

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	11 th May 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Best Value Reporting
REPORT NUMBER	COM/023/128
DIRECTOR	Gale Beattie, Director of Commissioning
CHIEF OFFICER	Vikki Cuthbert/Jenni Lawson
REPORT AUTHOR	Vikki Cuthbert, Interim Chief Officer – Governance (Assurance)
TERMS OF REFERENCE	3.2

1. PURPOSE OF REPORT

- 1.1 To explain the arrangements for Best Value auditing of councils, including some changes being made to the process by the Accounts Commission.

2. RECOMMENDATION(S)

That the Committee:-

- (i) note the requirements for the auditing of Best Value including the intention of Audit Scotland to audit thematic areas in more depth as part of the annual audit process; and
- (ii) note that a report from the Local Area Network will no longer be provided and that external scrutiny requirements will instead be notified through the external audit process.

3. CURRENT SITUATION

- 3.1 Councils have a statutory duty to make arrangements to secure Best Value by working with partners to identify a clear set of priorities which meet the needs of the community, being organised to deliver those priorities, demonstrating that the community's needs are being met, and continuously improving its activities. This duty is set out on the Local Government (Scotland) Act 2003 and is referred to as "the duty of Best Value".
- 3.2 Councils are audited on their compliance with this duty, and this is known as the Best Value Audit. Aberdeen's last Best Value Assurance Report (BVAR) was reported to Council in [August 2021](#).
- 3.3 Those with a role to play in the Best Value process include:
- **The Accounts Commission** – to secure the audit of Best Value and community planning. The Commission has the power to make findings and reports, to make recommendations to Scottish ministers and local government bodies, and to hold public hearings.

- **Controller of Audit** - the Accounts Commission appoints a Controller of Audit to consider the results of the audit of accounts, including the wider-scope responsibilities and Best Value auditing. The Controller of Audit makes reports to the Accounts Commission on matters arising from the accounts and on Best Value and acts independently of the Accounts Commission when reporting to it.
- **Audit Scotland** – Audit Scotland supports the Accounts Commission in the independent appointment of auditors, delivers the Best Value work programmes of the Accounts Commission and undertakes two-thirds of the annual financial audits of public bodies across Scotland’s public sector. Audit Scotland have been appointed as the Council’s auditors for the 5-year period covering financial years 2022/23 to 2026/27, taking over from the previously appointed auditors, KPMG.

3.4 Committee will note the agenda item Annual Audit Plan, which is Audit Scotland’s workplan for their external audit of Aberdeen City Council in 2022/23. This explains the requirements for wider scope and best value auditing, as per the Code of Audit Practice. Best value is integrated into the annual audit work.

3.5 Paragraph 6 of the Annual Audit Plan states:

“Best Value at Aberdeen City 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 its strategic priorities and public performance reporting. We will also follow up findings reported previously on Best Value to assess the pace and depth of improvement. This work will be integrated with the wider scope audit areas.”

3.6 Also on the agenda today, within the Unaudited Annual Accounts, is the Annual Governance Statement. This includes an update on progress with implementing the recommendations of Audit Scotland’s BVAR of Aberdeen in 2021 and the Committee will note good progress.

3.7 The Accounts Commission has agreed a new approach to auditing on Best Value. Unlike the previous approach where Best Value Assurance Reports (BVAR) were based on a separate piece of audit work, the new approach has been integrated within the annual audit process. Audit Scotland will no longer produce Best Value Assurance Reports but will undertake this work as part of the annual audit process and provide a summary of judgements and conclusions in the annual audit report, in respect of:

- 1) Follow up of BVAR recommendations;
- 2) Review of the Council’s information on service performance; and
- 3) Completion of thematic work

3.8 In addition, one or two of the thematic areas will be audited annually and reported locally in a Best Value Management Report. The findings from auditors’ thematic work will be collated centrally and work is ongoing by the Controller of Audit to decide how best to report this nationally.

3.8 At least once during the 5-year audit appointment, the Controller of Audit will report to the Accounts Commission on each council's performance. This will not be additional work but a summary of what the auditor has reported already within the audit appointment period (2022/23- 2026/27). The report will provide a summary of the information and judgements reported to date, will include a copy of the latest Annual Audit Report, and will perhaps draw on other sources. As with the current approach, these Controller of Audit reports will be considered by the Commission in public and reported publicly.

3.9 Audit Scotland also has a key role to play in working with other scrutiny bodies to ensure that the scrutiny of public sector bodies is targeted at identified risks and proportionate to these risks. The Committee has in previous years received a report from the Local Area Network (LAN) providing an overview of external scrutiny activity planned in the coming year. The LAN continues to meet once a year and any areas considered worthy of scrutiny for the Council will be notified through the external audit process, however local reporting in the form of a Local Scrutiny Plan will no longer be completed.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. The activities described in the report support strong financial stewardship arrangements.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report. The activities described in the report support compliance with our statutory duty of Best Value.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No risks identified.	Best value auditing ensures sound systems of internal control.	L	Yes

Compliance	No risks identified.	As above.	L	Yes
Operational	No risks identified.	As above.	L	Yes
Financial	No risks identified.	As above.	L	Yes
Reputational	No risks identified.	As above.	L	Yes
Environment / Climate	No risks identified.	As above.	L	Yes

8. OUTCOMES

The contents of this report have no impact on the Council Delivery Plan. The Duty of Best Value is intended to ensure that the Council delivers outcomes which meet the needs of our communities.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment not required.
Data Protection Impact Assessment	Not required.
Other	None required.

10. BACKGROUND PAPERS

None.

11. APPENDICES

None.

12. REPORT AUTHOR CONTACT DETAILS

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