to agreed target dates. [Exhibit 5](#) includes a timetable for the audit, which has been agreed with management. Agreed target dates will be kept under review as the audit progresses, and any changes required, and their potential impact, will be discussed with the council and reported to those charged with governance, where required.

## Exhibit 4

### 2025/26 audit timetable

Audit activity	Audit team target date	Audit & Governance Panel committee date
Issue of Annual Audit Plan	25 March 2026	25 March 2026
<b>Annual Accounts:</b>		
<ul style="list-style-type: none"> <li>Consideration of unaudited annual accounts by those charged with governance</li> </ul>		24 June 2026
<ul style="list-style-type: none"> <li>Submission of unaudited annual accounts and all working papers to audit team</li> </ul>	30 June 2026	
<ul style="list-style-type: none"> <li>Latest date for audit clearance meeting</li> </ul>	11 September 2026	
<ul style="list-style-type: none"> <li>Issue of draft Letter of Representation, proposed Independent Auditor's Report, and proposed Annual Audit Report</li> </ul>	September 2026	September 2026
<ul style="list-style-type: none"> <li>Agreement of audited and unsigned annual accounts</li> </ul>	September 2026	
<ul style="list-style-type: none"> <li>Approval by those charged with governance and signing of audited annual accounts</li> </ul>		September 2026
<ul style="list-style-type: none"> <li>Signing of Independent Auditor's Report and issue of Annual Audit Report</li> </ul>	September 2026	September 2026
Issue of Best Value Management Report	25 March 2026	25 March 2026
Certification of Non-Domestic Rates Return	9 October 2026	
Certification of Housing Benefit Subsidy Claim	30 November 2026	
Certification of Whole of Government Accounts	2 October 2026	

Source: Audit Scotland

## Audit fee

**46.** The council's audit fee is determined in line with Audit Scotland's fee setting arrangements. The proposed audit fee for the 2025/26 audit is £368,050 (2024/25: £352,740). A separate fee of £1,200 (2024/25: £1,200) applies to the audit of the charitable trusts.

**47.** In setting the audit fee, it is assumed that the council has effective governance arrangements in place and the complete annual accounts will be provided for audit in line with the agreed timetable. The audit fee assumes there will be no significant changes to the planned scope of the audit. Where the audit cannot proceed as planned, for example, due to incomplete or inadequate working papers, the audit fee may need to be increased.

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# Other matters

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## Internal audit

**48.** The council is responsible for establishing an internal audit function as part of an effective system of internal control. As part of the audit, the audit team will obtain an understanding of internal audit, including its nature, responsibilities, and activities.

**49.** While internal audit and external audit have differing roles and responsibilities, external auditors may seek to rely on the work of internal audit where it is considered appropriate. A review of internal audit's 2025/26 audit plan was carried out to identify if there were any areas where the audit team could rely on its work. The audit team concluded it will not rely on internal audit's work. However, the audit team will review internal audit's reports and assess if there is any impact on the audit.

## Audit quality

**50.** Audit Scotland is committed to the consistent delivery of high-quality audit. Audit quality requires ongoing attention and improvement to keep pace with external and internal changes. Details of the arrangements in place for the delivery of high-quality audits is available from the [Audit Scotland website](#).

**51.** The International Standards on Quality Management (ISQM) applicable to Audit Scotland for 2025/26 audits are:

- ISQM (UK) 1, which deals with an audit organisation's responsibilities to design, implement, and operate a system of quality management (SoQM) for audits. Audit Scotland's SoQM consists of a variety of components, such as governance arrangements and culture to support audit quality, compliance with ethical requirements, ensuring Audit Scotland is dedicated to high-quality audit through engagement performance and resourcing arrangements, and ensuring there are robust quality monitoring arrangements in place. Audit Scotland carries out an annual evaluation of its SoQM and has concluded it complies with this standard.
- ISQM (UK) 2, which sets out arrangements for conducting engagement quality reviews, which are performed by senior management not involved in an audit, to review significant judgements and conclusions reached by the audit team, and the appropriateness of proposed audit opinions on high-risk audits.

**52.** To monitor quality at an individual audit level, Audit Scotland carries out internal quality reviews on a sample of audits. Additionally, the Institute of Chartered Accountants of England and Wales (ICAEW) carries out independent quality reviews on a sample of audits.

**53.** Actions to address deficiencies identified by internal and external quality reviews are included in a rolling Quality Improvement Action Plan, which is used to support continuous improvement. Progress with implementing planned actions is monitored on a regular basis by Audit Scotland's Quality and Ethics Committee.

**54.** Audit Scotland may periodically seek the views of the council on the quality of audit services provided. The audit team would also welcome feedback at any time.

# South Ayrshire Council

Annual Audit Plan 2025/26



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## South Ayrshire Council

### Report by Deputy Chief Executive and Director of Housing, Development and Operations to Audit and Governance Panel of 25th March 2026

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**Subject: Asset Management- Best Value Thematic Work in  
South Ayrshire Council**

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#### **1. Purpose**

- 1.1 The purpose of this report is to present Members with Audit Scotland's thematic report Asset Management in South Ayrshire.

#### **2. Recommendation**

##### **2.1 It is recommended that the Panel:**

- 2.1.1 scrutinises the content of Audit Scotland's thematic report on Asset Management in South Ayrshire;**
- 2.1.2 notes the improvement actions identified in Appendix 1 of the report; and**
- 2.1.3 agrees for these actions to be incorporated within the existing Best Value Action Plan and reported quarterly to the Audit and Governance Panel and the Best Value Working Group.**

#### **3. Background**

- 3.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.
- 3.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken and in 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022. In 2023/24 the thematic focus was on workforce innovation and on Transformation in 2024/25.
- 3.3 An action plan based on the recommendations from Audit Scotland is reported to Audit and Governance panel on a quarterly basis.

- 3.4 This years (25/26) thematic report focuses on Asset Management and considers how well councils are managing assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change

#### **4. Proposals**

- 4.1 Audit Scotland's report is attached as Appendix 1.

- 4.2 The report draws out key messages and these include:

- 4.2.1 The Council does not have an overarching asset management strategy to provide strategic oversight of its asset management approach
- 4.2.2 The Council's Asset Management Plan (Land and Buildings) 2004 provides good detail on the Council's property estate and commitment to net zero. However, there is a lack of clear strategic alignment between asset management plans and the capital programme and Council Plan.
- 4.2.3 The Council's challenging financial position is noted and that the Council's borrowing to support the capital programme has increased over recent years and the affordability of the borrowing is part of the pressures.
- 4.2.4 The Council's delivery of the capital programme needs to improve with significant slippage against the programme 2024/25.
- 4.2.5 The council performs in line with or above the national average in relation to relevant Local Government Benchmarking Framework indicators.
- 4.2.6 The council is collaborating with partners to co-locate, share and develop its assets.
- 4.2.7 The council has a transparent approach to supporting, reviewing and assessing community asset transfer requests.

- 4.3 A draft improvement action plan is included at Appendix 1 of the Audit Scotland report. This sets out audit recommendations in key areas, and the Council's planned response including responsible officers and dates for implementation.

- 4.4 The improvement actions will be added to Pentana and reported to panel in line with existing Best Value reporting arrangements.

#### **5. Legal and Procurement Implications**

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

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

#### **6. Financial Implications**

- 6.1 Not applicable.

#### **7. Human Resources Implications**

7.1 Not applicable.

## **8. Risk**

### **8.1 *Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

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

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

## **9. Integrated Impact Assessment (including Equalities)**

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

## **10. Sustainable Development Implications**

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

## **11. Options Appraisal**

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

## **12. Link to Council Plan**

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

## **13. 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 Connolly, Portfolio Holder for Economy and Strategy Policy Lead and the contents of this report reflect any feedback provided.

13.3 The report has been shared with members of the Best Value Working Group.

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

**Report to Cabinet of 29 August 2023 – [Best Value Thematic](#)**

**Work in South Ayrshire Council 2022/23**

**Report to Audit and Governance Panel of 4 October 2023 –  
Best Value Action Plan 2023**

**Report to South Ayrshire Council of 7 December 2023 –  
Accounts Commission's Findings on Best Value in South  
Ayrshire**

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**Date: 17 March 2026**

Best Value thematic work – Asset  
management

# South Ayrshire Council

How well councils are managing assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change





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## Accessibility

You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](http://www.audit.scot/accessibility).

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# Key messages

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- 1** South Ayrshire Council does not have an overarching asset management strategy to provide strategic oversight of its asset management approach. This creates a risk of fragmented decision-making which will not result in making the best use of its assets. The council acknowledges that it could benefit from more strategic oversight of its asset management arrangements.
- 2** The council's Asset Management Plan (Land and Buildings) 2024 provides a good level of detail on the council's property estate and how it will support the council to deliver its net zero emission commitments. However, there is a lack of clear strategic alignment between asset management plans, the capital programme and Council Plan. The council is planning to address this in its next update on the Asset Management Plan (Land and Buildings), which is due to be considered by the Full Council in March 2026.
- 3** In 2024/25 we reported on the council's challenging financial position. At that time, the level of reserves had reduced and we concluded the council's cost base was not sustainable. The level of borrowing to support the capital programme has increased over recent years. The affordability of this borrowing is part of these pressures. The council understands the future revenue implications of paying for its increased borrowing and is taking steps to make its capital programme more realistic and deliverable, although it is too early to assess the effectiveness of these measures. These measures are part of the council's review of its financial plans to secure financial sustainability for the council through its 2026/27 budget discussions.
- 4** The council's delivery of its capital programme needs to improve if it is to support delivery of the asset management plans. There was significant slippage against its 2024/25 capital programme. Significant areas of capital spend in 2024/25 included Maybole Community Campus, roads reconstruction and improvements and Prestwick pool. The council provides regular monitoring reports on its capital programme and is taking steps to strengthen its governance and scrutiny arrangements. This includes introducing a new capital project approval protocol in September 2025. All

capital bids will now require a capital project assessment bid to be presented to the Capital Asset Management Group for scrutiny before being approved.

- 5** The council performs in line with or above the national average in relation to relevant Local Government Benchmarking Framework asset management indicators. The council is in the top two quartiles for three of the four indicators, relating to the suitability of its operational buildings and the quality and energy efficiency of its housing stock. Its performance is in the third quartile for operational buildings that are in a satisfactory condition. Performance reporting in relation to the council's own asset management indicators is fragmented, therefore it is difficult to see how this is informing strategic decision making.
  - 6** The council is collaborating with partners to co-locate, share and develop its assets. The council can provide examples of engaging with communities on specific asset proposals, but it has not demonstrated how feedback from engagement has influenced decision-making.
  - 7** The council has a transparent approach to supporting, reviewing and assessing community asset transfer requests. Governance arrangements are robust, and recommendations and decisions are reported transparently on the council's website. Eight transfers have taken place since 2019 including Coylton Lawn Tennis Club and the transfer of Barr Community Centre.
-

# Introduction

**1.** Asset management directly impacts how councils provide services and achieve their own corporate priorities and longer-term financial sustainability. Limited capital budgets make it challenging for councils to maintain their existing assets and estates, invest in new assets and achieve net zero emission targets. Exhibit 1 sets out some principles for effective asset management, informed by CIPFA guidance and the Infrastructure Investment Plan for Scotland.

## Exhibit 1 Principles for effective asset management

Principle	What this looks like in practice
Strategic alignment	Councils' asset management strategies align with their corporate objectives, financial plans, new ways of working, population needs and net zero emission commitments.
Investment hierarchy	To support sustainability and cost-effectiveness, asset management strategies prioritise: <ol style="list-style-type: none"> <li>1. maintaining and optimising existing assets</li> <li>2. repurposing or upgrading existing assets to meet the needs of the community</li> <li>3. new investment only when necessary</li> </ol>
Monitoring condition and performance	Councils regularly assess the condition, suitability and performance of their assets, to help inform investment priorities and support continuous improvement.
Governance and accountability	Councils have clear roles and responsibilities for asset management, with regular, transparent reporting and senior oversight.
Community asset transfers	Councils have transparent and robust processes in place to assess and support requests for community asset transfers.
Place-based approaches	Councils collaborate across services and other public and third sector organisations to manage assets as a collective resource across their local area. This has the potential to achieve savings, better align service provision and create opportunities for joint working.

Source: Audit Scotland

**2.** The [Code of Audit Practice](#) sets out the requirements for Best Value audit work. This report covers the thematic aspect of the Best Value audit requirements. The Accounts Commission has directed auditors to report on how well councils are managing their assets. In carrying out the work, auditors have considered the following questions:

- Part 1 – To what extent does the council have a clear asset management strategy and plans that are affordable, align with its corporate objectives, the changing needs of its population, and net zero commitments?
- Part 2 – To what extent do the council’s governance and accountability arrangements support effective asset management?
- Part 3 – To what extent does the council have a robust approach to working with partners and communities in managing its assets?

**3.** An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the council’s planned response including responsible officers and dates for implementation.

**4.** The coverage of the work is in line with the expectations for council’s arrangements for the seven Best Value themes in the [Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020](#).

# 1. Asset management planning

**5.** Councils' capital programmes are a necessary component of modernising services to improve outcomes for local communities. Doing this successfully requires good strategic medium- to long-term asset management and planning. The Accounts Commission's [Local government budgets 2025/26 briefing](#) reported that capital funding for 2025/26 had increased but remained lower than in 2023/24 and that investing in new buildings and assets is increasingly expensive. Councils are relying on borrowing as the main source of funding for capital projects. In 2025/26, councils intend to borrow £3.13 billion, an increase from £2.67 billion in 2024/25.

