



Angus Council

2014/15 Audit

Annual audit report to
Members and the
Controller of Audit

The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. (www.audit-scotland.gov.uk/about/ac)

Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. (www.audit-scotland.gov.uk)

The Accounts Commission has appointed Stephen Boyle as the external auditor of Angus Council for the period 2012/13 to 2015/16.

This report has been prepared for the use of Angus Council and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the council. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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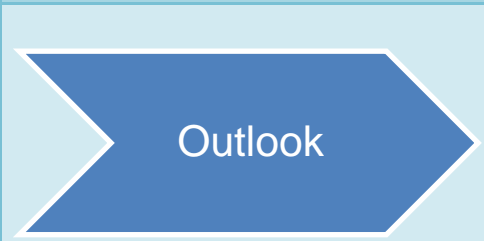
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Contents

Key messages.....	4	Best Value.....	27
Introduction.....	6	Appendix I – Significant audit risks	30
Audit of the 2014/15 financial statements	7	Appendix II – Summary of local audit reports 2014/15	34
Financial management and sustainability.....	13	Appendix III – Summary of national reports 2014/15	35
Governance and transparency.....	22	Appendix IV – Action plan	36

Key messages

 <p>Audit of financial statements</p>	<ul style="list-style-type: none">• The independent auditor's reports on the 2014/15 financial statements of Angus Council, Strang's Mortification and Angus Council Charitable Trust are unqualified.• In line with the council's 5 year revaluation programme, council stock was revalued during the year adding approximately £30m to the value of the estate.• While Tayside Contacts continues to form part of Angus Council's group accounts, the method of consolidation has changed from proportionate consolidation to equity accounting due to changes in accounting standards.
 <p>Financial management and sustainability</p>	<ul style="list-style-type: none">• Satisfactory financial management arrangements are in place. The council's financial position is sustainable in the short term but over the longer term, it needs to reduce spending by £25m.• Steps have been taken to implement priority based budgeting as a means of focusing budgets around council priorities. In addition, alternative service delivery options are being implemented as a means of generating more significant change.
 <p>Governance and transparency</p>	<ul style="list-style-type: none">• Systems of internal control operated effectively including an effective internal audit function and sound anti-fraud arrangements.• The Scrutiny and Audit Committee concluded two significant scrutiny investigations during the year.

 Best Value	<ul style="list-style-type: none">• Angus Council has strong public performance reporting in place.• There is regular progress reporting on Transforming Angus initiatives to elected members• For 2014/15, the council's statutory performance indicators showed improvement in 67% (2013/14 – 47%) of cases and deterioration in a further 22% (2013/14 – 34%) of cases.
 Outlook	<ul style="list-style-type: none">• Further reduction in the workforce is planned over the next 3 years• The council faces rising demand for services and continued funding pressures, alongside major reforms such as health and social care integration.

Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of Angus Council. The report is divided into sections which reflect our public sector audit model.
2. The management of Angus Council is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of Angus Council, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.
6. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that Angus Council understands its risks and has arrangements in place to manage these risks. The council and corporate management team should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2014/15 financial statements

<p>Audit opinion</p>	<ul style="list-style-type: none"> • We have completed our audit and issued an unqualified independent auditor’s report.
<p>Going concern</p>	<ul style="list-style-type: none"> • The financial statements of the council, its group and the associated charitable trusts have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the council, its group and associated charitable trusts’ ability to continue as a going concern.
<p>Other information</p>	<ul style="list-style-type: none"> • We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.
<p>Charitable trusts</p>	<ul style="list-style-type: none"> • We have completed our audit of the 2014/15 financial statements of the charitable trusts administered by Angus Council and issued an unqualified independent auditor’s report in each case. In respect of 2014/15, audits were required in respect of the Robert and William Strang Mortification and Angus Council Charitable Trust.
<p>Group accounts</p>	<ul style="list-style-type: none"> • As the common good and trust funds are required to be accounted for as subsidiaries, Angus Council has accounted for the financial results of two subsidiaries in its group accounts for 2014/15. In addition, there are three associates in its group arrangement of which Tayside Contracts is the largest. The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £0.720m.

Submission of financial statements for audit

9. We received the unaudited financial statements on 30 June 2015, in accordance with the agreed timetable. The working papers were of a good standard, and delivery has improved throughout our audit appointment.

Overview of the scope of the audit of the financial statements

10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Scrutiny and Audit Committee on 10 March 2015.
11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan and remains unchanged.
12. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I** sets out the significant audit risks identified during the course of the

audit and how we addressed each risk in arriving at our opinion on the financial statements.

13. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

14. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
15. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
16. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of Angus Council we set our planning materiality for 2014/15 at £3.518m (1% of gross expenditure). We report all misstatements greater than £100,000. Performance materiality was calculated at £1.759m, to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.

17. On receipt of the financial statements and following completion of audit testing, we reviewed our materiality levels and concluded that our original calculations remained appropriate.

The audit of charities' financial statements

18. In 2014/15, Angus Council had 2 registered charities accounts that were subject to a full audit in accordance with the Charities Accounts (Scotland) Regulations 2006. Materiality for the charities was adjusted for the disparity between the size of the charities' assets and the level of annual receipts and payments. Accordingly, we set the following materiality:
- for Robert and William Strang Mortification (Strang Mortification), £13,400 for the statement of balances and £680 for the statement of receipts and payments
 - for Angus Council Charitable Trust, £6,400 for the statement of balances and £280 for the statement of receipts and payments.

Evaluation of misstatements

19. With one exception, all council misstatements identified during the audit which exceeded our misstatement threshold, were discussed with officers and amended in the financial statements. The effect of these adjustments was to increase the gain on revaluation of non-current assets in the comprehensive income and expenditure account by £0.576m and property, plant and equipment and short term debtors in the balance sheet by £0.380m and £0.196m

respectively. In addition, a number of presentational changes were made within the financial statements during the course of our audit.

20. One matter relating to a reduction in pension liabilities of £0.803m following the transfer of staff to Tayside Contracts was not adjusted. This matter is explained on page 11, item 3.
21. The Statement of Balances of the Angus Council Charitable Trust was amended to increase the valuation of investments by £7,775 to reflect the redemption value of the government bonds obtained after the year end. The Statement of Balances of both the Strang Mortification and the Angus Council Charitable Trusts were also amended to include audit fees and investment fees.

Significant findings from the audit

22. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
- The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
 - Significant difficulties encountered during the audit.
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
 - Written representations requested by the auditor.
 - Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

23. During the course of the audit we identified the following significant issues that, in our view, require to be communicated to you.

Significant findings from the audit

Issue	Resolution
<p>1. Council House Revaluation: As part of the council’s 5 year rolling programme of revaluation, the housing stock was revalued at 31 March 2015.</p> <p>We reviewed the valuation documentation and methodology adopted and confirmed the valuations for all beacons. We also reviewed stock numbers and valuation calculations which identified two errors amounting to £0.576m that would increase the upward revaluation from £9.965m to £10.541m. In both cases the incorrect beacon value had been applied to categories of housing stock.</p> <p>With the exception of the error identified, we were satisfied with the approach taken to council stock revaluation.</p>	<p>The revised accounts were amended to reflect the misstatements.</p>
<p>2. Tayside Contracts – Changes to accounting treatment: Services provided by Tayside Contracts are jointly administered by Angus Council, Dundee City Council and Perth & Kinross Council. In the previous year, the council treated this as a jointly controlled entity and included a share of Tayside Contracts figures in its group accounts. With effect from 2014/15, there was a change in accounting standards. The new standards require an assessment of whether the constituent councils exercise joint control and for anything other than a subsidiary, the use of proportionate consolidation is no longer permitted. Group accounts in the unaudited accounts were incorrect as they continued to use proportionate consolidation as has been applied in previous years. However, this accounting treatment is no longer an option under current accounting standards.</p>	<p>It was ascertained that unanimous agreement from all three constituent councils was not required for the approval of business matters. The implication of this is that the council has significant influence over the affairs of Tayside Contracts, but not joint control. It was therefore agreed that the appropriate method of consolidation under the revised Code is equity accounting, the same as that applied to associates such as joint boards. The revised group accounts were amended to include Tayside Contracts using equity accounting.</p>

