

**ACCOUNTS COMMISSION**

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**ANNUAL REPORT 1998**





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The Accounts Commission for Scotland is a statutory, independent body which, through the audit process, assists local authorities and the health service in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has five main responsibilities:

- securing the external audit
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- reviewing the management arrangements which audited bodies have in place to achieve value for money
- carrying out national value for money studies to improve economy, efficiency and effectiveness in local government and the NHS
- issuing an annual direction to local authorities which sets out the range of performance information which they are required to publish.

The Commission secures the audit of 32 councils, 34 joint boards (including police and fire services), 15 health boards, 46 NHS trusts and six other NHS bodies. In total, these organisations spend public funds worth around £12 billion a year.

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## CHAIRMAN'S STATEMENT

IAN PERCY

The accounts of all local authorities have now been received up to and including the year to 31 March 1998. I congratulate authorities for having completed the difficult task of preparing the final year's accounts of the former local authorities and their own accounts for their first two financial years. This has been achieved despite severely stretched resources. I also commend NHS bodies for another year of generally sound stewardship and timely financial reporting.

It is now possible to learn the lessons of the reorganisation of local government. Among those lessons is the need to ensure that the right people are in the right place at the right time. This lesson is important for the changes ahead in the reorganisation of the health service and the arrival of the Scottish Parliament.

Under the Scottish Parliament it will be critical to improve the quality of services for citizens, at the same time as managing on limited financial resources. A key challenge for the professional accountancy bodies will be to ensure that their training and education are focused to provide professionals in the public sector with the ability to move the public sector forward in the public interest. A key challenge to managers, when spending public money, is always to ask the question, does it add value or does it only add cost?

### Performance

This has been a very active year in which the unique Scottish public audit model has been tested and found fit for its purpose. A number of statutory reports from the Controller of Audit have been independently considered and dealt with by the Commission. These included: payments of £7.7 million by East Lothian District Council deemed by the Commission to be contrary to law; a general report into the financial performance of Direct Labour Organisations in councils as well as specific reports on DLOs in North Lanarkshire and East Ayrshire councils; the deficit left by Strathclyde Regional Council at reorganisation; issues arising from reorganisation of local government in 1995/96; and remuneration and governance issues in Tayside Health Board.

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Only in the case of East Lothian District Council was it necessary to hold a public hearing. In all other cases responses by audited bodies were sufficient to allow the Commission to make its findings and recommendations. I believe the Commission dealt with these reports in a way which was both “firm and fair”.

Later in this report we outline the performance of the Commission, which shows continuing improvement. There is also a summary of key messages and suggestions arising from value for money reports. The public depend on the Commission:

- for assurance that there is sound stewardship of public funds in local government and the NHS
- to discover and report on instances where that stewardship is lacking. It is always a matter of regret when such failings occur, but it is important to recognise and understand them and to learn lessons for the future. The Commission’s local reporting regime is a key element in the local accountability of spending bodies.

### New challenges

The future holds out the challenge of change for all of us in the Scottish public sector.

- **Change in the NHS.** The reconfiguration of NHS trusts in Scotland takes effect in April 1999, helping to take forward the Government’s agenda set out in the White Paper *Designed to Care*. There are, of course, risks associated with change and the Commission is working with the service to minimise them and allow the new trusts a positive beginning.
- **Change in local government.** The development of Best Value, the prospect of democratic renewal and the introduction of a community planning role for councils all mean major change in how local authorities will transact their business. The Commission intends to play its part in these developments.

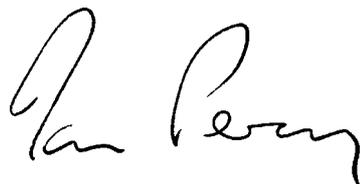
- **Scottish Parliament.** The Commission audits £12 billion of Scottish public expenditure. The budget of the Scottish Parliament will be in the region of £15 billion. We look forward to the opportunity to work with the Auditor General for Scotland later this year to create a new body, Audit Scotland, to provide public sector auditing services under the Scottish Parliament.

Our continuing vision as a Commission over the next few years will be to promote the use of limited financial resources to greater value, and to meet citizens' needs for quality public services and quality information.

### Thank you for the support

The achievements recorded in this Annual Report would have been difficult if not impossible without the support of:

- members and officers of Scottish local authorities and NHS bodies, The Scottish Office Development Department, the Management Executive of the NHS in Scotland and COSLA.
- the staff of the Commission and the firms appointed as auditors. I would like to say a particular word of thanks to the Commission's audit teams and appointed auditors for their efforts in dealing with the backlog of local authority business arising from the late production of accounts, all in the context of achieving the normal tight timetable for the NHS audit.
- members of the Commission. Malcolm McIver, the Deputy Chairman, retired from the Commission after ten years' service. His experience and constructive questioning skills will be missed. I am pleased that his service has been recognised through the award of the OBE in the New Year's Honours. I warmly welcome the appointment of Bruce Merchant as Deputy Chairman in his place.