## Findings and evidence relating to the council's asset management strategic planning arrangements

Judgements	Evidence
<p><b>1. The council does not have an overarching asset management strategy covering key asset categories. This creates a risk around fragmented decision-making. The council acknowledges that it could benefit from more strategic oversight of its asset management arrangements.</b></p> <p><b>2. The council approved an asset management plan for its land and buildings in 2024 which provides an overview of its properties and how this will support its net zero emission commitments.</b></p>	<ol style="list-style-type: none"> <li>1. The council lacks an overarching asset management strategy which covers its key asset categories, such as property, open space, roads and infrastructure, fleet and ICT. This creates a risk around fragmented decision-making in relation to asset management.</li> <li>2. The council has several strategies which capture information about its assets to varying degrees, such as its Asset Management Plan: Land and Buildings, Fleet Strategy and Golf Strategy. The council acknowledges that it would benefit from bringing these together to provide more strategic oversight of its asset management arrangements.</li> <li>3. The council's <a href="#">2024/25 Best Value thematic report on transformation</a> highlighted that Cabinet considered a report from an external consultant in May 2023 on transforming the council's estate. This made a number of recommendations and members agreed these together with a further review of the proposals.</li> <li>4. In May 2025, the Service Partnerships and Performance Panel considered an update report on Transforming the Estate. This reported that the agreed recommendations were embedded within the council's Asset Management Plan: Land and Buildings (AMP) which was approved in</li> </ol>

Judgements	Evidence
	<p>December 2024. From our review of the AMP, the Transforming the Estate strategic recommendations are not explicitly referenced within the AMP but a link to the original report is included. The AMP does highlight that provision was made to significantly rationalise the council's office estate following this report.</p> <ol style="list-style-type: none"> <li data-bbox="587 510 1481 741">5. The council intends to review the AMP annually with a full refresh in 2027. It made the decision to delay the December 2025 review until March 2026 to align the plan more closely with the capital programme and budget setting process and integrate a review of the estate with the purpose of reducing the overall size.</li> <li data-bbox="587 763 1481 994">6. While not an overarching asset management strategy, the AMP provides a comprehensive overview of the council's properties including information on their value, condition, suitability and accessibility and notes significant under-occupancy in its council office estate due to hybrid working.</li> <li data-bbox="587 1016 1481 1308">7. The AMP provides good detail on how it intends to support the delivery of the council's net zero emission commitments. It includes a section on energy management which includes details of work the council has undertaken to improve the energy efficiency of its estate, including LED lighting upgrades, the fitting of swimming pool covers at leisure facilities and the implementation of automatic meter readers.</li> <li data-bbox="587 1330 1481 1487">8. The AMP provides some detailed information on governance arrangements such as the role of the lead service for asset management and the capital asset management groups.</li> <li data-bbox="587 1509 1481 2058">9. The council has not set out several key elements of its strategic approach to asset management, which we would expect to see in an overarching asset management strategy. These are: <ul style="list-style-type: none"> <li data-bbox="624 1666 1481 1823">– Information on changing demographics and how asset management will contribute to meeting the changing needs of the population, for example an older population.</li> <li data-bbox="624 1834 1481 1935">– Clear detail on how asset management is supporting the three priorities in the Council Plan and service level objectives.</li> <li data-bbox="624 1946 1481 2058">– Specific, measurable, achievable, realistic and time-bound (SMART) asset management objectives with underpinning performance indicators.</li> </ul> </li> </ol>

Judgements	Evidence
	<ul style="list-style-type: none"> <li>– Further information on the governance and reporting arrangements for asset management, including the role of the Executive Leadership Team and plans for reporting against asset management objectives and performance indicators, including to elected members.</li> </ul> <p>10. The council should consider incorporating this information into its planned AMP update or a future overarching asset management strategy.</p>
<p><b>3. Asset management plans do not clearly link to the capital investment programme.</b></p> <p><b>4. There is also a lack of information about how the capital investment programme supports the Council Plan.</b></p>	<p>1. As part of the audit, we reviewed two of the council's asset management plans (the Fleet Strategy 2021-26 and the AMP) alongside the capital investment programme to assess the alignment between these:</p> <ul style="list-style-type: none"> <li>– The Fleet Strategy 2021-26 contains actions to transform the council's fleet service, which includes a prioritised fleet replacement programme to meet the council's 2025 target of all small vehicles being ultra-low emission vehicles. The capital investment programmes from 2023/24 to 2025/26 include funding for EV charging infrastructure but provide no details on capital funding to support the fleet replacement programme itself.</li> <li>– There are a lack of clear actions, timescales and costs within the AMP. In addition, there is a lack of information around how the capital investment programme supports the asset management objectives outlined in the AMP. The council plans to achieve greater alignment between the capital programme and the AMP to ensure that property decisions are aligned with the AMP as part of its next AMP update.</li> </ul> <p>2. There is an absence of information on how the capital investment programme has been prioritised and how it supports the council's three priorities set out within the Council Plan.</p> <p>3. In September 2025, the council revised its arrangements and issued formal guidance to ensure that projects approved for inclusion in the capital programme align with the council plan and the AMP. This included implementing a revised capital project approval protocol which includes a capital project assessment bid template and scoring mechanism. However, the criteria listed for council plan objectives in the template do not directly align with the current council plan priorities and asset management objectives need more clearly defined.</p> <p>4. Our <a href="#">2024/25 Annual Audit Report</a> found that the ward capital programme has an increasingly large number of</p>

Judgements	Evidence
<p><b>5. The council faces affordability challenges in delivering its capital programme. It continues to monitor affordability and adjust the programme. This requires ongoing careful management.</b></p>	<p>projects and recommended that elected members need to be satisfied that these projects represent best value for the council. The ward capital projects are aimed at supporting place plans and community led projects. In September 2025, the Full Council agreed to approve a further 17 projects for initiation and implementation in the ward capital programme. The report to the Full Council noted that there is a risk that some may prove to be unfeasible following further due diligence work. It also highlighted that with so many projects being approved, there is a risk that outcomes of improved placemaking could be diluted compared to investing in a smaller range of more substantial projects. Elected members agreed to provide a list of priority projects at the next round of officer/member ward capital meetings and an update was to be taken to the December 2025 Full Council meeting but it is not clear that this has taken place as yet.</p> <hr/> <ol style="list-style-type: none"> <li>1. Our <a href="#">2024/25 Annual Audit Report</a> found that the council has a challenging financial position. The level of reserves had reduced and the council's cost base was not sustainable. The 2025/26 update to the Medium-Term Financial Plan shows a cumulative budget gap of £32.9 million to 2029/30 and a low level of reserves. The council has recently taken action to bring reserves back to within its two to four per cent policy range. The January 2026 budget monitoring report that was presented to Cabinet projected a year-end £10.4 million uncommitted reserves balance (equating to 3.85 per cent of planned spend).</li> <li>2. The council relies mainly on borrowing to fund its capital programme with the rest funded by capital grants and other additional funding such as capital receipts and the Ayrshire Growth Deal. Borrowing levels are far higher for the first three years of the Capital Investment Programme 2025/26 to 2036/37 (£114.5 million, or 77 per cent of total borrowing).</li> <li>3. While borrowing has increased, the ratio of net revenue used for paying for the borrowing (loan interest) is in line with the Scottish average ratios for both housing and non-housing. The council understands the future revenue implications of servicing this debt. The council routinely monitors the affordability of its capital programme through quarterly reports to Cabinet. The council's forecast interest rates were higher than anticipated during 2024/25 and to date in 2025/26, which impacts on debt repayments. The council revised elements of its programme to reduce its debt repayments. It acknowledges inflation exceeding</li> </ol>

Judgements	Evidence
	<p>budget estimates as an ongoing risk and that it needs to continue to review and adjust the programme if necessary.</p> <ol style="list-style-type: none"> <li>4. In February 2025, the council approved its General Services Capital Programme for 2025/26 to 2036/37, totalling £344 million. It has since made a number of adjustments to the programme and at December 2025 its total is £355 million, informed by its capital monitoring reports and reflects additional funding available and reprofiled spending.</li> <li>5. Our <a href="#">2024/25 Annual Audit Report</a> found that the council continues to manage its borrowing through its Treasury Management Strategy that is subject to regular review by the Audit and Governance Panel. The council keeps its borrowing within prudent and sustainable levels.</li> <li>6. The investment hierarchy is referenced in the recent guidance on approvals for capital projects. Transforming the Estate's strategic recommendations are about optimising existing resources rather than new investment. The investment hierarchy is not clearly referenced in the AMP.</li> <li>7. The council is investing to generate new income streams including investment in golf courses and leisure centres as set out in the Transforming the Estate update paper. One example of this is Troon Leisure Club, where the council reports planned investment of £2.7 million on an extension and internal refurbishment. The council has considered two options for redevelopment – one focusing on expanding the gym and developing a new group exercise studio, and one focusing on expanding the existing gym only. The gym and group exercise studio model is expected to generate £0.37 million in year one and £0.5 million in year two (compared with £0.21 million and £0.29 million respectively in the gym only model). In addition to improving the health and fitness offering, the refurbishment is also expected to meet latent demand. In September 2025, the Full Council agreed to allocate £0.5 million to progress upgrades to the swimming pool to form a second fitness studio.</li> <li>8. The council has not carried out a comprehensive review of its estate. The updated asset management plan is expected to set out its plans to do this to reduce the overall size of the estate and produce savings.</li> </ol>
<p><b>6. The council has compliance programmes in</b></p>	<ol style="list-style-type: none"> <li>1. The AMP states that the council has an ongoing programme of compliance testing to measure and control building safety risks with electronic systems in place to</li> </ol>

Judgements	Evidence
<p><b>place to assess building safety risks.</b></p>	<p>manage and record this information including planned maintenance. The council has not provided an action plan for mitigating building safety risks detailing timescales, costs and prioritisation of risks.</p> <ol style="list-style-type: none"> <li>2. The AMP states that the council has a performance measure on compliance with building safety risks (the percentage of buildings that are fully compliant in terms of having a current fire safety risk assessment, up to date asbestos register, Legionella testing and management processes in place). It is not clear where and how often this information is reported and what current performance is.</li> <li>3. The council reports that it has a rolling programme for fire risk assessments and health and safety audits. The timing of audits depends on the type of property, for example: <ul style="list-style-type: none"> <li>– audits on properties with high traffic member of public areas or sleeping risks are generally carried out annually</li> <li>– audits on education establishments are carried out every two years, with the council's two additional support need schools being audited annually</li> <li>– audits on all other office-based premises are carried out every 3 years.</li> </ul> </li> <li>4. Following RAAC roof concerns in early 2023, all non-domestic properties were surveyed, identifying one property with RAAC roof planks. Remedial works were completed, and the property was most recently inspected in March 2025 and found to be in good condition. Inspections will continue annually or after severe weather.</li> <li>5. The council has procedures in place for maintaining the compliance with the Scottish Housing Quality Standard with respect to tenant and resident safety in its housing stock. For example, it reports that it has ongoing compliance programmes for performing electrical safety checks and gas safety checks. As part of these, it produces electrical installation condition reports at least once every five years. It also produces certification for each home with a gas heating system at least once annually.</li> </ol>

### Recommendation 1

The council should develop an overarching asset management strategy and outline key details about its strategic approach to asset

management within this. This should include information about how asset management will contribute to meeting the changing needs of the population, SMART asset management objectives and performance indicators.

## **Recommendation 2**

The council should ensure its capital investment programme clearly aligns with its council plan and supporting asset management strategies, such as the AMP. We note that the council plans to do this, but timescales are not clear.

## 2. Governance and performance

6. It is essential that the council has effective governance arrangements in place to enable transparency, oversight and scrutiny of progress with implementing its capital programme and asset management strategy. This enables better-informed decision making and corrective action where needed.

### Findings and evidence relating to the council's governance arrangements and performance

Judgements	Evidence
<p><b>1. The council provides regular monitoring reports on its capital programme and is taking steps to strengthen governance and reporting arrangements.</b></p>	<ol style="list-style-type: none"> <li>1. The council has two main capital asset management groups:               <ul style="list-style-type: none"> <li>– the Capital Asset Management Group: Corporate Property for corporate property projects (with the Housing Asset Management Group as a sub-group of this)</li> <li>– the Capital Asset Management Group: Place Planning for place planning (ward) projects.</li> </ul> </li> <li>2. The groups have sufficient senior leadership and a Cabinet member has asset management as part of their policy portfolio. The capital asset management groups consider bids for the capital programme. Proposals are reviewed by the Executive Leadership Team each October before being presented to elected members for approval. We have been unable to review a sufficient sample of papers for the two capital asset management groups so have been unable to assess their effectiveness.</li> <li>3. Our <a href="#">2024/25 Annual Audit Report</a> found that there is detailed quarterly monitoring on the capital programme to Cabinet but recommended that the council improve these reports to show spend across multiple years. The first such quarterly monitoring report will go to Cabinet in February 2026. The quarterly monitoring reports could also be improved by more clearly showing whether individual projects are on target against their timescales and the impact of reprofiling budgets on project timescales or scope.</li> </ol>

Judgements	Evidence
<p><b>2. The council did not deliver key elements of its 2024/25 capital programme. While steps are being taken to develop a more realistic and deliverable programme, it is too early to assess the effectiveness of these measures.</b></p>	<p>4. Our <a href="#">2024/25 Annual Audit Report</a> highlighted issues around the transparent scrutiny of key business decisions relating to the Ayr Citadel Leisure Centre project. It recommended that business cases related to this project and future significant capital projects should be presented to elected members for scrutiny. In response, the council provided a formal update report on the Citadel project to the Full Council in September 2025. The council also approved new guidance on the approvals required for different types of capital projects in September 2025 through its capital project approval protocol. The council plans to apply this guidance to all future capital projects. This has clarified its expectations and strengthened scrutiny arrangements for the approval of capital projects.</p> <p>5. During the audit, the council reported that under new leadership, the Executive Leadership Team will be adapted to provide greater strategic oversight of asset management. Given the recent changes in the leadership of the council, it is too early for us to assess the impact of these changes.</p> <hr/> <p>1. The council's delivery of its capital programme needs to improve if it is to support the council's asset management plans. Our <a href="#">2024/25 Annual Audit Report</a> found that there was slippage in the delivery of the capital programme. The General Services capital programme outturn spend was £39.372 million which represented 38 per cent spend against the original budget. The main reasons for this were an increasing number of projects (including ward projects), staff shortages in Professional Design and higher than anticipated debt repayments which led to some project budgets being reprofiled. The council delayed spend on projects such as Girvan Primary School and Ayrshire Growth Deal projects. Significant expenditure was made on some key projects including Maybole Community Campus, roads reconstruction and improvements and Prestwick Pool.</p> <p>2. We recommended that greater clarity is needed on the projects to be included in the capital programme and that the council should review the ward capital programme to ensure it has the capacity to manage and deliver the programme. The council has taken the following measures to improve governance and deliverability of the capital programme:</p> <ul style="list-style-type: none"> <li>– Formalised a new capital project approval protocol in September 2025 to provide guidance on the approval</li> </ul>