Issue	Resolution
<p>3. Transfer of Staff to Tayside Contracts – Tayside Pension Fund: At 1 September 2014, 115 janitorial and school crossing patrol staff transferred to Tayside Contracts. We understand that Tayside Contracts is responsible for the pre-transfer pension liabilities associated with these staff although we have not sighted documentary evidence to confirm this. In preparation for the IAS19 valuation at 31 March 2015, the actuary was not advised about the transfer of staff and therefore the associated assets and liabilities remained in Angus Council’s unaudited accounts when they should have been included in Tayside Contracts. Refer Action Plan, Recommendation 1</p>	<p>Following discussion with the actuary, the relevant staff were identified and the actuarial report updated. Revised figures confirmed that the council’s pension liability would reduce by £0.803m if relevant liabilities were transferred. Officers do not propose to adjust the accounts as they do not consider the amount to be material. We accepted this decision and the amount has been treated as a non-adjusted misstatement.</p>
<p>4. Actuarial Experience Gain: The IAS 19 disclosures show an actuarial gain of £91.388m. This has largely arisen from the differences between roll forward assumptions since 2011 and the actual position following the outcome of the triennial valuation results at 31 March 2014. It is generally accepted that a movement up to 10% is within an acceptable range but anything beyond this level requires further consideration. For Angus, the movement was 14%.</p>	<p>We have taken assurances from KPMG as auditors of Dundee City Council and Tayside Pension Fund that the movement was the result of changes in the actuary’s estimation techniques and therefore accounting for the movement in-year is appropriate.</p>
<p>5. Value Added Tax: A payment for capital works was accounted for incorrectly as the VAT element of £0.196m was included within the amount charged to the cost of the capital project, when it should have been allocated to the VAT account.</p>	<p>The revised accounts were amended to reduce Property, Plant and Equipment by £0.196m to reflect reduced capital expenditure in the year.</p>
<p>6. Department of Work and Pensions (DWP) Suspense Account: Funds are received from the DWP in respect of benefits for residents in care homes. A record is kept of when charges should be drawn to pay for services received by the residents. The value of the suspense account has increased over time and amounted to £0.144m at 31 March 2015. There is a possibility that some of the balance should be reimbursed to the council to cover payments made on behalf of clients. The suspense account therefore needs to be investigated and amounts cleared where appropriate.</p>	<p>As the balance on the suspense account is not material in terms of the accounts, we have agreed with officers not to adjust the accounts and the amount has been carried as an unadjusted error. However, as the balance has increased and it relates to client monies, the matter needs to be investigated and resolved in advance of the 2015/16 financial statements.</p>

Future accounting and auditing developments

Revisions to the Code of Practice

24. The financial statements of the council are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which interprets and adapts International Financial Reporting Standards (IFRS) to the local authority context. The following paragraphs set out the most significant changes to accounting requirements introduced by the 2015/16 Code.
25. **(IFRS) 13 Fair value measurement:** Although the measurement requirements for operational property, plant and equipment will not change, enhanced valuation disclosures will be required. However, the 2015/16 Code requires surplus assets to be measured at fair value in accordance with IFRS 13. The council will need to make the necessary preparations

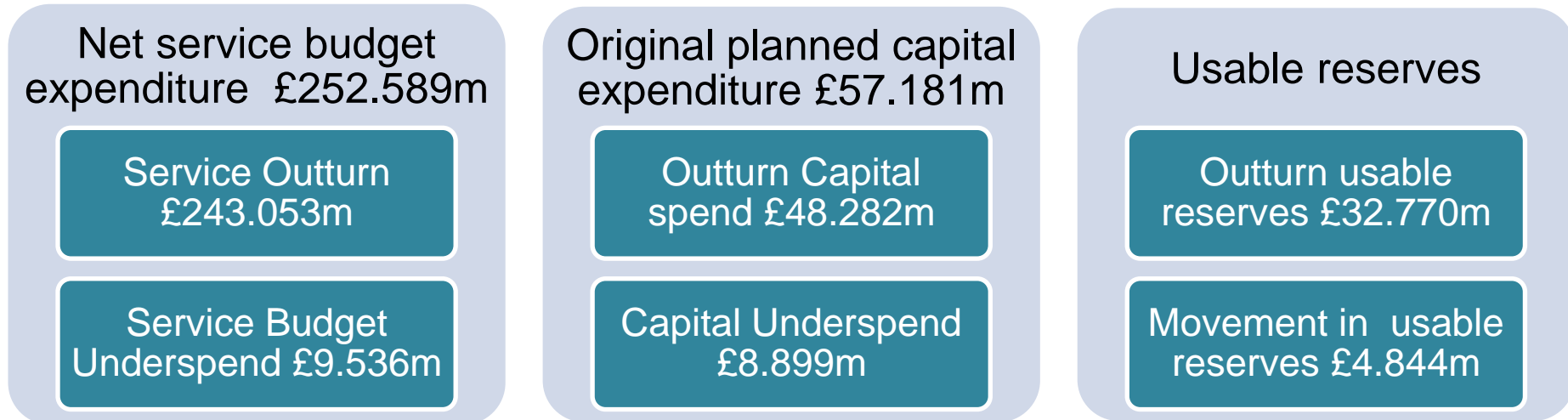
to ensure that the new requirements are addressed for the 2015/16 financial statements.

26. **Transport infrastructure assets:** The council's highway assets are currently carried within infrastructure assets in the balance sheet at depreciated historic cost. The 2016/17 Code will require highways to be measured, for the first time, on a depreciated replacement cost basis. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets.

Health and Social Care Integration

27. From 1 April 2016, Integrated Joint Boards (IJBs) will be accountable for the provision of health and social care. IJBs will be required to produce financial statements in compliance with the Code and the Accounts Commission will appoint auditors to audit the financial statements. We comment further on the IJB's preparation at paragraph 89 to 94.

Financial management and sustainability



Financial management

28. In this section we comment on the council's financial outcomes and assess its financial management arrangements.
29. The council sets an annual budget to meet its service and other commitments for the forthcoming financial year. The setting of the annual budget impacts directly on residents as it determines council tax and other fees and charges. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

30. The council reported a surplus of £0.123m on the provision of services in 2014/15. Adjusting this balance to remove the accounting entries required by the Code, the council increased its general fund balance by £4.739m (inclusive of £0.382m in respect of HRA).
31. Overall, the council underspent against budget by £11.685m (4.6% of the 2014/15 revenue budget). The approved budget assumed a break-even position after adjustments for carry forward balances and use of other earmarked balances. In reality, these adjustments

to the budget were not required. The main reasons for the underspend included:

- an underspend in employee costs across all services due to slippage in filling posts or planned non-filling of posts in anticipation of potential deletion as part of future years budget reductions
- underspends on principal loan repayments
- additional Council Tax income.

Financial management arrangements

32. As auditors, we need to consider whether councils have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- the proper officer has sufficient status within the council to be able to deliver good financial management
- financial regulations are comprehensive, current and promoted within the council
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- members provide a good level of challenge and question budget holders on significant variances.

33. We assessed the role and status of the proper officer against CIPFA's "Statement on the role of the Chief Financial Officer in

Local Government" and concluded that the council complies with the statement's five principles.