PROFESSOR IAN PERCY  
CHAIRMAN

# ACCOUNTS COMMISSION MEMBERS AND OFFICERS

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## Chairman - Professor Ian Percy CBE CA

Deputy Chairman of Scottish Provident Institution, and Chairman MacDonald Orr Limited. Non-executive Director of The Weir Group plc, Deutsche Bank (Scotland) Limited, William Wilson Holdings Limited, Kiln plc, and member of the Steering Board of Companies House and formerly Senior Partner of Grant Thornton. Professor Percy is also Deputy Chairman of the Auditing Practices Board, a member of the International Auditing Practices Committee and a past President of the Institute of Chartered Accountants of Scotland.

## Deputy Chairman - Bruce A Merchant OBE LLB

Senior partner in South Forrest, Solicitors, Inverness. Formerly Vice-Chairman of Highland Health Board.

## Marcia Campbell MA MBA

General Manager with the Standard Life Assurance Company, Trustee of Waverley Care Trust.

## Wendy Goldstraw BSc MIPD DBA

General Manager (Scotland & Northern Ireland) Post Office Counters Ltd.

## Frank Kirwan BA MA

Director of Privilege Insurance and Privilege Insurance Holdings Ltd; Chairman Crystal Media Group; Visiting Professor at the University of Strathclyde; formerly Director of UK Retail Banking, The Royal Bank of Scotland plc.

## Brian W C McGhee MA CA AMSI

Chairman Magnum Power plc. Director City Site Estates plc, Thorburn Colquhoun Holdings plc, Supply Chain Logistics plc and various private companies. Former partner of Arthur Andersen and Chairman of the Audit Practices Committee of the Institute of Chartered Accountants of Scotland. Board member of Festival City Theatres Trust and the Securities Institute.

## Elizabeth K McLean OBE BA RGN SCM HV(cert)

Formerly Chief Area Nursing Officer with Lothian Health.

## Donald McNeill OBE FHSM

Formerly Chief Executive of South Ayrshire Hospitals NHS Trust. Secretary Scottish Council of Institute of Health Services Management. Director of Heartstart Ayrshire.

## Robert M Maiden FCIBS FIMgt FRSA

Formerly Managing Director of Royal Bank of Scotland, Chairman of Lothian and Edinburgh Enterprise Ltd and Vice-Chairman of CC-Bank AG (Germany). Member of the Court of Napier University and of the Adjudication Panel of Investors in People, Scotland.

## Rosalyn Marshall BSc FCCA

Vice-Principal (Strategic Planning and Development) of Queen Margaret College, Edinburgh.

## Geoffrey T Millar MB FRCS Ed FRC Ophth D Obst RCOG

Consultant Ophthalmologist at the Royal Infirmary and Western General Hospitals, Edinburgh and St John's Hospital, Livingston.

## John G Mullin

Public Affairs Consultant. Chairman designate of Renfrewshire and Inverclyde Primary Care NHS Trust. Non-executive Director of Argyll & Clyde Health Board. Non-executive Chairman of National Jazz Institute and non-executive Chairman of the Strathclyde Youth Jazz Orchestra. Formerly member and Finance Chairman of Strathclyde Regional Council.

## Ian Stewart OBE CPFA

Former Director of Finance and Depute Chief Executive, Dumfries and Galloway Regional Council. Former Chairman of LASAAC and CIPFA Scottish Branch. Current member of Scottish Water and Sewerage Customers Council and Treasurer to the Episcopal Diocese of Glasgow and Galloway.

## Margaret C Thomson BL

Formerly District Administrator of Renfrew District Council.

## Members who retired

### Malcolm McIver OBE MA LLB FRSAMD

Retired September 1998

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## Officers

Controller of Audit - Robert W Black

Secretary to the Commission - Bill Magee

Director of Audit Strategy - Harris Wells

Director of Audit Services - Bill Hay

Director of Local Government Studies - Steve Evans

Director of Health & Social Work Studies - Caroline Gardner

Head of Management Studies - Alan Neilson

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## Chief auditors

East Kilbride - Graham Potter

Edinburgh - Peter Tait

Glasgow - Robert McFarlane

Glenrothes - David Deas

Inverness - Peter Johnston



## CONTROLLER OF AUDIT'S INTRODUCTION

ROBERT W BLACK

The following chapters give an account of financial stewardship and performance in local government, in the NHS in Scotland, and in the Accounts Commission itself.