Judgements	Evidence
	<p>needed for different types of capital projects and appropriate governance. All capital project bids require the submission of a capital project assessment bid as supporting evidence to the Capital Asset Management Group. A full options appraisal and Best Value assessment may also be required as additional supporting evidence depending on the type of project. The council has issued clear guidance on the supporting evidence required depending on the project criteria.</p> <ul style="list-style-type: none"> <li>– Provided an update on the status of projects in the ward capital programme at the council meeting in September 2025 and asked elected members to clarify priorities. The council said it would provide an update on this to council in December 2025 but it is not evident that this has taken place. Internal audit are planning to review governance arrangements for the ward capital programme in 2025/26.</li> <li>– Established governance arrangements for allocating UK government Pride in Place funding of £20 million for a South Ayrshire town including a Neighbourhood Board.</li> </ul> <p>3. It will take time to see the impact of measures on ensuring a realistic and deliverable capital programme with clear strategic alignment. In November 2025, the 2025/26 capital programme budget was revised to £71.225 million against an original budget of £98.358 million. Actual expenditure at the end of September is £15.691 million (16 per cent of the original budget). The council acknowledges that it needs to take a more strategic look at the capital programme and take measures to ensure it is realistic and deliverable.</p>
<p><b>3. The council performs above the national average in relation to relevant Local Government Benchmarking Framework asset management indicators.</b></p> <p><b>4. Performance reporting in relation to the council's own asset management indicators is fragmented, therefore it is difficult to see how this is informing strategic decision making.</b></p>	<p>4. Performance has improved over time for three of the four relevant LGBF indicators (Exhibit 2). The most recent data shows the council is performing in line with or above the national average in all four indicators and above the LGBF family group average in three out of the four indicators:</p> <ul style="list-style-type: none"> <li>– The council's performance in relation to the percentage of operational buildings that are suitable for their current use ranked in the second quartile in 2024/25.</li> <li>– The council's performance in relation to the percentage of the internal floor area of operational buildings in a satisfactory condition improved by almost 35 percentage points between 2013/14 and 2024/25. The council's performance ranked in the third quartile in 2024/25, but was in line with the national average and above the family group average.</li> </ul>

## Judgements

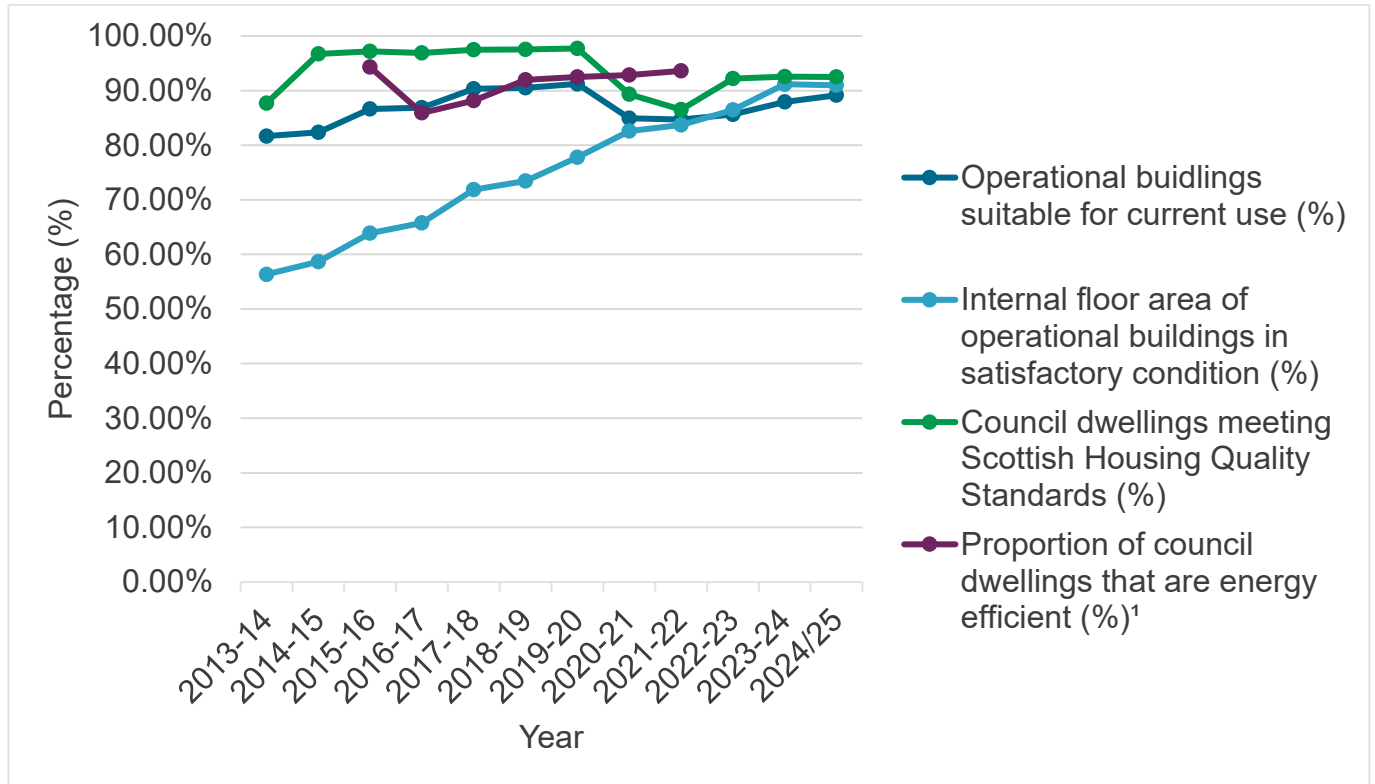
## Evidence

- The council has ranked in the top quartile nationally for the last four years in relation to the percentage of council dwellings which met the Scottish Housing Quality Standards.
  - In 2021/22 (the most recent data recorded), the council ranked in the second quartile nationally for the proportion of its dwellings that are energy efficient, performance in this indicator has shown a slight decline over time.
5. The AMP sets out information on the performance of the council's land and building assets in relation to their condition, suitability and accessibility between 2021/22 and 2023/24. The condition and suitability indicators are the LGBF indicators which are reported at point 4 above and data for these is available annually through the LGBF. In relation to accessibility, the council's performance improved over time, with 100 per cent of council buildings having all public areas which were suitable for and accessible to disabled people in 2023/24. The council reports that these indicators are reported to Audit Scotland annually.
6. In addition to the performance indicators relating to condition, suitability and accessibility, the AMP highlighted performance indicators in relation to compliance, sufficiency and sustainability but it did not provide current data on these. The council also highlighted that three additional performance measures relating to the performance of its asset base are reported within the council but no data was provided on these within the AMP. The AMP does not clearly set out arrangements for reporting performance against these indicators. As performance reporting is fragmented, this makes it difficult to see how it is informing strategic decision making.
-

## Exhibit 2

### Trend in performance against Local Government Benchmarking Framework indicators

South Ayrshire Council has demonstrated improved performance over time in three of the four relevant LGBF indicators.



#### Note:

1. Data for this indicator has not been collected since 2021/22. Energy efficiency targets for social housing are temporarily on hold pending the development of a new standard that aligns with Scotland's net zero target.

Source: Audit Scotland using Local Government Benchmarking Framework

### Recommendation 3

The council should improve its quarterly monitoring reports to more clearly show whether individual projects are on target against their timescales and the impact of reprofiling budgets on project timescales or scope.

### Recommendation 4

The council should clarify arrangements for reporting against its asset management performance indicators, including those referenced within the AMP, and ensure these are used to inform decision making.

## 3. Partnership working and community engagement

7. It is essential that councils consider how they can collaborate across services and with other public and third sector organisations to manage assets. This has the potential to achieve savings, better align service provision and create opportunities for joint working. Councils should also have transparent and robust processes in place for supporting and assessing community asset transfer requests and engaging with their communities on asset management plans and priorities.

### Findings and evidence relating to the council's partnership working and community engagement arrangements

Judgements	Evidence
<p><b>1. The council is collaborating with partners to co-locate, share and develop its assets.</b></p>	<ol style="list-style-type: none"> <li>1. The council sets out a high-level ambition to work collaboratively with public sector partners and other agencies in the AMP and Transforming the Estate programme.</li> <li>2. The May 2025 update report on Transforming the Estate that was presented to the Service Partnerships and Performance Panel references some partnership working initiatives. These demonstrate several examples of co-location and buildings being used to deliver multiple services, including: <ul style="list-style-type: none"> <li>– Maybole Community Campus encompasses early years, primary and secondary schools and community use leisure facilities. Police Scotland also lease a police station which was built at the new campus.</li> <li>– Social Security and the Procurator Fiscal lease office space in council-owned buildings, generating rental income for the authority.</li> <li>– Thriving Communities (a council led initiative that brings together some community-based services such as employability and community learning and development), the health and social care partnership (HSCP) and customer services share meeting and delivery space in Troon Municipal Buildings. Thriving Communities also shares premises with Job Centre</li> </ul> </li> </ol>

Judgements	Evidence
	<p>Plus, the HSCP and Ayr College at Carrick Opportunities Centre in Girvan.</p> <ol style="list-style-type: none"> <li>3. The council works collaboratively with South Ayrshire Council to share roads and transportation services through the Ayrshire Roads Alliance (ARA). As reported in the <a href="#">2023/24 Best Value thematic report on workforce innovation</a>, ARA has been in place since 2014 and delivers road services including roads maintenance, winter maintenance, design and infrastructure, traffic and transportation and road safety. The council has stated the benefits of this service are reduced duplication and economies of scale with one authority providing all back-office support, for example HR, Finance, legal services, information technology and procurement. All plant, equipment and resources are shared across the two authorities. However, these benefits have never been quantified.</li> <li>4. The council also demonstrates partnership initiatives supporting delivery of its net zero emission commitments including: <ul style="list-style-type: none"> <li>– Community-led initiative: Cabinet approved the Wallacetown Community Energy Project in January 2025, granting permission to Fort, Seafield and Wallacetown Community Association to install solar photovoltaic systems on the roofs of three council owned buildings around Wallacetown. The community association will sell the power generated to the council for use in the three buildings and use any income earned from selling the power, after running costs, to benefit the Wallacetown community.</li> <li>– Working with other councils: The council is working with the two other Ayrshire councils on green energy through the Ayrshire Energy Masterplan which was approved by Cabinet in September 2025 and is funded through the Ayrshire Growth Deal.</li> </ul> </li> <li>5. The council faced difficulties advancing plans to develop a care village with NHS Ayrshire &amp; Arran due to financial challenges at the NHS Board. The council is now exploring alternative options for mixed tenure housing on the site with some housing for older people. An options appraisal is due to be presented to council by March 2026.</li> </ol>
<p><b>2. The council did not engage with communities in the development of the AMP or capital programme.</b></p>	<ol style="list-style-type: none"> <li>1. The council did not engage with communities on the development of its AMP, Transforming the Estate programme and capital programme as a whole but it has provided examples of engaging with communities on</li> </ol>

Judgements	Evidence
<p><b>3. The council can provide examples of engaging with communities on specific asset proposals, but it has not demonstrated how feedback from engagement has influenced decision-making.</b></p>	<p>specific asset proposals, for example in relation to its education estate and place planning. These include:</p> <ul style="list-style-type: none"> <li>• Maybole community campus – the council reports that there was stakeholder consultation at the start of the design project, involving two rounds of engagement sessions with pupils, staff, parents and carers. It reports that feedback influenced the development of the design, but we have not seen evidence of this.</li> <li>• In February 2025, Cabinet approved plans to create an additional support needs base at Troon Primary School, following strong backing in a statutory consultation. The council aims to repurpose spare classrooms—resulting from a declining school roll—to accommodate growing numbers of pupils with additional support needs. The council agreed to take all feedback into consideration as part of its design proposals.</li> <li>• Thriving Communities are helping develop community-led action plans that set out a shared vision and steps to achieve this. Various engagement methods are used to involve different groups, including young people. Communities are creating actions to improve asset use, for example Crosshill introduced an Alzheimer’s Walk with color-coded benches placed strategically throughout the village to support its growing older population.</li> </ul> <p>2. The council did not provide an overarching approach or guidance for engaging with communities on asset management. The new guidance on capital project approvals provides more clarity on the types of capital projects that may need public consultation, but it does not refer to best practice guidance on community engagement. The council plans to carry out a more comprehensive review of its estate and it will be important that it has a clear and robust approach to engaging meaningfully with its communities on the future use of its assets.</p>
<p><b>4. The council has a clear and transparent approach to supporting and assessing Community Asset Transfer requests.</b></p> <p><b>5. There are robust governance arrangements</b></p>	<p>3. The Council’s Community Asset Transfer (CAT) policy was approved in November 2018. CAT ambitions are incorporated in the strategic recommendations in the Transforming the Estate programme and CAT is one of the six workstreams within the AMP. To date, ten CAT requests have been received with eight approved, one refused and one under consideration at January 2026.</p>

Judgements	Evidence
<p><b>in place for assessing Community Asset Transfer requests, with detailed papers and narrative around decision- making publicly available.</b></p>	<p>Successful CATs include the Coylton Lawn Tennis Club and Barr Community Centre.</p> <ol style="list-style-type: none"> <li>4. The council engages with community groups to support them to develop viable proposals with engagement via the Thriving Communities service. Specifically, the service tries to raise awareness in its most disadvantaged communities and set clear expectations in relation to time resource and time commitment required for the process from expression of interest to completion.</li> <li>5. The CAT policy and council website provide clear guidance around the overall application process, eligibility and full details of ongoing applications. Additionally, the council publishes its Scottish Government CAT Annual Report, a full list of its land and buildings, and clearly signposts applicants to internal contacts and appropriate third-party external support organisations for relevant support.</li> <li>6. The council assesses all CAT requests transparently against criteria including community benefit, sustainability and the impact on council services. The Community Asset Transfer Advisory Group (made up of council officers) completes the CAT request assessment form as the basis for its recommendation to Cabinet. Papers presented to Cabinet are comprehensive and publicly available. They include all supplementary information, evidence of consideration of community responses to consultation and a recommendation to accept or refuse the CAT request with any associated terms. Decision notices are not available on the CAT webpage, however they are published elsewhere on the council’s website as per Scottish Government guidance issued to relevant authorities.</li> <li>7. In January 2020 the Council established an ‘Advancing Community Asset Fund’ (ACAF) as an additional support mechanism available to community organisations. Guidance on eligibility and how to access the fund is published on the website (<a href="#">Case study 1</a>, page 22).</li> </ol>

## Case study 1

### Advancing Community Assets Fund

The council's ACAF is available to help facilitate CATs by providing funding to community-controlled bodies. It is split into two categories:

- development funding – available at the expression of interest stage to assist with property surveys and other associated costs, alleviating some of the initial cost barriers for community organisations
- capital funding – available at the full application stage to assist with capital costs relevant to the condition of the asset.