34. We reviewed the council's financial regulations, and concluded that they are comprehensive and current.
35. Financial monitoring reports are submitted to the Policy and Resources Committee on a regular basis throughout the year. Similar information in respect of the Housing Revenue Account is submitted to the Communities Committee. In both cases, reports are comprehensive and well laid out with explanations for significant variances in the main body of the report.
36. As auditors, we observe a number of council and committee meetings each year. Members provide a good level of challenge and question budget holders on significant variances and service performance issues.

Conclusion on financial management

37. We have concluded that the council's financial management arrangements are satisfactory.

Financial sustainability

38. The council delivers a broad range of services, both statutory and discretionary, to its communities. Financial sustainability means that the council has the capacity to meet the current and future needs of its communities.
39. In assessing financial sustainability we are concerned with whether:
- there is an adequate level of reserves
 - spending is being balanced with income in the short term
 - long term financial pressures are understood and planned for
 - investment in services and assets is effective.
40. Effective long-term financial planning, asset management and workforce planning are crucial to sustainability.

Reserves

41. The overall level of usable reserves held by the council increased by £4.844m compared to the previous year and totalled £32.770m as shown in Exhibit 1.
42. The general fund reserve has no restrictions on its use. The principal purpose of holding a general fund reserve is to provide a contingency fund to meet unexpected events and as a working balance to help cushion the impact of uneven cash flows.

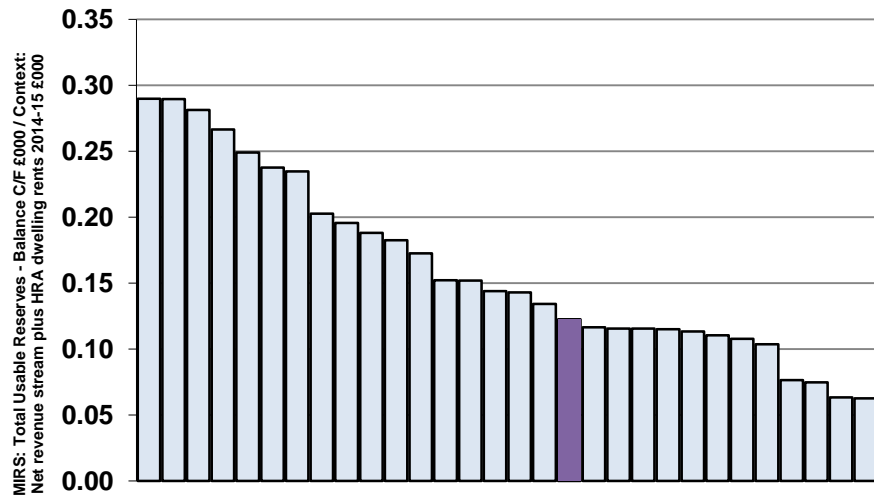
Exhibit 1: Usable reserves

Description	31 March 2014 £ million	31 March 2015 £ million
General Fund	23.019	27.758
Insurance Fund	0.567	0.836
Repair and Renewal Fund	3.895	3.080
Capital Reserve Fund	0.414	0.867
Usable Capital Receipts	0.013	0.49
Capital grants unapplied	0.018	0.180
Total usable reserves	27.926	32.770

Source: Angus Council 2014/15 financial statements

43. The general fund balance of £27.758m is made up of earmarked reserves of £0.569m, commitments of £21.184m leaving a balance of £6.005m made up of a policy decision to have a contingency of £5m leaving a further unallocated balance of £1.005m
44. Exhibit 2 presents the council's usable reserves position in relation to net revenue stream for the year in comparison to other Scottish councils (net revenue stream being presented as general revenue grant, council tax, non domestic rates and dwelling rents). Although better placed than in 2013/14, the council's position remains lower than the average across the other Scottish local authorities. The council is aware of the challenges ahead expected from possible reductions in funding and has been progressing a number of initiatives designed to make efficiency savings.

Exhibit 2: Total Usable Reserves as a proportion of net revenue stream



Source: Scottish council's unaudited financial statements 2014/15

Financial planning

- 45. The council has an established process of medium term financial planning. The most recent strategy covers the period 2016/17 to 2019/20 and identifies a funding gap of £30m. Savings of £6.8m are anticipated leaving a shortfall of £23.2m to be identified.
- 46. The council set its 2015/16 budget in February 2015 at £242.187m. Indicative budgets were also set for 2016/17 and 2017/18. These budgets require efficiency savings of £5.586m and £6.789m respectively.

- 47. In May 2015, the council agreed to use Priority Based Budgeting (PBB) for the 2016/17 budget. This should change the focus of the council's budget setting towards spending on priority areas. The process requires the council's priorities and high level objectives to be agreed before a draft budget is prepared. This will be initially reviewed by members in November before the final budget is approved in February 2016.
- 48. Alongside developing the budget, the council aims to deliver savings through a variety of reviews, service changes and it's Transforming Angus Change Programme. The more immediate projects are set out below. The Best Value section of this report provides an explanation of the Transforming Angus Change Project.

Janitorial and School Crossing Patrol

- 49. The budget savings approved by council in February 2014 contained proposals for staff reductions of 426 between 2014/15 and 2016/17. Actual staff reductions in 2014/15 were 120 FTE (Exhibit 3) compared with 177 FTE planned. The majority of the reduction related to the council's decision to create more integrated facilities management services within schools which led to the transfer of approximately 100 janitors and school crossing patrol staff from Angus to Tayside Contracts. Dundee City Council also opted to transfer a similar number of staff for the same initiative.

Exhibit 3: Staff Costs and FTE Staff Numbers (at 31 March)

	2012/13	2013/14	2014/15
	£m	£m	£m
Staff Costs	148.442	148.090	145.509
Adjusted for Exit Cost	146.713	146.405	145.198
Staff Numbers (FTE)	No 4,455	No 4,455	No 4,335

Source: Angus Council Audit Accounts and Scottish Government Joint Staffing Watch

50. School cleaning was already one of the services being carried out by Tayside Contracts on behalf of Angus. The council felt that the transfer of janitors would improve the local management of cleaning services in schools and for similar reasons, it also decided to transfer school crossing patrollers. Angus anticipates annual cost savings of £0.230m once the service is in operation. A Partnership Agreement was put in place between the council and Tayside contracts to provide an operating framework for the new integrated service.

Angus Alive - Culture and Leisure Trust

51. The council provides cultural and leisure services in the form of libraries, museums and galleries, leisure centres, town halls and country parks. The council agreed in December 2014 to transfer the

Culture and Leisure services to a charitable trust called Angus Alive with effect from December 2015.

