

THE HIGHLAND COUNCIL

Audit and Scrutiny Committee

Date: 11th June 2009

Agenda Item	5
Report No	AS/11/09

External Audit Review - Strategic Audit Risk Analysis 2008/09

Report by Depute Chief Executive and Director of Finance

Summary

The purpose of this report is to present the Strategic Audit Risk Analysis 2008/09 published by the Council's External Auditors, (Audit Scotland).

1. Introduction

- 1.1 Members were presented with the "Overview of Local Authority Audits 2008" report at the last Committee of 16th April. This provided an overview of the main issues identified by Audit Scotland from their local government work in 2008 and addressed the national issues facing Councils.
- 1.2 The Strategic Audit Risk Analysis (SARA) 2008/09 report addresses the local issues which Highland Council faces, and sets out the findings from Audit Scotland's review of the strategic risks facing Highland Council. These findings will be used to prioritise the audit activity to be undertaken in the current audit year and identify areas for ongoing review in future years. Appendix A of the report sets out the work which they intend to take in 2008/09 and future years on these risk areas. It should also be noted that as a number of the risks are high level and strategic in nature, they are relevant to the Council for a number of years. Therefore, although Audit Scotland's analysis is updated annually, many risks remain from year-to-year and the risk analysis covers a rolling three year period.
- 1.3 It is also acknowledged that the local government environment has continued to evolve since the Priorities and Risk Framework was issued in 2007. The evolving nature of the signed Single Outcome Agreements will bring fresh challenges and risks in respect of governance, accountability and performance management.
- 1.4 The report also complements the work carried out by Audit Scotland in other areas such as the audit of the financial statements, the approach to which is detailed in their Annual Audit Plan.

2. Key messages

- 2.1 The key priorities and risk identified within their analysis include:
 - Addressing Internal Audit's findings on the Caithness Heat and Power (ChaP) project.

- The introduction of personal development plans for Members and using these as the basis for determining appropriate training and development opportunities.
- Ensuring Internal Audit's coverage is sufficient to provide assurance to management of the adequacy of internal control systems.
- Progressing the Pathfinder North and NOSLA shared services projects.
- Managing pressures in the budget arising from the concordat with the Scottish Government and the current economic climate.
- Resolving job evaluation appeals and managing the impact upon staff morale.
- Ensuring all staff have personal development plans.
- Progressing the implementation of the personnel module to ensure full and detailed staffing information is available to inform future decisions.
- Maintaining progress with implementation of the asset management plan.
- Achieving full compliance with the Scottish Housing Quality Standard.
- Maintaining progress in implementing the procurement strategy.
- Adopting a corporate approach to data handling.
- Ensuring developments in the use of entitlement cards to not breach the Data Protection Act.
- Effective management of the ICT re-procurement project effectively to achieve value for money and avoid further delays.
- Progressing improvements to business continuity planning.

2.2 Audit Scotland have also stated that the risks identified present significant challenges for the Council, and they have confirmed that the Council has action plans in place to address many of the risks identified. They will monitor progress over coming years against these areas and report any significant matters which arise on an exception basis.

2.3 Where relevant, any significant findings from their work on the Council's management of key risks will also be included in their annual report.

<p>Recommendation</p>

<p>Members are invited to consider the above External Audit report.</p>

Signature:

Designation: Depute Chief Executive and Director of Finance

Date: 18th May 2009

Ref:

Background Papers

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