Leadership Panel approved a commitment of £0.75 million to the fund from reserve. At December 2025, £0.17 million of funding remained:

- £0.25 million had been awarded (including £0.07 million released back to uncommitted reserves)
- £0.33 million had been approved by Cabinet but not yet awarded had been used or committed.

Source: Audit Scotland

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# Appendix

## Improvement action plan

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Strategic approach to asset management</b></p> <p>The council has not set out some key details regarding its strategic approach to asset management, which we would expect to see in an overarching asset management strategy.</p> <p>The council has not established an overarching asset management strategy, and therefore has not set out a number of key details that would be expected as part of its strategic approach to managing assets.</p> <p>Risk – Asset management priorities are not clear or aligned with council priorities and are not being monitored effectively which creates a risk around fragmented decision-making.</p>	<p>The council should develop an overarching asset management strategy and outline key details about its strategic approach to asset management within this. This should include information about how asset management will contribute to meeting the changing needs of the population, SMART asset management objectives and performance indicators.</p>	<p>A report will be presented to Council in March 2026 seeking approval to work developing a single consolidated AMP.</p> <p>Chief Executive February 2027</p>
<p><b>2. Strategic alignment of capital programme and asset management plans</b></p> <p>Asset management plans do not clearly link to the capital investment programme.</p> <p>There is also a lack of information about how the capital investment programme supports the Council Plan.</p>	<p>The council should ensure its capital investment programme clearly aligns with its council plan and supporting asset management strategies, such as the AMP. We note that the council plans to do this, but timescales are not clear.</p>	<p>A report will be presented to Council in March 2026 seeking approval to prioritise assets in the AMP and to align these priorities with the Capital Investment Programme. Approval is also being sought to work developing a single consolidated AMP.</p> <p>Chief Executive February 2027</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>Risk – Capital investment is not being driven by strategic priorities.</p>		
<h3>3. Capital programme monitoring</h3>		
<p>Our <a href="#">2024/25 Annual Audit Report</a> found that there is detailed quarterly monitoring on the capital programme to Cabinet but recommended that the council improve these reports to show spend across multiple years. The first such quarterly monitoring report will go to Cabinet in February 2026. The quarterly monitoring reports could also be improved by more clearly showing whether individual projects are on target against their timescales and the impact of reprofiling budgets on project timescales or scope.</p>	<p>The council should improve its quarterly monitoring reports to more clearly show whether individual projects are on target against their timescales and the impact of reprofiling budgets on project timescales or scope.</p>	<p>Quarterly reports over the 12-year period will be given to Cabinet to demonstrate the impact of reprofiling.</p> <p>Chief Executive April 2026</p>
<p>Risk – Elected members are not sufficiently informed about the progress of capital projects to allow for effective scrutiny.</p>		
<h3>4. Asset performance reporting</h3>		
<p>Performance reporting in relation to the council's own asset management indicators is fragmented, therefore it is difficult to see how this is informing strategic decision making.</p> <p>Risk – The council is not using performance information effectively to inform its decision making around assets and capital spend.</p>	<p>The council should clarify arrangements for reporting against its asset management performance indicators, including those referenced within the AMP, and ensure these are used to inform decision making.</p>	<p>Asset Management will provide a quarterly report on performance indicators to Service and Performance Panel.</p> <p>Chief Executive April 2026</p>

# South Ayrshire Council

How well councils are managing assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change



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**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 25 March 2026**

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**Subject: Proposed Internal Audit Plan 2026-27 (including Annual Review of the Internal Audit Charter)**

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**1. Purpose**

- 1.1 The purpose of this report is to seek Audit and Governance Panel (AGP) approval for the revised Internal Audit Charter and the proposed Internal Audit Strategy and Internal Audit Plan and the reserve list for 2026-27.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

**2.1.1 approves the revised Internal Audit Charter ([Appendix 1](#));**

**2.1.2 approves the Internal Audit Strategy ([Appendix 2](#)); and**

**2.1.7 approves the Annual Internal audit plan and reserve list for 2026-27 ([Appendix 3](#)).**

**3. Background**

- 3.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment, comprising of governance, risk management and control, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources to deliver Council objectives.
- 3.2 Under paragraph seven of The Local Authority Accounts (Scotland) Regulations 2014, a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.
- 3.3 The Global Internal Audit Standards (GIAS) in the UK Public Sector which came into effect in the Public Sector in April 2025 require the Chief Internal Auditor to develop an Internal Audit Mandate and Charter and to develop and implement an audit strategy and internal audit plan.
- 3.4 Domain III (governance of the Internal Audit function) of the GIAS in the UK Public

Sector sets out the role for those ‘charged with governance’ within an organisation which includes approving the internal audit charter and internal audit strategy and plan.

- 3.5 The proposed Internal Audit Charter and the proposed Internal Audit Strategy and Plan for 2026/27 have been prepared in compliance with the GIAS in the UK Public Sector and are being presented to the AGP for approval. All audit assignments undertaken in 2026/2027 will reflect the requirements of the GIAS in the UK Public Sector.

#### **4. Detail**

##### ***Internal Audit Charter***

- 4.1 The Chief Internal Auditor is required to provide ‘the board and senior management with the information necessary to establish the internal audit mandate’ and must develop an Internal Audit Charter covering the governance arrangements for internal audit. The Charter must include the mandate derived from relevant regulations, plus any additional agreed mandate, and include internal audit’s reporting line to the audit committee<sup>1</sup> and the administrative reporting arrangements for internal audit and the Chief Internal Auditor.
- 4.2 The Internal Audit Charter at [Appendix 1](#) sets out the purpose of Internal Audit, the Internal Audit mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications in accordance with the GIAS in the UK Public Sector.
- 4.3 It is reviewed on an annual basis and presented to the AGP for approval, together with the Internal Audit Strategy and Internal Audit plan. There is one proposed change to the Charter approved by the Audit and Governance Panel on 26 March 2025. The need for this change was identified as part of the self assessment against conformance with GIAS in the UK Public Sector and relates to updating the Charter to note that the Chief Internal Auditor can not influence the scope or timing of external reviews. The change is highlighted in [Appendix 1](#), (Section 8 Internal Audit Work Programme, Other sources of assurance – co-ordination and reliance).

##### ***Internal Audit Strategy***

- 4.4 The GIAS in the UK Public Sector requires Chief Internal Auditors to develop and implement a strategy for the internal audit function that ‘supports the strategic objectives and success of the organisation and aligns with the expectations of the board, senior management, and other key stakeholders.’ The proposed internal audit strategy included at [Appendix 2](#) underpins the Internal Audit Plan and outlines:
- the approach to annual planning;
  - how the annual audit plan will be delivered, including allocation of internal audit resources and the proposed areas of work for 2026-27; and
  - performance monitoring.
- 4.5 The Internal Audit strategy is reviewed on an annual basis and presented to the AGP for approval, together with the Internal Audit plan and Internal Audit Charter.

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<sup>1</sup> Within South Ayrshire Council the audit committee is the Audit and Governance Panel

## ***Internal Audit Plan 2026-27***

- 4.6 The GIAS in the UK Public Sector also requires the Chief Internal Auditor to create an internal audit plan that supports the achievement of the Council's objectives. The proposed audit plan at [Appendix 3](#) is risk based and is drawn from the Chief Internal Auditor's assessment of the Council's priorities as detailed within the Council Plan 2023-2028 and the risks included within the Council's current Strategic Risk Register and Directorate Risk Registers. The proposed plan has also been informed by the results of previous audit work, emerging issues, input from the Corporate Leadership Team and the AGP and the Chief Internal Auditor's understanding of the Council's governance, risk and control processes and of the wider control environment.
- 4.7 The proposed plan should be considered flexible and will be kept under review, and amended as required to reflect any new arrangements or changing risks and priorities. Any future changes will be based on a full risk assessment during the year and will be presented to the Audit and Governance Panel for approval.

### **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 The GIAS in the UK Public Sector requires the Internal Audit function to have sufficient staff and other resources to enable it to carry out the objectives of the Charter and to deliver a programme of independent and objective audit assurance work which, alongside other available sources of assurance, enables the Chief Internal Auditor to prepare an annual opinion on the adequacy of the overall control environment. The proposed Internal Audit plan will be sufficient to prepare an annual opinion for the year ended 31 March 2027 and will be delivered using existing internal audit staff resources (3.4 FTE). Should staff resources fall below this level within the year alternative external resources may be sought to bridge the gap.

### **8. Risk**

- 8.1 The risks included within the Strategic Risk Register as at September 2025 and current Directorate Risk Registers were considered in the development of this plan.
- 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 Rejection of the recommendations would lead to failure to comply with the Global Internal Audit Standards (GIAS) in the UK Public Sector and failure to meet our obligation to provide an annual internal audit opinion.

## **9. Equalities**

- 9.1 The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards (GIAS in the UK Public Sector). This includes compliance by those in the Internal Audit function with the Code of Ethics. The proposals in this report are 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)* – N/A.

## **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 and to the cross cutting themes of Best Value, Equalities and the Fairer Scotland Duty, Reporting and Governance, The Promise, Our Ageing Population and Sustainability, Climate Change and Biodiversity.

## **13. Results of Consultation**

- 13.1 The annual planning process includes consultation with Senior Managers and AGP Members. The results of the consultations were considered when developing the draft Internal Audit Plan included in [Appendix 2](#).
- 13.2 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** [Internal Audit Charter - March 2025](#)

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

[Global Internal Audit Standards](#)

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

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

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**Date: 11 March 2026**

## South Ayrshire Council Internal Audit Charter 2026

### 1. Introduction

Under the [Local Authority Accounts \(Scotland\) Regulations 2014 paragraph 7\(1\)](#), a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. From 1 April 2025 the recognised standards for Councils' are the [Global Internal Audit Standards \(GIAS\)](#), supported by [The Application Note: GIAS in the UK Public Sector](#) which provides a framework for the practice of Internal Audit in the UK Public Sector when taken together with the GIAS and the CIPFA [Code of Practice for the Governance of IA in Local Government](#) which supports compliance with the principles and standards in Domain III (Governing the IA Function) within local government.

Standard 6.2 Domain III of the standards requires the Chief Audit Executive (CAE) to implement and maintain an Internal Audit Charter with sets out the Purpose of Internal Audit, the Internal Audit mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications in accordance with the GIAS.

The Internal Audit Charter for South Ayrshire Council sets out these requirements and is based on the Institute of Internal Auditor's (IIA) 2024 Model Charter.

#### **Commitment to Adhering to the Global Internal Audit Standards**

The Internal Audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards, which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Audit and Governance Panel.
- Internal Auditors are free from undue influence and committed to making objective assessments.

The Council's internal audit function will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards (GIAS) and Topical Requirements, and the IASAB Application Note: Global Internal Audit Standards in the UK Public Sector and the new CIPFA Code of Practice for the Governance of Internal Audit in Local Government. The CAE will report annually to the AGP and senior management regarding the internal audit function's conformance with the Standards.

#### **Definitions**

The following definitions have been adopted as set out in the GIAS 2024 Glossary:

<b>Internal Audit</b>	<i>An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation establish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i>
<b>Assurance services</b>	<i>Services through which internal auditors perform objective assessments to provide assurance. The nature and scope of assurance services are determined by Internal Audit.</i>
<b>Advisory services</b>	<i>Services through which internal auditors provide advice to an organisation's stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders.</i>
<b>Independence</b>	<i>Freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.</i>

The Key roles as included within the GIAS are defined within South Ayrshire Council as follows:

- Chief Audit Executive 'CAE' - the Chief Internal Auditor (CIA)
- Senior management - Corporate Management Team (CMT)
- the 'Board' – the Audit and Governance Panel (AGP)

## 2. Purpose

The purpose of the internal audit function is to strengthen South Ayrshire Council's ability to create, protect, and sustain value by providing the Council's audit committee (the Audit and Governance Panel) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances South Ayrshire Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal Audit assurance is provided by delivering an annual programme of audit work that independently and objectively assesses the design and effectiveness of the controls established to manage the Council's most significant risks. The scope of Internal Audit covers all activities across the Council Group.