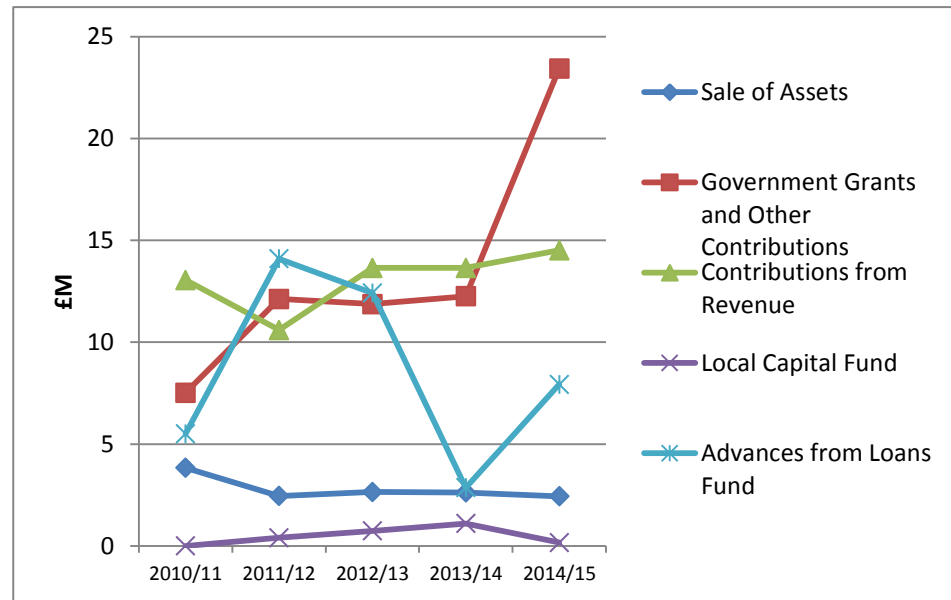
52. In 2014/15, the net cost of running these services was £10.579m. An outline business case has identified that savings of £6m (net present value) could be achieved over the next 25 years through the trust's ability to reclaim VAT and reduce its business rates.
53. A shadow board for Angus Alive has been established to enable work to proceed on the transfer of services and staff to the new organisation on 1 December 2015. The shadow board has recently been filled and comprises 4 elected members from Angus Council and 5 independent board members appointed in August 2015. While it is expected that the trust will feature in Angus Council's 2015/16 group arrangements, a major piece of ongoing work is the trust's application to OSCR for charitable status.

Capital programme 2014/15

54. The council approved its general services capital programme for 2014/15 in February 2014. Actual spend on the general services capital programme amounted to £35.060m, an underspend of some £7.765m or 18% of the budgeted programme for the year.
55. The outturn has arisen from a mix of slippage experienced on projects e.g. waste and general vehicle replacement programmes, savings achieved, such as the Brechin Flood Prevention but also different cash flow profiles than planned. For example, the Brechin High School campus is on schedule in terms of construction but the contractor has invoiced at a lower level than expected for the stage reached in the contract.

- 56. The council have achieved an underspend of £1.134m on its housing capital programme which represents only 8% of the housing programme.
- 57. Funding of capital expenditure is shown on Exhibit 4. There was a significant rise in funding from government grants in 2014/15, mainly due to capital grants provided for school estates improvements.

Exhibit 4: Funding capital expenditure 2010/11–2014/15



Source: Angus Council Annual Accounts 2010/11 to 2014/15

Workforce Management

- 58. The council has developed a workforce strategy, which includes a requirement for each directorate to develop a workforce plan linked to the Council Plan and directorate improvement plans.
- 59. Effective workforce management is essential to ensure that the council maximises the utilisation of its employees. A workforce strategy is key to setting out how the council will ensure it has appropriately skilled people in place to deliver services. Such a plan is particularly important when there is a need to ensure staff are in the right places to deliver priorities and in helping to identify the services which are lower priority when service reduction is required.
- 60. Although the strategy was expected by March 2015, it was not available until the summer when it was presented to Scrutiny and Audit Committee in August 2015 and the Policy and Resources committee in September 2015.
- 61. The strategy provides a framework for a programme of work to be undertaken across a number of workstreams. In terms of staff management, the strategy covers the expected topics but given the funding challenges ahead, there is scope to prioritise aspects of the work programme to ensure that the associated workforce plans can inform budget decisions.

Refer Action Plan, Recommendation 2

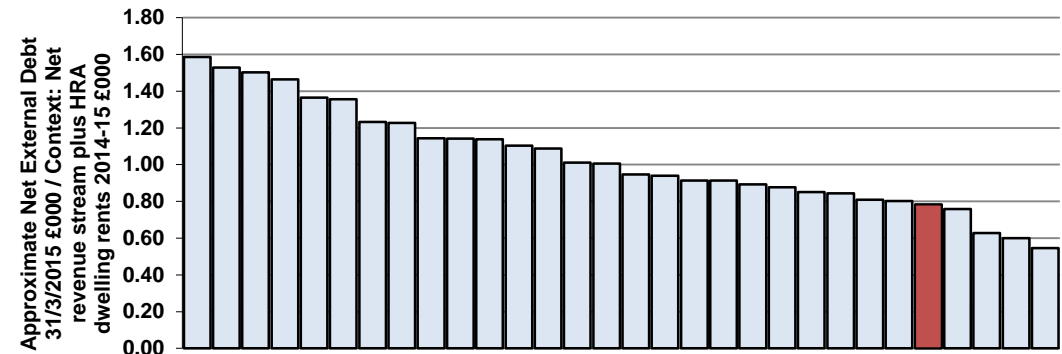
Treasury Management

- 62. At 31 March 2015 long term borrowing stood at £154.704m, a decrease of £1.301m on the 2014 borrowing level of £156.005m. During the same period, short term borrowing reduced from £13.362m to £11.804m. This is in line with the council's Treasury Management Strategy for 2014/15. Interest payable and similar charges fell by £0.210m in 2014/15 to £15.660m.

- 63. Analysing long term borrowing as a proportion of net revenue stream gives an indication of the relative indebtedness of the council. Exhibit 5 shows long term borrowing held at 31 March 2015 for all mainland councils in Scotland. Angus Council's debt is low in comparison to other Scottish Councils. However the council's exposure to PFI debt is much greater as illustrated by Exhibit 6.

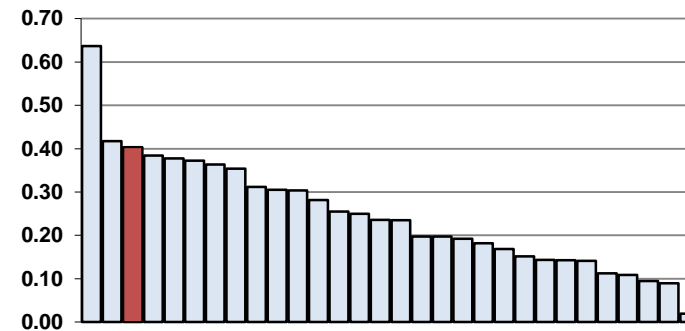
- 64. Angus Council has seven schools, one care home and the A92 Dual Carriageway which have been delivered under PFI contracts. Under International Reporting Standards requirements, the council must recognise both the asset acquired under the PFI scheme and the related liability in the balance sheet. Exposure to PFI debt is of interest, as the debt is usually more expensive than traditional debt.

Exhibit 5: Net External Debt as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2014/15

Exhibit 6 : External PFI debt as a proportion of debt

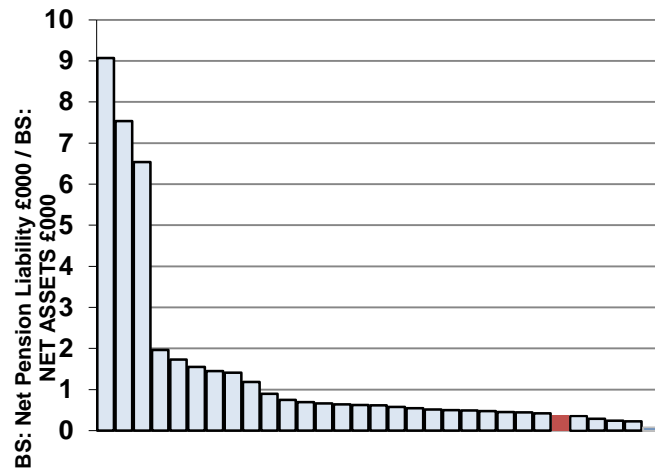


Source: Scottish councils' unaudited accounts 2014/15

Pension liability

65. During the year, the council’s pension liability decreased by £74.388m to £146.358m. The pension liability represents the difference between future pension payments and the underlying value of the pension fund’s assets available to meet this cost. A triennial valuation on the Tayside Pension Fund took place in 2014 with a lower council employer pension contribution rate of 17% in place from April 2015. Exhibit 7 shows that the pension liability is amongst the lowest in Scotland.

