



# Understanding and managing costs in council services

**APSE – 18 February 2010**



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- 3 principles of public audit:
  - Independence
  - Wider scope – finance, governance and performance
  - Report in public
  
- Audit Scotland's role
  
- Approach to local government audit
  
- 'Holding to account, helping to improve'

# Why understanding and managing costs?

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- Previous audits highlighted limited information on costs
- Service managers and elected members need information on costs
- Cost information supports performance management and scrutiny
- Costs as an entry point for further analysis and identifying efficiencies

# Key Questions

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- Understanding cost information
- Using cost information
- Managing cost information
- Good practice
- Next steps



# Best Value 2

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18 February 2010



# What is the Best Value Audit?

- Local Government in Scotland Act 2003: statutory duty of 'continuous improvement'
- 3 'Es' & equalities & sustainability
- Governance, accountability and performance
- Improvement plan
- Accounts Commission's findings

# Where are we now?

- All 32 councils now audited through BV1
- Review of BV1, including formal consultation – April to June 2009
- Ongoing development work and pathfinder audits

# BV2 principles

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- Proportionate and risk based
- Transparent audit process
- Clear audit reports
- Focus on outcomes as well as process
- Partnership working
- Service performance and use of resources
- Improvement and good practice

# Principles tested in practice

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- Self evaluation
- Proportionate audit
- BV toolkits

# Principles tested in practice

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- Two new 'graded' judgements:
  - pace and direction of travel
  - capacity for improvement
  
- Shared risk assessment:
  - round tables
  - assurance and improvement plans

- Assessment matrix
- Key issues ('key lines of enquiry')
- Clearer judgements:
  - “Basic”, “better”, “advanced”
- Balance between:
  - culture
  - process
  - impact

# The two new BV2 judgments

	Performance dimension	
	Direction and pace of change	Capacity for future improvement
Proposed assessment judgement language	Improving strongly	Strongly placed
	Improving well	Well placed
	Improving adequately	Fair prospects
	Not improving adequately	Poorly placed

# Next steps

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- “Pathfinder” audits – from June 2009:
  - Angus, Dundee, East Ayrshire, Highland, Scottish Borders
- Pathfinders reporting March to April 2010
- Full BV2 audit from spring 2010

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