The CAE will report annually to the Audit and Governance Panel (AGP) and senior management on the function's conformance with the GIAS (UK Public Sector), which will be assessed through a quality assurance and improvement programme.

In addition to their primary role, the CAE will also support the Council's Chief Executive, the Section 95 Officer (Chief Financial Officer) and the statutory Monitoring Officer (Chief Monitoring Officer) in undertaking their duties. The CAE will also advise on the control implications of system or process changes; assist management in their duties to prevent and detect fraud and corruption; and aim to add value to the Council in all its undertakings.

## 3. Mandate

### **Authority**

In local government in the UK, internal audit's primary mandate is drawn from the Local Authority Accounts (Scotland) Regulations 2014.

The mandate sets out the authority, roles and responsibilities, and empowers the Internal Audit function to provide the Audit and Governance Panel and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the Audit and Governance Panel which allows for unrestricted access. The authority of Internal Audit is also contained in the Council's Financial Regulations.

The internal audit function is authorised to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Council, the South Ayrshire Integration Joint Board (SA IJB), the Ayrshire Valuation Joint Board and other specialised services from within or outside the Council to complete internal audit services.

The GIAS set out the duty on internal auditors to be faithful custodians of the information they gather, sharing only in limited, defined and controlled ways, and describes the need for awareness of responsibilities in protecting information and demonstrating respect for the confidentiality, privacy and ownership of information. In line with the GIAS in the UK Public Sector, internal auditors must also be aware of circumstances under which sharing or publication of information will be required. They must be aware of their organisation's policies and procedures for routine publication of certain information and where there are statutory obligations to share or publish information, for example Freedom of Information requirements.

### **Independence, Organisational Position, and Reporting Relationships**

The GIAS in the UK Public Sector state that the CAE should be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. Within South Ayrshire Council:

- Internal Audit has a direct reporting line to the Chief Executive and functionally to the Council's Audit and Governance Panel in its role as the Council's audit committee;

- the CAE has unfettered access to the Executive Leadership Team;
- the CAE meets regularly with the Chair and Vice Chair of the audit committee;
- the CAE attends all Audit and Governance meetings; and
- all audit reports are issued directly by, and in the name of, the CAE

This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit and Governance Panel, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The CAE will confirm to the AGP, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the CAE will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The CAE will disclose to the AGP any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

To ensure that IA independence and objectivity is maintained for assurance services, IA will remain free from interference from anyone within the Council in relation to audit selection, scope, procedures, frequency, timing, and report content.

For advisory services, the IA role will be specifically restricted to providing guidance, views, and opinions. To comply with independence requirements, IA will not be involved in any aspects of operational decisions subsequently taken by management.

Additionally, IA will not be permitted to audit any activities for which they have previously been responsible within a period of one year and will not engage in any other activity that may impair judgment or independence.

## 4. Audit and Governance Panel Oversight

To establish, maintain, and ensure that South Ayrshire Council's internal audit function has sufficient authority to fulfil its duties, the Audit and Governance Panel will consider the following requirements for review or approval:

- Consider with the CAE and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function. *(Review)*
- Ensure the CAE has unrestricted access to and communicates and interacts directly with the AGP, including in private meetings without senior management present. *(Review)*
- Consider with the CAE and senior management other topics that should be included in the internal audit charter. *(Review)*
- Participate in discussions with the CAE and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function. *(Review)*
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services. *(Approve)*
- Review the internal audit charter annually with the CAE to consider changes affecting the organisation, such as the employment of a new CAE or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter *(Review)*
- Approve the risk-based internal audit plan. *(Approve)*
- Consider the Internal Audit function's budget and staff resources. *(Review)*
- Provide input to senior management on the appointment and removal of the CAE, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards. *(Review)*
- Review and provide input to senior management on the CAE's performance. *(Review)*
- Receive communications from the CAE about the internal audit function including its performance relative to its plan. *(Review)*
- Ensure a quality assurance and improvement programme has been established and review the results annually. *(Review)*
- Make appropriate inquiries of senior management and the CAE to determine whether scope or resource limitations are inappropriate. *(Review)*

## 5. Internal Audit Objectives and Responsibilities

### ***Ethics and Professionalism***

The CAE will ensure that internal auditors:

- Conform with the GIAS in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the Council.
- Report organisational behaviour that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.

### **Objectivity**

The CAE will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for South Ayrshire Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any South Ayrshire employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to the CAE at least annually.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

The CAE will disclose impairments of independence or objectivity to the Audit Committee at least annually.

### **Managing the Internal Audit Function**

The CAE has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the AGP and senior management. Discuss the plan with the AGP and senior management and submit the plan to the AGP for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the AGP and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, and controls.
- Communicate with the AGP and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the GIAS in UK Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the AGP and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS in the UK Public Sector and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the AGP and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.

- Ensure adherence to the Council's 's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the AGP and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the AGP.

***Communication with the Audit and Governance Panel and Senior Management***

The CAE will report to the AGP and senior management on:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement programme, which include the internal audit function's conformance with the GIAS in the UK Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the AGP that could interfere with the achievement of Council's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Council's risk appetite.

***Quality Assurance and Improvement Programme***

The CAE will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the CAE will communicate with the AGP and senior management about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a suitably qualified, independent assessor.

**6. Management Responsibilities**

Management is responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services.

Management will co-operate with Internal Audit on audits and provide access to records, systems and personnel as required within a reasonable timeframe following the request.

Assurance engagements will be subject to a written terms of reference and report.

Advisory will be agreed in writing (for example via email or written terms of reference) and a relevant output agreed (for example full report/summary findings, focused feedback or an action plan).

Management will nominate a senior point of contact for each engagement.

Audit reports are produced at the conclusion of each assignment, detailing the audit findings and recommended actions where required. Draft reports are shared with audit contacts for agreement as to the factual accuracy of draft findings raised.

It is management's responsibility to consider the recommended actions raised and agree to either:

- accept and fully implement all Internal Audit recommendations;
- agree to address the risks identified by adopting an alternative approach to that recommended by Internal Audit; or
- accept the risk associated with not implementing Internal Audit recommendations with supporting rationale.

Where action to address the risk is agreed management are required to detail the action to be taken, specify the officer responsibility and anticipated dates for the implementation. Internal Audit will consider the timeliness of implementation dates according to the associated risk level identified.

All actions agreed are added to Ideagen to allow implementation to be monitored.

Management is responsible for ensuring that agreed management actions are implemented in full and effectively sustained.

The GIAS in UK public Sector require the CAE to report to both senior management and the Audit Committee, details of management's response to risk that (based on the CAE's judgement) may be unacceptable to the Council. All Internal Audit findings where management has accepted the risk will be highlighted in Internal Audit reports and within the Quarterly Internal Audit progress reports to the AGP

## 7. Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of South Ayrshire Council, the South Ayrshire Integration Joint Board and the Ayrshire Valuation Joint Board Council, and included all activities, assets, and personnel as detailed within the Audit Universe. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the AGP and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of the Council's officers, directors, assistant directors, management, employees, and contractors or other relevant parties comply with Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

## 8. Internal Audit Work Programme

The CAE will submit an annual Internal Audit Plan which is designed to support provision of an evidence-based annual opinion to the AGP for review and approval. This Plan will be developed, based on a risk-based prioritisation of the audit universe. Input will be sought from a range of key stakeholders including AGP Members, the Chief Executive and the CLT.

The nature of evolving risks makes it likely that the audit assignments included work programme may be subject to change. Consequently, the IA work programme will be regularly reviewed and any proposed changes to the approved plan, due to emerging risks, suspected fraudulent activity or other factors that result in changes to planned IA activities, will be brought to the AGP for approval.

### ***Other sources of assurance – coordination and reliance***

The GIAS requires the CAE to coordinate with internal and external assurance providers to consider relying on their work and minimise duplication of effort. This is achieved via a shared risk assessment with the Council's external auditors and other sources of external assurance, where relevant.

The GIAS in the UK Public sector recognises that there are various relevant outside assurance providers whose authority flows from separate legal or regulatory sources beyond the control or influence of the CAE and they may not have any ability to access the work of those assurance providers or gain insight into the scope and timing of their work. **The CAE cannot influence the timing or scope or co-ordinate activity of external assurance providers. However consideration will be given by the CAE to the outcome of external reviews when developing risk based internal audit plans and when forming their annual opinion.**

Where adopted, a consistent process for the basis of reliance should be established as, where reliance is placed on the work of others, the CAE remains accountable and responsible for ensuring that there is adequate support for conclusions and opinions reached where reliance has been placed on work performed by other assurance providers.

Therefore, when dealing with an external party, the CAE will clearly define the respective roles, responsibilities, and other expectations (including restrictions on distribution of results of the engagement and access to engagement records).

IA also reserves the right to raise findings on areas that have not been specifically included in the IA work programme where significant or systemic control gaps are evident.

## 9. Resourcing

The GIAS require the CAE to effectively deploy and manage financial, human and technological resources to implement the IA strategy and achieve its plan and mandate.

The [Application Note: Global Internal Audit Standards in the UK Public Sector](#) notes that funding processes for IA functions in the public sector vary and may prevent the CAE from being able to seek or obtain additional funding due to other funding priorities within the organisation. This may impact the way in which the CAE uses resources. In line with the GIAS (UK Public Sector) the basis for conformance is as follows:

- where there are constraints on resources, the CAE must develop a resource strategy which suggests practical approaches for consideration by the relevant Committee
- the CAE must inform the Committee of the impact of insufficient resources and any options available to mitigate that impact
- where there are constraints, the CAE must set out in the Charter what alternative approaches apply to the IA service, and then seek to manage financial, human and IT resources within those constraints.

The CAE must also inform the Committee of any resource management arrangements at the organisation that may put at risk the ability of the internal audit service to fulfil its mandate.

The Council's Internal Audit Plan includes the budgeted resource requirements needed to deliver proposed audit assignment. It will also include a contingency to address unplanned work. Should circumstances arise during the year that suggests that available resource levels will fall or appear to be falling below the level required to deliver the Plan, the CAE will communicate the impact of resource limitations to senior management and the AGP.

## 10. Fraud and Corruption

In line with the Council's Anti-Fraud and Anti-Bribery Strategy, management is responsible for the prevention and detection of fraud or corruption. The Council's Corporate Fraud Team sit within the remit of the CAE and, together with Internal Audit will assist management in the effective discharge of this responsibility. The Corporate Fraud Team activity will be reported to the AGP twice yearly separately from the Internal Audit progress against internal audit plan.

In addition, Internal Audit will assess the existence of fraud risk during the planning stage for all audit assignments and will exercise an appropriate level of professional scepticism during audit work and be alert to risks and exposures that could allow the opportunity for fraud or corruption to occur.

Discovery of any fraud or irregularity that affects the Council should be reported in line with the Council's Anti-Fraud and Anti- Bribery Strategy and information on suspected or actual fraud may inform the annual audit opinion and the risk-based Internal Audit work programme. The CAE may then direct Internal Audit resources to investigate, or assist management investigations, into suspected and actual cases. An allocation of time for investigations is included in the annual audit plan.

## 11. Annual Reporting and Overall Conclusion

In line with the GIAS in the UK Public Sector the CAE must, at least annually:

- conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control (annual opinion)
- include a statement on conformance with the GIAS in the UK Public Sector and the results of the Quality Assurance and Improvement Programme.

The annual opinion for the Council is informed by a number of sources including:

- the audit work undertaken by Internal Audit during the year;
- the audit work undertaken by Internal Audit in previous years and knowledge of any significant audit findings after the year end;
- reports issued by the organisation's external auditors and other review and inspection agencies where relevant

- knowledge of the organisation's governance, risk management and performance monitoring arrangements; and
- any other items brought to the attention of internal audit by whatever means which may warrant further investigation.

The Council has adopted the following definitions for the overall annual audit opinion.

- **Substantial Assurance** A sound system of governance, risk management and control exists across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.
- **Reasonable Assurance**. There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.
- **Limited Assurance**. Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
- **No Assurance** Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

## 12. Communication and Reporting

The CAE will report regularly on the progress with, and results of its work to the AGP enabling review and scrutiny of the following areas as required by the GIAS in the UK Public Sector:

Report	Frequency
Internal Audit annual Charter	annually
Internal Audit Strategy and annual plan	annually
Internal Audit Plan delivery progress	quarterly
Proposed changes to the Internal Audit Plan	At least six monthly
Open and overdue Internal Audit management actions, including ongoing achievement of key delivery performance indicators by both IA and management	quarterly
Annual overall conclusion (opinion), including: <ul style="list-style-type: none"> <li>• effectiveness of the governance, risk management and control framework</li> <li>• Internal Audit independence</li> <li>• conformance with the GIAS in the UK Public Sector including ethics and professionalism requirements</li> </ul>	Annually
Internal Quality Assessments <ul style="list-style-type: none"> <li>• results including corrective action plans</li> <li>• compliance with the CIPFA Code of Practice for the Governance of Internal Audit in Local Government</li> </ul>	Annually
External Quality Assessment	At least every five years

## 13. Approval and Review

The Internal Audit Charter is subject to approval by the AGP on an annual basis. Approval is evidenced through AGP meeting papers and minutes.

Circumstances may justify a follow-up discussion between the CAE, AGP and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the Council.
- Significant changes in the CAE, AGP, and/or senior management.
- Significant changes to the Council's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

All amendments will be subject to approval by the Audit and Governance Panel.

This Charter was approved by the Audit and Governance Panel on **25 March 2026 (TBC)**. It will be subject to annual review and update as required.

## South Ayrshire Council Internal Audit Strategy

### 1. Introduction

- 1.1 Internal Audit is defined as an 'independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'
- 1.2 The aim of an internal audit strategy is to direct the content of the annual audit plan to ensure a sound and effective plan is delivered which can inform an independent and objective assessment of the Council's governance, risk management and control frameworks.