Exhibit 7 : Scottish councils’ pension liability as a percentage of net assets



Source: Scottish councils’ unaudited accounts 2014/15 (excluding Falkirk Council)

Charities

- 66. The Angus Council Charitable Trust made a loss in its first year of £6,360. Overall, the charity used some reserves to fund running expenses, which is not sustainable in the long term. The charity has assets of over £640,000 which should be able to generate sufficient income to cover costs. In its first 8 months of operation, income amounted to £8,000 which is equivalent to an annual rate of return of 1.9%.
- 67. The Strang Mortification has a more diverse set of investments, with a low to medium attitude to risk, and it achieved a rate of return of 3.7% on its assets.

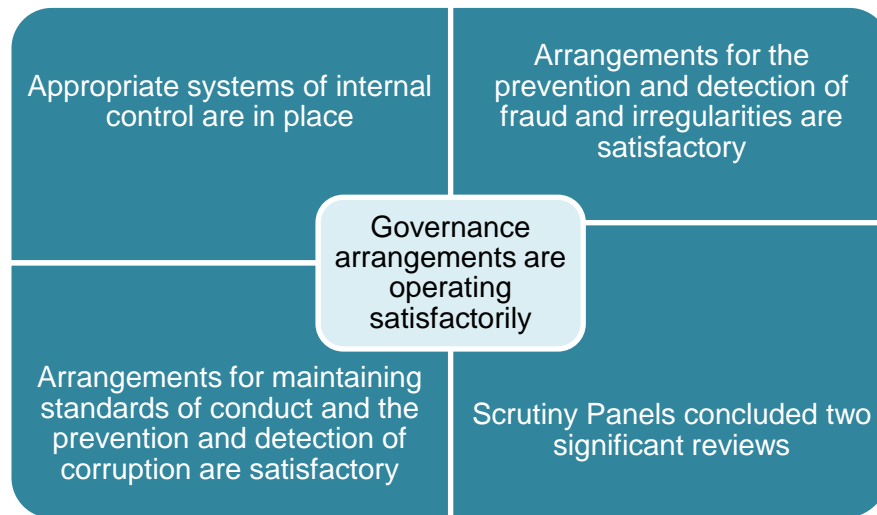
Conclusion on financial sustainability

68. We have concluded that the council has a reasonable level of reserves, is containing its expenditure within annual budgets and is implementing change with a view to releasing significant savings in the longer term. Budgets continue to assume there will be further staff reduction in the coming years and therefore the development of workforce plans will assist the council in making the difficult decisions that lie ahead. Overall, we have concluded that the financial position is currently sustainable, although rising demand for and costs of services will place an increasing strain on the council’s capacity to continue to deliver services at current levels.

Outlook

69. Councils face increasingly difficult financial challenges. In the context of overall reductions in public sector budgets, between 2010/11 and 2013/14, Scottish Government funding for councils decreased by 8.5 per cent in real terms to £10.3 billion. At the same time, demand for council services has increased, largely due to population changes. Increased pension contributions and national insurance changes will create further cost pressures on councils.
70. In common with many other councils, Angus Council is now reporting gaps between income and the cost of providing services over the next few years. With further funding reductions expected, councils face tough decisions to balance their budgets. These decisions must be based on a clear understanding of the current financial position and the longer-term implications of decisions on services and finances.

Governance and transparency



71. Members of Angus Council, the Chief Executive, Monitoring Officer and the Head of Corporate Improvement and Finance are responsible for establishing arrangements for ensuring the proper conduct of the affairs of Angus Council and for monitoring the adequacy and effectiveness of these arrangements.

Corporate governance

72. The corporate governance framework within Angus Council is centred on the council's structure. From June 2015, the Development and Enterprise Committee ceased and its remit was

transferred to the Policy and Resources Committee. Otherwise, the council has the following standing committees during 2014/15.



- 73. Based on our observations and audit work, our overall conclusion is that the governance arrangements within Angus Council are operating satisfactorily.
- 74. The Scrutiny and Audit Committee commenced a programme of scrutiny reviews in 2013/14 through the creation of scrutiny panels. A canvassing process involving all members and executive managers identified two topics to be reviewed during 2014/15 by two separate scrutiny panels - Transforming Angus/Management Restructure and Improving Partnership Working. The panels made a number of recommendations. The relevant service committee (or the Policy and Resources if more appropriate) now have responsibility for ensuring actions are being progressed.

Confidential agenda papers

75. On 24 and 26 March 2015 articles appeared in the local Angus press containing details from two separate confidential exempt reports, generally known as 'green papers' which were part of the agenda papers for the full council meeting on 26 March 2015. As the articles appeared in advance of the council meeting, it appeared that confidential information was being inappropriately shared with the press.
76. At the request of the chief executive, we carried out a review to examine the council's procedures for distributing agenda papers and to make recommendations to tighten the arrangements where appropriate. Generally we found that the procedures in place were satisfactory, however a number of improvements were suggested drawing on good practice identified in other Scottish Councils.

Internal control

77. As part of our audit we reviewed the high level controls in a number of the council's financial systems fundamental to the preparation of the financial statements. Our objective was to obtain evidence to support our opinion on the council's financial statements. Our overall conclusion was that Angus Council had appropriate systems of internal control in place during 2014/15. No material weaknesses in the accounting and internal control systems were identified which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

Internal audit

78. Internal audit provides members and management of the council with independent assurance on risk management, internal control and corporate governance processes. Generally, we seek to rely on the work of internal audit wherever possible and, as part of our 2014/15 planning process, we concluded that the internal audit service operates in accordance with relevant Public Sector Internal Audit Standards (PSIAS) which enabled us to take assurance from their documentation and reporting procedures.
79. Internal audit is provided through a co-source arrangement with Scott Moncrieff which works well in practice. An independent review of internal audit was carried out in summer 2014 and concluded that the function was fully compliant with PSIAS. The 2014/15 annual report for internal audit summarised a number of governance improvement recommendations but overall, concluded that the internal financial governance and control framework of the council was considered to be sound.

ICT audit

80. Information technology was an area that received attention both from internal audit and external audit. Our work focused on a follow up audit to our 2013/14 action plan which considered how ICT supports programmes such as Transforming Angus. We had raised concerns in relation to information governance arrangements and the development of a Records and Information Management Working Group. We have noted some progress in this area but

there is still some way to go. We are in the process of agreeing a revised action plan with officers which will address these matters.

Arrangements for the prevention and detection of fraud

81. The council's arrangements in relation to the prevention and detection of fraud and irregularities were satisfactory. The council's reorganisation of governance staff retained the Benefits Fraud team as a Corporate Counter-Fraud Team.

National Fraud Initiative in Scotland

82. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud. If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.
83. The NFI process identifies data matching cases, for example, residents in receipt of housing benefits, but also in receipt of a student loan or known to be working, or care home residents or blue badge holders who are known to have died. A match does not indicate that there is a fraud, but provides an opportunity for councils to review cases where there may be fraud.

84. There were 1,016 recommended matches and by 31 August 2015 the council had reviewed 748 of those matches and identified £6,757 of fraud. In addition the council identified and cancelled 112 Blue parking badges having confirmed that the authorised person had died. Overall, we concluded that the council has satisfactory arrangements in place for investigating and reporting data matches identified by the NFI.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

85. The arrangements for the prevention and detection of corruption in Angus Council are satisfactory and we are not aware of any specific issues that we need to record in this report.

Transparency

86. The council generally publishes agenda items for all its meetings a week in advance. We commented earlier on the useful level of detail included in finance monitoring reports. Minutes are also available once they have been agreed. As part of our routine audit work, we review the minutes of the council and committees on an ongoing basis. This did not highlighted any excessive use of restrictions to exclude the press and public from meetings. The register of interests of councillors is also available on the council website and we also review this regularly. We are satisfied that the council demonstrates a good level of transparency in its business.