### 2. Strategic Objectives

- 2.1 The objectives of this strategy are to outline:
- the approach to annual planning;
  - how the annual internal audit plan will be delivered, including allocation of internal audit resources and the proposed areas of work for 2026-27; and
  - performance monitoring.
- 2.2 In line with the GIAS in the UK Public Sector, national regulations, guidance, and other best practice, the strategy aims to align audit work with the Council's risks, strategic goals and objectives.

### 3. Annual Planning

- 3.1 The Internal Audit Plan is risk based. All areas which may be subject to Internal Audit review are recorded within the 'Audit Universe.' The Audit Universe is reviewed on an annual basis and updated to reflect changes in risk scores, and new areas of risk identified throughout the previous year.
- 3.2 The Reserve List from the previous year's approved plan is reviewed to identify assignments that have not been completed but remain an area of risk and which should be reconsidered for the current years' audit plan.
- 3.3 When developing the annual internal audit plan, consideration is also given to the current strategic and directorate risk registers along with key Council reports for example, the Council Plan, Best Value reports, external inspection reports and local and national Audit Scotland reports. Panel, Cabinet and Council reports are reviewed on an ongoing basis to identify potential areas of high/increased risk and changes to or implementation of new policies or procedures for consideration during the audit planning process.
- 3.4 The audit planning process involves consultation with the Corporate Leadership Teams and other key stakeholders including Risk Management, Transformation and ICT. These consultations focus on areas of risk within the Service and include consideration of changes to organisational structure or operational practices resulting from service redesigns, changes in legislation or external reporting requirements, ICT system developments, and areas where additional funding has been received. Views in relation to areas of risk were also sought from the AGP prior to development of the proposed 2026-27 Internal Audit Plan.

- 3.5 Other Areas considered during planning process include:
- Materiality Value - Systems that process significant income or expenditure.
  - Materiality – volume - An estimate of the number of transactions processed by the systems / activities per annum.
  - Significance / profile - The significance of the system / process to the activities of the Council.
  - Other areas of assurance (assurance mapping) - The extent to which a service / activity is reviewed, monitored, or audited by an external body.
  - Prior audits / audit knowledge - Highlighting areas of risk based on the Internal Audit team’s knowledge (via output from previous audits, team knowledge/awareness).
  - Fraud - Areas where there is ‘opportunity’ inherent within a system / activity for fraud and corruption to occur.
  - Staff turnover - the turnover of staff, especially with key skills.

**4. Audit Resources**

4.1 The budgeted establishment for Internal Audit is 3.4 full time equivalents (FTE) and comprises of, the Chief Internal Auditor, one Senior Auditor and two Auditors. All posts within the Internal Audit team are professionally qualified positions. The draft audit plan has been produced taking into account the number of available working days per Internal Audit staff members for 2026-27 allowing for non-audit duties including admin, staff training and development and staff meetings. There is a total of 605 days available for direct audit work in 2026-27. It should be noted that this can be subject to change during the year, for example for any periods of unplanned long term absence.

4.2 Consideration will be given to engaging internal audit services from external providers, including from other local authorities, should it become apparent that, because of long term absences, staff vacancies or large scale investigations, sufficient work cannot be completed to allow the Chief Internal Auditor to provide an annual opinion.

**5. Proposed Areas of Work**

5.1 On the basis of the outcomes of the process described at sections 3 and 4 above, the audit assignment priorities for the forthcoming year that can be completed within the resource time available are identified.

5.2 The main risk factors influencing the proposed audit coverage for the 2026-27 plan considered the findings from the previous year and national risk areas and include; decision making and governance, strategic planning, integrity, public and employee protection, adult and child protection and financial constraints. The links to the strategic risk register are detailed in [Annex 1](#)

5.3 The available days for proposed 2026-27 audit plan is split into the following categories of audit activity:

Category	Description of Work	2025-26 Total Days	2026-27 Total Days
Key Corporate Systems	Systems audits are conducted to ensure expected controls are	60	40

<b>Category</b>	<b>Description of Work</b>	<b>2025-26 Total Days</b>	<b>2026-27 Total Days</b>
	embedded within the system and are operating effectively.		
Governance/Best Value	Best value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes.	95	75
Transformation	Audit work will concentrate on providing assurance over delivery of the strategic approach Shaping Our Future Council	30	20
ICT Auditing	ICT audit work focuses on controls which are embedded within systems and technology across the organisation, Cyber Security and compliance with ICT policy. As well as this specific category, ICT audit testing will also be conducted in other areas of the plan (e.g. using computer assisted audit techniques to perform continuous auditing and performing logical access testing when reviewing other systems).	30	30
Directorates/Other Systems	The internal audit plan takes account of the council's risk assessment process and includes a review of the strategic and directorate risk registers as well as the audit universe (a list of all auditable entities within the organisation). From this, specific areas are identified for inclusion in this section of the plan, audit assignments focus on internal control arrangements operating in services within the Council.	104	135
Regularity	These audits are used to determine the extent to which Council and departmental policies and procedures are being followed. Continuous auditing is used to analyse large amounts of data on an ongoing basis to ensure controls are operating as expected and highlight potential issues/risk areas which require further review.	44	50
Follow Up Reviews	Internal Audit recommendations due in the period April 2025 to March 2026 will be risk assessed and followed up to ensure implementation of all actions within all limited/no assurance audit reports and high risk actions within reasonable assurance reports including	30	30

<b>Category</b>	<b>Description of Work</b>	<b>2025-26 Total Days</b>	<b>2026-27 Total Days</b>
	testing to confirm all actions are fully implemented. Medium risk actions will be included in audit testing where time permits.		
Other Entities	The Chief Internal Auditor of the Council is also the Chief Internal Auditor of Ayrshire Valuation Joint Board and the South Ayrshire Integration Joint Board, and the plan includes resources allocated to these entities. An allocation of time to conduct this audit work is included in the proposed annual Internal Audit plans submitted to the AGP for approval but it is the responsibility of those bodies to approve the planned audit work for their respective areas. The Chief Internal Auditor takes assurance from work conducted by the audit team at East Ayrshire Council on Ayrshire Roads Alliance (ARA) and on the Ayrshire Growth Deal Programme Management Office.	55	55
Other Commitments	Days are allocated in this area to conduct work which cannot be specified at the start of the year, including investigations and provision of ad-hoc advice and guidance. A contingency budget is also included for unplanned commitments arising throughout the year. Activity, and duties which are internal to the service such as reporting, planning, and audit development and review and completion of the Quality Assurance and Improvement Programme (QAIP) are included under other commitments.	163	170
<b>Total of planned days</b>		<b>611</b>	<b>605</b>

5.4 The proposed Internal Audit Plan for 2026-27 is appended to this Audit Strategy.

## **6. Delivery of the Audit Plan**

6.1 To facilitate delivery of the annual plan an operational programme of work will be developed which identifies the lead and review auditors responsible for all audit assignments, an indication of when work will be scheduled during the year, agreed with Senior Management, and the availability of Internal Audit staff resources.

- 6.2 A terms of reference detailing the audit objective, risk, scope, and resources will be prepared and shared with the relevant Director, Assistant Director and Service Lead/nominated service contact prior to commencement of audit fieldwork. The risk of fraud and other appropriate cross-cutting risks including financial management, data protection, information governance, records management, reputational damage and climate change are considered when planning all audit assignments.
- 6.3 Audit Test Programmes are developed by the lead Auditor for assignments included in the audit plan. However, CIPFA, the Institute of Internal Auditors (IIA) and other professional bodies' test programmes may be used to support the delivery of individual audit assignments where appropriated.
- 6.4 Audit testing will also consider national reports that give rise to introducing best practice arrangements or lessons learned from other local authorities or other public sector bodies.
- 6.5 The use of data analytics is considered for all audit assignments and it is intended to increased this through specific audits included within the proposed 2026-27 internal audit plan (Assignments 2, 3 and 24, HR & Payroll, Procurement and Continuous Auditing). Skills in this area will be developed to ensure data analytics is fully embedded within the audit process.
- 6.6 Audit reports detailing the results of audit work and an action plan where required will be prepared and issued to Services for all deliverable assignments. Briefing notes may also be used to report the results of investigations or to provide advice and guidance. Copies of the audit reports and briefing notes will also be shared with the Chief Executive, Chief Financial Officer, the Chief Monitoring Officer and all Members. Distribution of the output from investigations may be restricted due to their nature.
- 6.7 All audit work will be completed in line with the Internal Audit Manual and in compliance with the GIAS in the UK Public Sector.

## 7. Performance

- 7.1 Progress against delivery of the annual Internal Audit plan and Directorates' progress against implementing Internal Audit actions is included in the Internal Audit Quarterly Progress Reports and the annual report to the AGP.
- 7.2 Performance indicators in relation to the delivery of the overall Internal Audit Service have been developed and are also included in the quarterly progress reports to the AGP. Performance of members of the team and identification of training needs will continue to be monitored by the Chief Internal Auditor and corrective action taken where required.

Measure	Description	Target	Reporting Frequency
1. Working Draft Report	Percentage of working draft reports issued within 3 weeks of completion of fieldwork.	90%	Quarterly

2. Final Report	Percentage of final reports issued within 2 weeks of agreeing draft report.	100%	Quarterly
3. Audit Plan Delivery	Annual Audit Plan completed to draft by 30 April 2027	90%	Annually
4. Audit Budget	Percentage of audits completed within budgeted days.	80%	Quarterly
	Direct Audit Days delivered	83%	
5. Audit Recommendations	Internal Audit recommendations agreed	90%	Quarterly and Annually within the Annual Report
7. Client Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above.	100%	Quarterly for Service Leads Annually for Senior Managers
8. Delivery of Annual Report	Annual opinion /report presented to AGP	By 30 June 2026	Annually
9. Audit Plan	AGP Approval of audit charter and audit strategy and annual plan	By 31 March 2026	Annually

- 7.3 Internal Audit Annual Plans include an allocation of time to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme includes external and internal self-assessments of the internal audit function's conformance with the GIAS (UK Public Sector), as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also assesses compliance with applicable laws and/or regulations relevant to internal auditing. If applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.
- 7.4 The proposed time within the 2026-27 Internal Audit Plan will be used to complete the annual self assessment and to deliver the action plan resulting from the 2025-26 self assessment.
- 7.5 Self-assessments will be completed annually using either the GIAS assessment toolkit developed by the Institute of Internal Auditors or the the CIPFA toolkit. External assessments will be conducted at least once every five years by a suitably

qualified, independent assessor as part of the existing Scottish Local Authorities Chief Internal Auditors Group peer review framework. The results of both internal self-assessment and external assessment will be reported to the AGP once completed.

## PROPOSED INTERNAL AUDIT PLAN 2026/27

No	Audit Area	Objectives (Note 1)	Link to Council Draft Plan Priorities/ cross cutting themes	Link To Risk Register as at Sept 2025	Estimated Days	Total Days
<b>Key Corporate Systems</b>						
1	Main Accounts	Follow up of actions raised in internal audit reports issued in 2025-26 to ensure agreed improvement actions have been implemented	Best Value	3/5/13	15	
2	HR and Payroll	Follow up of actions raised in internal audit reports issued in 2025-26 to ensure agreed improvement actions have been implemented and development of data analytics	Live, Work Learn/Best Value	4/5/14	15	
3	Procurement	To obtain assurance that expenditure is supported by a current contracts/framework agreements (data analytics will be used to identify "off contract" spend)	Best Value	4/13	10	<b>40</b>
<b>Governance/Best Value</b>						
4	Ayrshire Growth Deal	To obtain assurance that there are adequate arrangements in place to authorise and monitor AGD expenditure and that expenditure incurred is in line with the areas outlined in the Full Business Case	Best Value /Reporting and Governance	1	15	

5	Following the Public Pound	To obtain assurance that there are adequate arrangements in place across the Council to administer grants. Audit testing will consider grants administered by Communities and Transformation, Education and Health and Social Care Partnership. The review will also consider verifying compliance against Service Level Agreements in place with third parties to deliver services on behalf of the Council and to review procedures in place to administer new grant funding received if required.	Best Value /Reporting and Governance	1/4/10	20	
6	Corporate Policy and Strategy	To obtain assurance that <b>Integrated Impact Assessments</b> are being properly completed where required	Equalities and the Fairer Scotland Duty/Reporting and Governance	1/3	10	
7	Capital Contract Management	Follow up of previous audit work to ensure agreed improvement actions have been implemented and review of updated contract management system, to obtain assurance on the governance arrangements around the management of capital projects	Best Value/Spaces and Places	3/4/13	20	
8	National Fraud Initiative (NFI)	Co-ordination and monitoring of the national biennial exercise	Best Value	4	10	<b>75</b>
<b>Transformation</b>						
9	Transformation	To obtain assurance that approved governance arrangements are being applied consistently across a sample of transformation projects	Best Value/Reporting and Governance	6	20	<b>20</b>

10	Cyber Security	To obtain assurance that there are adequate arrangements in place to protect the Council against Cyber Attacks (The lessons learned included in the Accounts Commission report "The 2023/24 audit of Comhairle nan Eilean Siar - Cyber-attack affecting council operations and services" will be considered when completing this assignment).	ICT supports delivery of the whole Council Plan - not linked directly to individual priorities or cross cutting themes	4/15	15	
11	Artificial Intelligent (AI) Policy	To obtain assurance of compliance with the new Artificial Intelligence Policy by all Council services		15	15	30
<b>Directorates</b>						
12	Communities and Transformation	To obtain assurance that there are adequate <b>insurance arrangements</b> in place for the 2026 International Ayr Show for both the Council and external contractors, display teams and other third parties e.g. those providing stalls and fairground rides at the event.	Civic and Community Pride	2/8	15	
13	Human Resources and HSCP	Follow up of the 2025-26 Protecting Vulnerable Groups (PVG) audit work to ensure agreed improvement actions have been implemented. This assignment will also seek to ensure that there are adequate arrangements in place to identify when <b>PVGs and Scottish Social Service Council (SSSC)</b> registrations require to be renewed.	The Promise/Our Ageing Population	7	10	
14	HSCP	To obtain assurance that the new procedure for approving <b>sessional employees' timesheets</b> has been fully implemented and is operating effectively	The Promise	4	5	
15	Corporate Policy, Strategy and Performance	To follow up actions from 2024/25 <b>Climate Change</b> audit assignment and confirm Council polices and strategies are in place and effective.	Sustainability, climate change, and biodiversity	9	10	

16	HSCP	To obtain assurance that there are adequate arrangements in place to manage <b>Self Directed Support (SDS)</b> payments and to ensure compliance with the updated SDS policy	The Promise/Our Ageing Population/Trauma Informed Practices	7	20	
17	Housing, Operations and Development	To obtain assurance that there are adequate arrangements in place to ensure <b>restoration guarantees/bonds</b> are in place and adequate to protect the Council from financial loss/increased expenditure.	Best Value/Spaces and Places	2	10	
18	Housing, Operations and Development	To obtain assurance that there are adequate <b>asbestos management</b> policies and procedures in place and that these are consistently applied through the Council	Spaces and Place/Live Work Learn	8	15	
19	Housing, Operations and Development	To obtain assurance that there are adequate procedures in place to ensure the Council is prepared for the introduction of the <b>UK's Digital Waste Tracking Mandate</b>	Spaces and Place	8	5	
20	Housing, Operations and Development	To obtain assurance that the new procedures introduced within <b>bereavement services</b> to monitor and collect income are being adhered to.	Live, Work, Learn	4	10	
21	Housing, Operations and Development	To obtain assurance that there are adequate controls in place around the delivery of the <b>Maybole Regeneration Project</b> .	Spaces and Places/Best Value	3	15	
22	Education	To obtain assurance that there are adequate controls in place to ensure current PVG certificates are in place for contracted <b>ASN taxi drivers</b>	The Promise/Live, Work Learn	7	10	
23	Housing, Operations and Development	To confirm accuracy of the performance information included in the <b>Annual Return on the Charter (ARC)</b> .	Live, Work, Learn	3	10	<b>135</b>

Regularity						
24	Continuous Auditing/Data Analytics	Using data analytics to obtain ongoing assurance and identify potential errors/issues within Account Payables, Bank Accounts, Payroll and Expenses and to develop the use of Continuous Audit in other Council Services.	Best Value	4	25	
25	Self Assessment Checklist	To Co-Ordinate and report the results of Internal Control Self Assessment within schools.	The Promise/Live, Work Learn	1	10	
26	Grants	To confirm there is evidence to support Network Support Grant claim.	Spaces and Places/Our Ageing Population	4/10	5	
27	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	Live, Work Learn	4/10	10	50
Follow Up Reviews						
28	Directorates	Follow up of Actions from 2024/25 Audit Assignment - <b>Corporate Appointeeship</b>	-	5/7	5	
29	Investigation	Follow up of Actions from 2025/26 Audit Assignment - <b>Heating System Repairs</b>	-	5/4	5	
30	Directorates	Follow up the 2023/24 Advice and Guidance Assignment - <b>HSCP External Provider ongoing due diligence</b> to establish if the changes procedures are adding value		5/4	5	
31	Investigation	Follow up of Actions from 2023/24 Audit Assignment - <b>Procurement of Training Providers in HSCP</b>	-	5/4	5	
32	Investigation	Follow up of Actions from 2025/26 Audit Assignment - <b>St Ninians and Hourstons - Controls Report</b>	-	5/4	5	

33	Directorates	Follow up of Actions from 2025/26 Audit work within <b>Asset management</b>	-	5/16	5	<b>30</b>
<b>Other Entities</b>						
34	East Ren Council Trust Accounts	Part of reciprocal arrangements between South Ayrshire, North Ayrshire, and East Renfrewshire Council	-	-	5	
35	Integration Joint Board (IJB)	To be approved by the IJB	-	-	25	
36	Ayrshire Valuation Joint Board (AVJB)	To be approved by the AVJB	-	-	25	<b>55</b>
<b>Other</b>						
37	Investigations	Allowance for investigations of irregularities.	-	4	20	
38	Advice and Guidance (general)	Client requests, advice, and consultancy - including participation on working groups	-	-	10	
39	Contingency	Contingency budget for unplanned commitments arising during the year	-	-	15	
40	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2025/26	-	-	60	
41	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments	-	-	55	
42	QAIP	Annual self-assessment of compliance with PSIAS	-	-	10	<b>170</b>
<b>TOTAL</b>						<b>605</b>

**PROPOSED RESERVE LIST 2026/27**

<b>Rank*</b>	<b>Audit Area</b>	<b>Audit Objective</b>	<b>Estimated Days</b>
<b>1</b>	ICT - Cloud Based Systems	To obtain assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud.	20
<b>2</b>	Information Governance	To obtain assurance that Council policies and procedures have been updated to reflect the requirement of the Data (Use and Access) Act 2025.	10
<b>3</b>	Asset Management	To obtain assurance that there are adequate controls in place and working effectively around the Community Asset Transfer (CAT) process	20
<b>4</b>	Stores	To obtain assurance that there are adequate controls in place and working effectively within the new Datastox stores recording system in Property Maintenance	10
<b>5</b>	Education	Review of Education Maintenance Allowance payments to confirm payments comply with policy	10

**\*Ranked in order of risk assessment**

**LINKS BETWEEN STRATEGIC RISK REGISTER (SEPTEMBER 2025) AND THE 2026/27 INTERNAL AUDIT PLAN**

Risk No	Risk Title	Risk Rating	2026/27 Assignment
1	Decision making and governance	Medium (8)	Ayrshire Growth Deal, Integrated Impact Assessments, Following the Public Pound (grants), (all audit assignments consider the risks of non compliance with Council policy and legislation and risk around lack of accurate management information at the audit planning stage)
2	External factors including contingency planning	Medium (10)	Ayr Show insurance arrangements, Restoration bonds/guarantees
3	Strategic planning	Medium (8)	Capital Contract Management, Climate Change, Annual Return on the Charter, Integrate Impact Assessment, Asbestos Management, Maybole Regeneration Project
4	Integrity	Medium (8)	Cyber Security, Following the Public Pound, HR & Payroll and Procurement off contract spend Data analytics, HSCP timesheet review, Contract Management, Continuous Auditing, Bereavement Services, Grant audits, NFI, Investigations (all audit assignments consider fraud risk at the audit planning stage)
5	Internal Audit Actions	Medium (6)	Follow Up audit assignments, Main Accounts and HR and Payroll Fusion audits and Climate Change
6	Transformation	Medium (9)	Transformation review of adherence to governance arrangements
7	Adult and Child Protection	Medium (10)	PVG & SSSC review. PVG ASN Transport, Self Directed Support, External Provider due diligence follow up.
8	Public and Employee Protection	Medium (10)	Asbestos Management, Ayr Show insurance, Waste Management (all audit assignments consider risk around data protection/breaches of GDPR at the audit planning stage)
9	Sustainable Development and Climate Change	High (12)	Climate change (all audit assignments consider climate change risks at the audit planning stage)

10	Financial Inclusion	High (12)	Following the Public Pound, Grants
11	Ash Tree Die Back	Medium (10)	Area not included in the 2026-27 audit plan as there is assurance that the risk is being adequately managed, monitored and reported
12	Prevent (Counter Terrorism)	Medium (10)	Area not included in 2026-27 audit plan as assurance taken from annual self-assessment return to the Home Office
13	Financial Constraints	High (16)	Procurement Data Analytics, Contract Management, Main Accounts, Self Directed Support, Transformation
14	Employee Absence	Medium (9)	HR & Payroll data analytics, continuous auditing
15	ICT – Digital Resilience, Protection and Capability	Medium (8)	Cyber Security, AI Policy (all audit assignments consider system access risks at the audit planning stage)
16	Management of Assets	Medium (6)	Capital Contract Management, Asbestos Management, Asset Management Follow Up

**South Ayrshire Council**

**Report by Chief Governance Officer  
to Audit and Governance Panel  
of 25 March 2026**

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**Subject: Audit and Governance Panel – 2026/27 Training Programme**

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**1. Purpose**

1.1 The purpose of this report is to update the Panel on the proposed training programme for the Panel for 2026/27.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

**2.1.1 Notes the training programme set out in Appendix 1 of the report and provides feedback to the Chief Governance Officer.**

**3. Background**

3.1 At its meeting on 3 December 2025, the Panel approved the Audit and Governance Panel – 2025 Annual Self-Assessment Outcome Report.

3.2 The Panel, following the previous self-assessment had regard to the Chartered Institute of Public Finance and Accountancy, (CIPFA) document “Audit Committees: Practical Guidance for Local Authorities and Police 2022 Edition” and referenced the” Self-Assessment of Good Practice - Check list.

**4. Detail**

4.1 Having completed the check list questionnaire referred to at 3.2 above, the Panel achieved a score of 196 out of 200, which represented an improvement on the previous year.

4.2 Notwithstanding the overall general effectiveness of the Panel, it was recognised that the checklist outcome had identified a small number of important matters which required to be addressed as an improvement action.

- 4.3 The key improvement action identified was to reassess Panel Members' training needs and to develop a new training programme as required.
- 4.4 It is recommended that the Panel agrees the proposed training programme set out in Appendix 1 of the report.
- 4.5 It is always open to Panel members to request training where they feel that it would benefit the Panel and strengthen its role as the Council's key Audit and Scrutiny Panel.

## **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 The risks associated with rejecting the recommendations are that Panel members are unable to fully benefit from the targeted training identified to strengthen their role as set out in CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition"

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

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

## **10. Sustainable Development Implications**

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



**Appendix 1**

**Proposed Training Programme for 2026/27**

Improvement Service	Effective Questioning Techniques	3 February 2026
CIPFA Treasury Management Forum	Module 1	To be completed online
Overview of Delivering Good Governance (including CIPFA update) and an update on the new reporting format		22 April 2026
Risk Management		Date to be confirmed

**South Ayrshire Council**

**Report by Chief Executive  
to Audit and Governance Panel  
of 25th March 2026**

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**Subject: Grey Fleet Miles**

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**1. Purpose**

- 1.1 The purpose of this report is to present the findings of analysis on the comparison of grey fleet miles driven by staff between the period 2023/2024 and 2024/2025.

**2. Recommendation**

**2.1 It is recommended that the Cabinet:**

- 2.1.1 notes the findings of the analysis on the comparison of grey fleet miles between the period 2023/2024 and 2024/2025.**

**3. Background**

- 3.1 In 2009, the Scottish Parliament passed the Climate Change (Scotland) Act. Part 4 of the Act states that a 'public body must, in exercising its functions, act: in the way best calculated to contribute to the delivery of (Scotland's climate change) targets; in the way best calculated to help delivery any (Scottish adaptation programme); and in a way that is considers most sustainable'.
- 3.2 On 25<sup>th</sup> November 2025, [South Ayrshire Council's Public Bodies Climate Change Duties Annual Report \(2024-2025\)](#) was presented to members seeking approval for submission. The report recognised, and as highlighted in the analysis, both the positive results and challenges the Council faces to increase the pace of change to fulfil the Council's duties and targets.
- 3.3 The analysis highlighted that there had been a significant increase in grey fleet miles (miles claimed by staff) – *'268,008 more miles driven in 2024-2025 than in the previous year and emissions had increased by over 93 tonnes, more than cancelling out gains made in fleet emissions'*. Cabinet Members were advised that staff would carry out further analysis to verify the data and identify which departments were responsible for the increase. The findings were to be presented to a future scrutiny panel.

#### 4. Detail

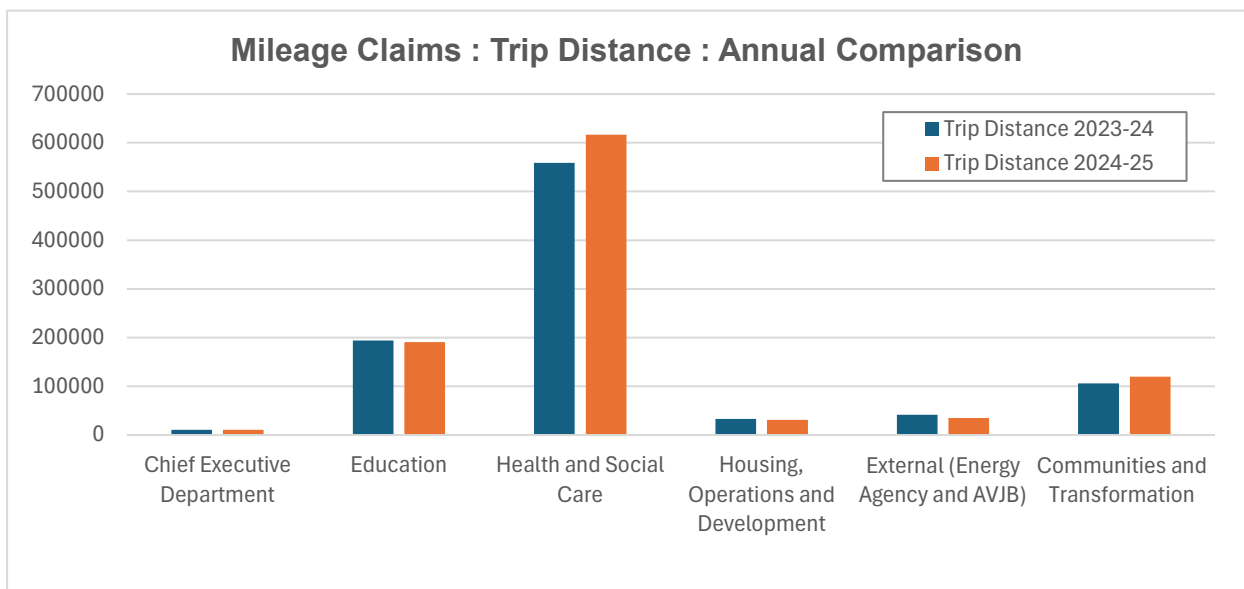
4.1 The initial reporting on mileage presented as part of the 2024/2025 Annual Report was totalled from mileage figures generated through the pre-existing Fusion system report on staff mileage. Therefore, the initial data used for the annual report was 722,560 miles travelled for 2023/2024 compared to 1,359,668 miles travelled for 2024/2025.