Tayside Contracts – Minute of Agreement

87. Services provided by Tayside Contracts are shared by Angus Council, Dundee City Council and Perth and Kinross Council. We previously recommended in 2012/13 and 2013/14 that the Minute of Agreement between the three councils covering the operation of Tayside Contracts needed to be reviewed to bring it into line with operational practices. In February 2015, the council agreed a revised minute of agreement and this now needs to be agreed by Dundee City and Perth and Kinross Councils. At September 2015, the document remains unsigned.
88. As detailed earlier in the report, Angus transferred staff to Tayside Contracts during the year and the fleet management function was transferred in April 2015. The working arrangements between the constituent councils and Tayside Contracts is an important aspect in considering the relationships in place for group accounts purposes. The minute of agreement is therefore an important framework document which should be concluded by all three councils.

Refer Action Plan, Recommendation 3

Integration of health and social care

89. The Public Bodies (Joint Working) (Scotland) Act received royal assent on 1 April 2014. The Act provides the framework for the integration of health and social care services in Scotland.

90. The council established a shadow Angus Health and Social Care Integration Partnership joint board in October 2013, and this is planned to go live on 1 April 2016. The partnership appointed a new Chief Officer who took up the post on 1 May 2015.
91. Angus Council approved their draft Integration Scheme on 26 March 2015. This was also agreed by NHS Tayside before submission to the Scottish Government. In response to feedback from the Scottish Government, the scheme is currently being updated for resubmission.
92. The shadow board is currently developing a strategic commissioning plan for the future of care in Angus and a financial plan, both of which are expected to be completed in autumn 2015.
93. Internal Audit carried out a review into the arrangements for the implementation of the Integration Partnership, and reported in May 2015 that plans were progressing well. Due diligence in respect of the financial plan is currently in progress.
94. Where an integration board is established during 2015/16, it does not assume responsibilities until 1 April 2016 but it will be expected to prepare annual accounts for 2015/16 and be subject to external audit.

Welfare Reform

95. The council has been informed by the Department for Work and Pensions (DWP) that it expects Universal Credit (UC) to be implemented in April 2016.

96. The resources directorate's 2013/14 annual report stated that no progress could be made on implementing a local support services framework, and that a redesign of the visiting officer's service had been put on hold due to the delay in implementation of UC in Angus. Internal Audit is scheduled to carry out a preparedness review for the roll out of UC in 2015/16.
97. There is evidence that the impact of welfare reform changes are having an impact on tenants in Angus. Exhibit 8 shows the impact of the under occupancy charge and Exhibit 9 shows that the level of arrears is continuing to rise year on year.

Exhibit 8 : Impact of Housing Benefit Size Criteria

	Number of Tenants Affected	Tenants in Arrears	Amount Outstanding	Average Amount Outstanding
March 2013	550	343	£80,161	£234
March 2014	475	167	£97,219	£582
March 2015	519	237	£104,305	£440

Source: Angus Council Reports 241/14 and 207/15

Local scrutiny plan

98. The 2015/16 Local Scrutiny Plan (LSP) prepared by the Local Area Network of scrutiny partners for the council was submitted to Angus Council on 23 June 2015 and includes plans for a best value audit in winter 2015/16.

Exhibit 9 : Level of Housing Rent Arrears

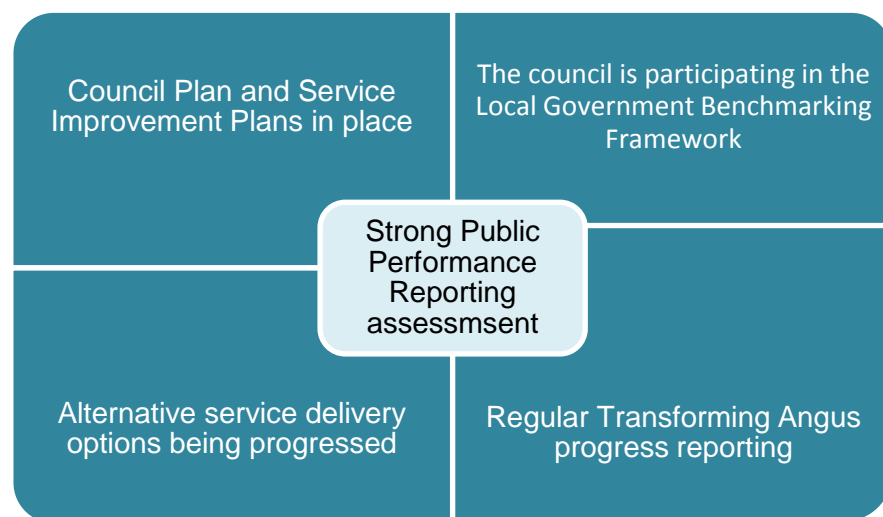
	Current Tenants	Former Tenants	Total	Change on Prior Year
March 2013	£781,539	£608,882	£1,390,420	-
March 2014	£967,483	£688,114	£1,655,597	£265,177
March 2015	£980,469	£934,052	£1,914,822	£259,225

Source: Angus Council Reports 300/13, 241/14 and 207/15

Outlook

99. Councils will continue to operate in a changing environment within ongoing financial constraints. Under these circumstances councils will be obliged to consider the delivery of services by different means. Good governance will be particularly important where council resources and service delivery are devolved to third party organisations. It will be crucial that the council implements robust assurance and governance arrangements to deliver best value while at the same time ensuring an appropriate level of accountability for public money. Community planning and health and social care integration will require an ongoing focus on governance and assurance to ensure that the council's priorities are being achieved.

Best Value



100. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. The council should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

Transforming Angus

101. The Council Plan 2014 - 2017 says “Through our transformation programme, Transforming Angus, we will plan and manage the key areas where organisational change is needed, to improve performance, address service priorities and reduce costs.”

102. The council established the Transforming Angus Programme Board in 2014 as the main governance body, providing direction to the overall TA programme. The board is chaired by Councillor Murray and comprises the Chief Executive, Strategic Directors, Service Managers for Transforming Angus and Governance and the Communications Manager. The council appointed EY as a strategic partner to assist in the delivery of specific projects, and to provide specialist support and challenge. The programme is split across four work streams:

- Angus Digital
- Improved Business Processes
- Improved Customer Experience
- Agile Working and Estates Review.

103. Specific programmes and projects are aligned to these work streams, such as the Angus Alive Cultural and Leisure Trust, Help to Live at Home and the Residual Waste Project. During the year the Transforming Angus programme was subject to two reviews, firstly by Internal Audit, and secondly a Scrutiny Panel Review by members of the Scrutiny and Audit Committee. Both reviews made a number of recommendations which are being addressed.

104. The Transforming Angus Board are now submitting a quarterly progress report to both the Policy and Resources Committee and the Scrutiny and Audit Committee.

Residual waste project

- 105. In order to deal with the disposal of municipal waste which is not recycled, the council currently has a contract with DERL Limited, a company owned by Dundee City Council, which is due to end in 2020. Further plans are being developed with Dundee City Council to determine the best procurement process for replacement waste arrangements. An outline business case has been prepared involving external financial advisers leading to the decision to procure a solution through competitive dialogue.
- 106. The overall budget for the project is £531m of which Angus Council's share of costs based on waste tonnages is estimated to be £45 million in net present value. At this stage it is too early to determine whether existing budgets will be sufficient to cover all these costs.