4.2 Further investigation into this initial data has identified errors in the original generated report therefore, at the time of publishing, incorrect mileage information was presented to Cabinet. An extensive exercise has now been carried out by ICT colleagues to cleanse the data and adapt the report parameters to ensure future reports do not pull through the same erroneous data. Corrections were also required to the 2023/2024 figures which used the same pre-existing report.

4.3 The following table and graph (broken into Directorates) now highlights the validated data for grey fleet mileage (miles claimed by staff). The correct number of miles travelled in 2024/2025 is 1,003,558 an increase of **59,012** miles (6.2%) from 2023/2024 – not 268,008 miles as previously presented.

Directorate	Trip Distance 2023-24	Trip Distance 2024-25
Chief Executive Department	10,534.05	10,549.50
Education	194,298.05	190,502.27
Health and Social Care	558,784.24	616,610.24
Housing, Operations and Development	32,901.70	31,240.94
Energy Agency - AVJB	41,780.94	34,732.30
Communities and Transformation	106,246.17	119,922.80
<b>Grand Total</b>	<b>944,545.15</b>	<b>1,003,558.05</b>

\*The Communities and Transformation Directorate includes the former Strategic Change and Communities Directorate. AVJB - Ayrshire Valuation Joint Board.



- 4.4 With regards to emissions, when the differing emissions factors for the different vehicle types used by staff to drive the miles are taken into consideration, the revised figure for the increase in emissions from grey fleet miles in 2023/2024 and 2024/2025 is an **11 tCO<sup>2</sup>e increase**, not over 93 tCO<sup>2</sup>e increase as previously reported.
- 4.5 Appendix one provides a more detailed analysis, with supporting narrative, of both corrected mileage and emissions figures and what this means for the Council's long term transport emissions trends.
- 4.6 The completed South Ayrshire Council's Public Bodies Climate Change Duties Annual Report (2024/2025) was submitted to Sustainable Scotland Network (SSN) as part the Public Bodies reporting requirement process. SSN has been notified of the error and amendments to our return data in relation to grey fleet miles and emissions will be captured as part of 2025/2026 reporting template which is due for submission in November 2026.
- 4.8 Whilst the increase is not as high as previously reported, it is still an increase. There is a clear need to ensure that our adopted hierarchy of travel is given due regard in all we do as an organisation and that we take steps to reduce our road kms driven in the delivery of our services wherever practical. Through staff communications, we will raise awareness of our Fleet, Travel and Transport Policy, in particular, the Sustainable Travel Hierarchy in which the Council endorses the need to reduce business travel and increase awareness among employees of travel choices and their implications.

## **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 There are no financial implications arising directly from this report.

## **7. Human Resources Implications**

- 7.1 There are no human resource implications arising directly from this report. Our commitments will be delivered within existing resources with awareness and contribution from all staff.

## **8. Risk**

### ***Risk Implications of Adopting the Recommendations***

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

### ***Risk Implications of Rejecting the Recommendations***

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

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

9.1 The proposals in this report 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 all the priorities and outcomes 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 Martin Kilbride, Policy Lead for Housing and Property Services, and the contents of this report reflect any feedback provided.

**Background Papers** Report to Cabinet of 25th November 2025 – [South Ayrshire Public Bodies Climate Change Duties Annual Report 2024-2025](#)

Fleet, Travel and Transport Policy

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**Date:** 11th March 2026

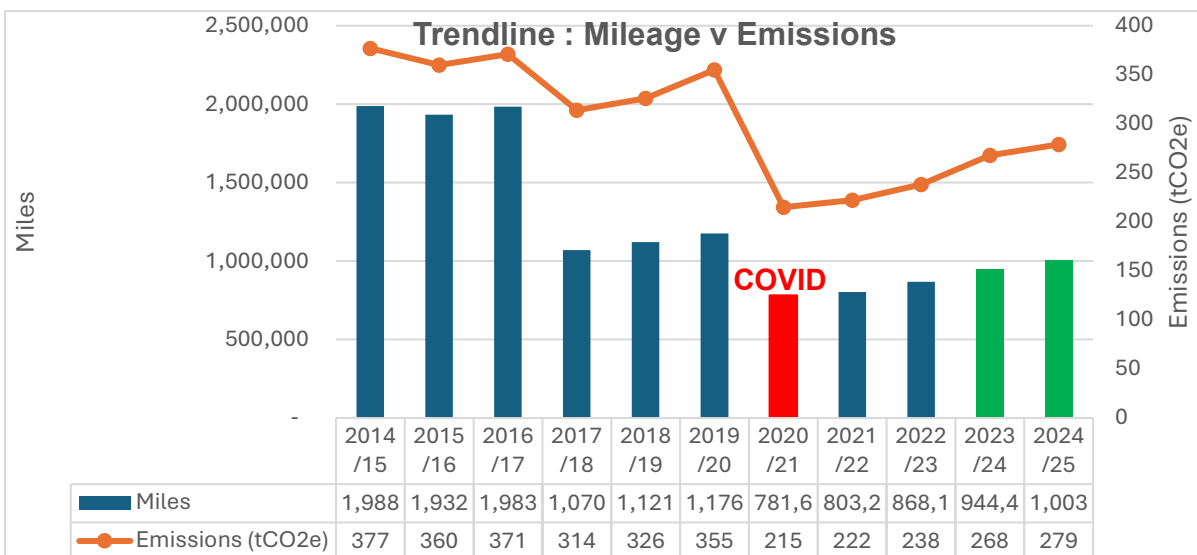
## COUNCIL TRANSPORT EMISSIONS ANALYSIS AT MARCH 2026

In boundary measures transport emissions for South Ayrshire Council consist of miles driven by staff in their own vehicles and recorded through the expenses process, and fleet miles driven as recorded through depot fuel use and fuel cards. This set of emissions have been consistently recorded since 2014/2015 when the Council set its current baseline year.

In 2023/2024 the method used switched from a general emissions factor for an average car being applied to estimated miles driven derived from total expenses paid, to a more sophisticated use of the fusion system. The fusion system now allows a reflection of fuel type (diesel or petrol) and engine size (small, medium or large) to give a more accurate emissions profile. Data is also provided for electric vehicles and motorbike claims, which both have their own attributable emissions factors as well. The fusion system also allows this information to be interrogated using standard reports by directorate, service or team, giving much greater potential to manage mileage and emissions.

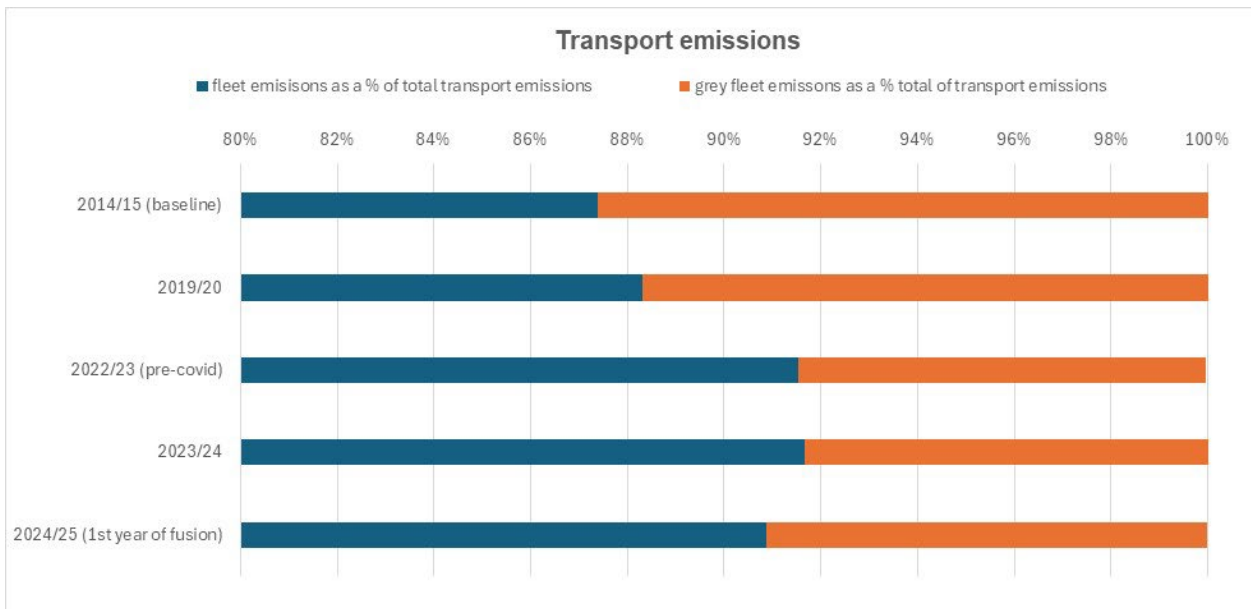
There have been some initial teething issues with the standard report created and used to reflect on mileage, which has led to false figures being presented since the introduction of the new system. However, this has now been addressed, and checks and amendments have been made to correct the reports to avoid the same errors being made in future.

Updated figures show the following trends:



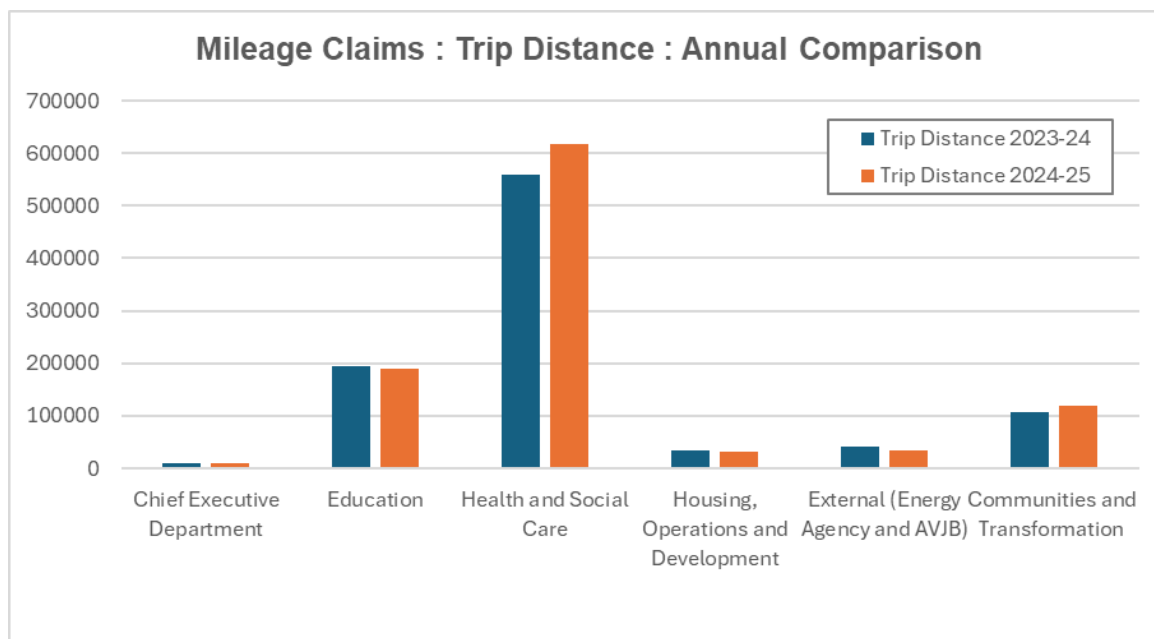
**Figure 1**

The graph in figure 1 clearly shows emissions over time have decreased and are overall to date in line with our targeted reductions. There is however within the data, a compelling case for careful management of transport mileage going forward, as the more detailed picture is more nuanced than the overall trend. The COVID year marked a low in our transport mileage and emissions. While we had achieved an overall reduction and we were on target prior to this, most of this can be attributed to a significant drop in mileage in 2017/2018 which interrupted an otherwise gently rising trend. Since the pandemic, and despite a significantly increased proportion of online meetings reducing the need for travel within the working day, we see mileages increasing year on year at the same or greater rate than prior to the pandemic.



**Figure 2**

The above graph in figure 2 shows what happens when fleet mileage is considered alongside grey fleet mileage in terms of the councils overall annual transport emissions. Overtime we have seen fleet accounting for a larger percentage of the total emissions; however, it should be noted that in the current year this has reversed direction. Generally, it is considered advantageous to have a greater preparation of emissions coming through fleet as this aspect is fully in the control of the council, whereas staff vehicle choice within grey miles is out with the control of the organisation so there is less ability to reduce emissions in this way.



**Figure 3**

With the benefit of the new fusion system, it is also easier to consider staff mileage emissions by Directorate, Service or Team than ever before, with the scope to generate reports including vehicle class breakdowns. For the two years using the new system the graph in figure 3 shows the mileage by Directorate and the change from 2023/2024 to 2024/2025. The most significant increase in overall miles is shown to be within the Health and Social Care Partnership. With an aging population and greater care needs it is important to note that this can be anticipated to rise over time and will

need careful consideration and management to ensure emissions are minimised and mitigated as much as possible while still meeting service needs.

## **Conclusion**

Overall, the available data and analysis show a need to continue to carefully monitor mileage and emissions data at a service level. As targets tighten it will be increasingly important to ensure delivery is as efficient and effective as possible while still meeting service needs. Appropriate management intervention to ensure this in line with the councils adopted travel hierarchy and travel policies will benefit financial as well as emissions budgets.