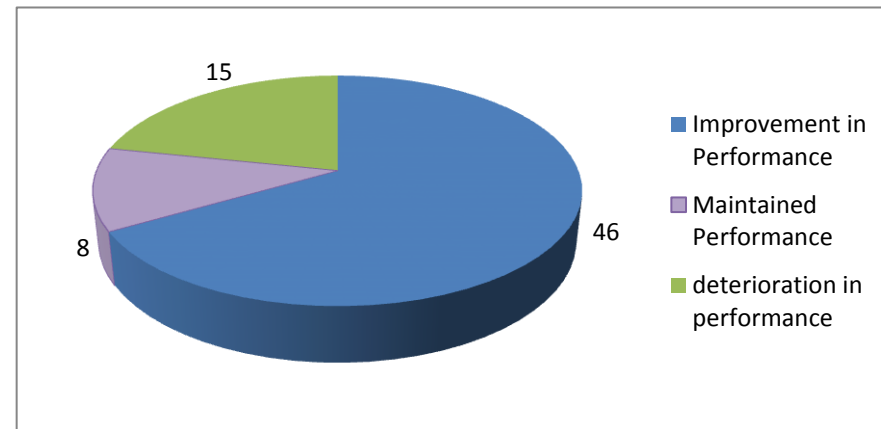
Performance management

- 107. Prior to the start of each financial year, the council approves directorate improvement plans which are reported at the end of the year as part of the departmental reports.
- 108. The directorate improvement plans include 141 targets as well as 89 performance indicators, which include indicators developed as internal Key Performance Indicators and Statutory Performance Indicators. The council uses the 'Covalent' performance management system to track these performance measures. We were satisfied that appropriate arrangements were in place within Angus Council for 2014/15.

Overview of performance targets in 2014/15

- 109. In 2014/15, of the 141 targets in the departmental annual reports, 72 were completed, 64 are on target and 3 have been cancelled as they are no longer relevant. The remaining 2 targets are overdue.
- 110. There are 89 performance indicators included in the improvement plans. The Local Government Benchmarking Framework (LGBF) indicators are incorporated within these, however the 2014/15 figures in respect of the 20 indicators which require cost information will not be available until January 2016. The remaining 69 indicators have been summarised in Exhibit 10.

Exhibit 10: Council's performance indicators (69 indicators)



Source: Angus Council departmental reports

Statutory performance indicators (SPIs)

111. The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report but expects councils to provide citizens with fair, balanced and engaging performance information reporting.
112. For 2013/14 three (SPIs) were prescribed:
- SPI 1: covering a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
 - SPI 2: covering a range of information relating to service performance
 - SPI 3: relating to the reporting of performance information as required by the Local Government Benchmarking Framework.
113. An evaluation of all Scottish councils' approaches to public performance reporting was carried out by Audit Scotland's Performance Audit and Best Value group during 2014/15 and reported to the Accounts Commission in July 2015. An individual assessment for Angus Council was issued to the Leader and Chief Executive in July 2015 and this confirmed that the council met all of the criteria. Angus continues to be one of the few councils which complies with all the requirements in respect of public performance reporting.

National performance audit reports

114. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2014/15, a number of reports were issued which are of direct interest to the council and the majority were considered by the council. These are outlined in **appendix III**.

Equalities

115. The Equality Act 2010 introduced a new public sector 'general duty' which encourages equality to be mainstreamed into public bodies' core work. The Policy and Resources Committee approved the council's Equalities Mainstreaming Report 2015 on 28 April 2015.

Outlook

116. In common with other councils, Angus Council faces the key challenges of reducing budgets, an ageing population with higher levels of need and the public expectation of high quality services. As choices on how to address funding gaps become increasingly difficult, councils will have to focus on making the very best use of all available resources and to challenge existing ways of doing things. A strong and effective performance management framework will be critical to the success of the council in achieving its key priorities and delivering best value.

Appendix I – Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

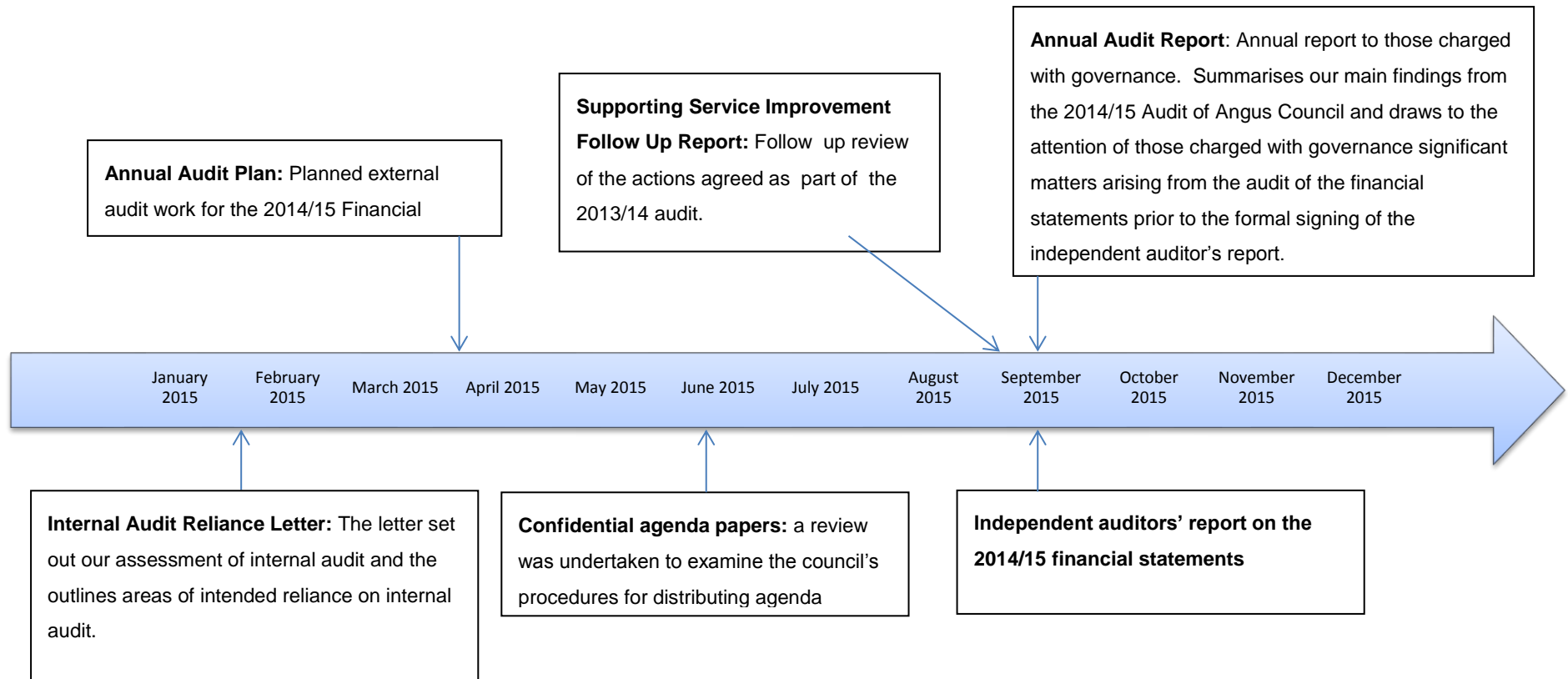
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Local Authority Accounts (Scotland) Regulations 2014 (2014 regulations)</p> <p>The 2014 regulations introduce a number of key changes with regard to the processes for approval and publication of both the unaudited and audited annual accounts.</p> <p>There is a risk that the new requirements are not met.</p>	<ul style="list-style-type: none"> • Annual Accounts timetable prepared showing all key dates for the council and the audit team • Early planning meetings held with Head of Corporate Improvement and Finance, thereafter meetings were held with his staff to agree an approach to ensure audited accounts meet the timetable for the Scrutiny and Audit Committee. 	<p>Early meetings were held with the finance team to agree a timetable. The timetable has largely been met throughout the process. In addition, unaudited accounts were prepared and considered by the Scrutiny and Audit Committee in accordance with the 2014 regulations.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Income</p> <p>Angus Council receives a significant amount of income in addition to Scottish Government funding.</p> <p>The extent and complexity of income means there is an inherent risk of fraud in accordance with ISA240.</p>	<ul style="list-style-type: none"> We will evaluate the effectiveness of systems of internal control for income recognition and recording including the analytical review of income streams and testing of controls Detailed substantive testing of revenue transactions. 	<ul style="list-style-type: none"> Key Controls – Testing of the key controls in place did not highlight any significant weaknesses in financial controls systems Income Transactions – 3 grants including the Revenue Support Grant were verified with supporting evidence. In addition, 30 items of other income were substantively tested. In all cases, no issues were identified Year end income – Cut off testing of 9 income items received at the year end found that all were allocated to the correct financial year. <p>No fraud concerns identified in respect of income.</p>
<p>Management override of controls</p> <p>As stated in ISA240, management in all entities is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> We will evaluate any significant transactions that are outside the normal course of business We will test journal entries and review accounting estimates for bias. 	<ul style="list-style-type: none"> Journals – a sample of 42 journal entries were tested as part of debtors (12) and creditors (30) testing Estimates – based on testing of debtors, creditors and provisions/contingencies, we found no evidence of bias in accounting estimates Significant transactions – based on our work on the annual accounts, we did not find any evidence of transactions out with the scope of the council. <p>Overall, we found no evidence to suggest that management were overriding controls.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>New group accounts standards</p> <p>The 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom has adopted new group accounts standards. The new standards mean that decisions made under previous standards regarding the classification of entities will need to be reviewed to confirm they remain appropriate. There is a risk that the council’s group accounts do not comply with the new accounting standards.</p>	<ul style="list-style-type: none"> Review of the financial statements to ensure all appropriate entities have been included and are correctly classified Early review to identify and confirm the impact on group accounts. 	<ul style="list-style-type: none"> The matter was picked up as part of the audit of the financial statements. Discussions during the audit of the financial statements identified that a review had not been carried out to consider the requirements of the new standards and consequently Tayside Contracts was not correctly accounted for within the group accounts. Following discussion as part of the audit process, amendments were agreed and included in the revised accounts.
<p>Revaluation and componentisation of council house stock</p> <p>Council house stock will be revalued in 2014/15 with a beacon approach applied. There is a risk that the revised valuation will not meet accounting requirements.</p>	<ul style="list-style-type: none"> Review of valuation approach and test checks of amounts to valuation certificates The valuer falls within the category of an expert and therefore we will place reliance on the work of the valuer in accordance with auditing standards. 	<ul style="list-style-type: none"> The revaluation was undertaken by an external valuer adding approximately £30m to the value of the estate. In line with auditing standards, we placed reliance on the work of the valuer. We reviewed the valuation documentation and methodology for identifying and valuing beacons. A couple of errors totalling £0.576m were identified and amended in the revised financial statements. (Refer page 10, item 1) Otherwise, we were satisfied that a reasonable approach had been adopted.

Audit Risk	Assurance procedure	Results and conclusions
<p>Holiday pay</p> <p>A recent legal ruling reached the opinion that the calculation of holiday pay could be based on variable payments in addition to basic pay and that employees and former employees may be able to make retrospective claims.</p> <p>There is a risk that provisions included in the financial statements do not meet the criteria set out in accounting standards.</p>	<ul style="list-style-type: none"> Consider the robustness of the action to date and adequacy of any provision included in the financial statements. 	<ul style="list-style-type: none"> The part of 2014/15 to which backdated holiday pay could be applied was January to March 2015. An amount of £45k was identified by the council as due for payment and was subsequently paid to staff in June 2015 We reviewed the calculation and considered it to be accurate.
<p>Highway assets</p> <p>The 2016/17 Code requires highways to be measured for the first time on a depreciated replacement cost basis from 1 April 2016. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets.</p> <p>There is a risk that the new valuations will not be available when required.</p>	<ul style="list-style-type: none"> Monitor the council's progress in planning ahead to allow full compliance with the Code. 	<ul style="list-style-type: none"> The council has a record of the assets involved and is awaiting further guidance on the next steps.

Appendix II – Summary of local audit reports 2014/15



Appendix III – Summary of national reports 2014/15

Community planning: Turning ambition into action – Many Community Planning Partnerships are still not clear about what they are expected to achieve. Local data should be used to help set relevant, targeted priorities for improvement that will address inequalities within specific communities.

Borrowing and treasury management in councils - Councils are meeting professional requirements but need to do more to set out the longer term implications of borrowing and other debt on their finances.

Update on developing financial reporting - Following the Smith Commission, the framework for Scotland's public finances is undergoing fundamental change. The Scottish Parliament will have enhanced financial powers from April 2015. The report emphasises the importance of comprehensive, transparent and reliable financial reporting for accountability and decision-making. The report also notes that while the audited accounts of public bodies across Scotland provide a sound base for financial reporting and scrutiny, there is no single complete picture of the devolved public sector's finances.



Scotland's public finances - a follow up: Progress in meeting the challenges – Leaders and managers must produce balanced budgets and hold people in their organisations to account for how the money is used and what is achieved. Councillors have an important role in ensuring that approved budgets are used to best effect. To do this they need good-quality and timely financial information. They need to take a longer-term view on: options available for services; services standards and affordability; and, the sustainability of financial plans.

An overview of local government in Scotland – A high level, independent view on the progress councils are making in managing their finances and achieving Best Value.

Appendix IV – Action plan

No/ Para no	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
1/23 (item 3)	<p>Transfer of Staff</p> <p>The actuary was not advised of the transfer of staff to Tayside Contracts during the year so the relevant information was not reflected in the IAS 19 pension calculations.</p> <p><i>Risk: With the set up of Angus Alive in 2015/16, there is a more significant transfer taking place and a risk that a similar misstatement would result in a material error in the accounts.</i></p> <p>Recommendation: the finance, legal, and HR implications of staff transfers should be fully evidenced including any accounting implications</p>	<p>The actuarial report is based upon membership information provided by the Tayside-wide pensions administration team within Dundee City Council. Staffing changes will be notified to Dundee City as soon as possible following transfer by the Angus Council's HR, IT & OD Division. Clarification will be sought prior to provision of the actuarial report that these transfers will be taken account of.</p>	<p>Service Manager (Finance Services)</p>	<p>1 March 2016</p>

No/ Para no	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
2/58 - 61	<p>Workforce strategy</p> <p>The council has approved budget saving proposals involving significant staff reduction. A workforce strategy has recently been implemented but workforce plans are still being developed.</p> <p>Risk: the council fails to set out plans for workforce reduction making it unclear what resources are required to deliver against corporate and improvement plans.</p> <p>Recommendation: effective workforce and financial planning is required to ensure the scale of change can be achieved.</p>	<p>The council's Workforce Strategy (Report 336/15) highlights that the first step towards preparation of Directorate Workforce Plans is the implementation of a workforce planning toolkit. Consequently a timescale is provided for provision of the toolkit only at present.</p>	Head of HR, IT & OD	31 March 2016
3/87-88	<p>Tayside Contracts – Minute of Agreement</p> <p>The revised Minute of Agreement between the three council is not yet concluded</p> <p>Risk: The minute of agreement fails to reflect the operating arrangements with Tayside contracts</p> <p>Recommendation: this matter has been outstanding for some time and should be concluded as a priority.</p>	<p>Angus Council has formally approved the changes required to the Minute of Agreement. Conclusion of this matter is being held up by one of the other parties to the Agreement. The council will continue to work towards resolving this delay albeit it has no direct control over this.</p>	Head of Legal & Democratic Services	31 March 2016