The first chapter looks at performance issues in local government. Prolonged delays in the completion of the accounts have in turn delayed the preparation of auditors' reports. There has been a knock-on effect on the completion of accounts and audits of the new councils for the years 1996/97 and 1997/98.

Although these delays are undesirable, good progress is being made in clearing the backlog of work in local government. New councils have readily acknowledged the importance of presenting accounts more quickly and auditors have performed well in tackling the very demanding workloads over the past year. I hope to be able to report on the audits of both the 1996/97 and 1997/98 financial years by the spring of 1999.

Financial management and stewardship in the NHS in Scotland continue to be of a high standard, with the 1997/98 accounts submitted on time and no qualifications on the accounts of any of the 67 NHS bodies.

The Government has made it clear that it expects all public services to deliver best value. Best Value has perhaps been developed furthest in local government where a performance regime that covers all council services has replaced Compulsory Competitive Tendering. The Commission is supporting Best Value through the audit process.

A feature of the last year has been the development of joint working with inspectorates. Working with Her Majesty's Inspectorate of Constabulary, we have produced a report on financial management arrangements in Scottish police forces. We have also published a report jointly with Her Majesty's Inspectors of Schools on administrative support arrangements in schools.

An important initiative was the establishment of the Public Audit Forum under the chairmanship of the Comptroller and Auditor General. Other members of the Forum are the Auditor General for Northern Ireland and the Controllers of Audit for England and Wales and for Scotland. Our aim is to promote the highest standards of public audit in the United Kingdom and to ensure effective co-ordination between our respective organisations.

The Public Audit Forum is supported and advised by a Consultative Forum representing a range of experts and stakeholders. The Forum has recently produced a statement, the *Principles of Public Audit*.

The forthcoming appointment of an Auditor General for Scotland will have profound implications for the Accounts Commission and its staff, who are likely to form the larger part of a new auditing organisation which will serve both the Auditor General and the Commission.

### Three fundamental principles underpin public audit

- 1 The independence of public sector auditors from the organisations being audited.
- 2 The wide scope of public audit, that is: covering the audit of financial statements, regularity (or legality), propriety (or probity) and value for money.
- 3 The ability of public auditors to make the results of their audits available to the public and to democratically elected representatives.

Source: *Principles of Public Audit*

Some adjustments to the allocations of audits to appointed auditors will be required in the spring of this year, to accommodate the reduction in the number of NHS trusts from 46 to 28. We will also be consulting on possible changes to the Commission's funding regime which would simplify the system.

By far the most important event of the last year was the passing of the Scotland Act. I have had the privilege of being a member of an expert group advising on the financial arrangements for the Scottish Parliament. The forthcoming appointment of an Auditor General for Scotland will have profound implications for the Accounts Commission and its staff, who are likely to form the larger part of a new auditing organisation which will serve both the Auditor General and the Commission. Our staff are entering an uncertain period, but I am very encouraged by their commitment, enthusiasm and support for this important and exciting venture.

In the penultimate chapter of this Annual Report, there is an account of our own financial stewardship and performance. I believe that this demonstrates our commitment to improving our performance with each succeeding year.

Finally, I would like to record my personal thanks to our appointed auditors and our staff for their outstanding efforts during an exceptionally busy and demanding year.



ROBERT W BLACK  
CONTROLLER OF AUDIT

## REPORTS AND OTHER PUBLICATIONS

**11 NATIONAL REPORTS 4 BULLETINS 4 MANAGEMENT PAPERS 12 PAMPHLETS ON COUNCIL PERFORMANCE INFORMATION 2 NATIONAL COMPENDIUMS OF PERFORMANCE INFORMATION 2 DIRECTIONS ON PERFORMANCE INFORMATION 11 AUDIT GUIDES**

<b>Value improvements identified in reports published since November 1997</b>	
<b><i>Bye now, pay later? The management of early retirement in local government</i></b>	Recommended that councils tighten their procedures and identify the full cost of early retirements before considering their approval. These costs amounted to £190 million in the reorganisation of local government.
<b><i>Council tax collection</i></b>	If each council were to achieve the collection levels of the better-performing councils in similar circumstances to its own, an additional £43 million council tax would be collected in the year it is due.
<b><i>Credit to the force: Funding and financial delegation in the police service</i></b>	The report identified that the proportion of the total police budget that has been devolved to operational commanders varies from 28% to 5%. Some forces have considerable scope to devolve more of their budget to operational commanders. The Government should also consider changes to the national framework for funding the police service. Taken together, these changes would help the police service achieve the Government's target of 5% efficiency savings.
<b><i>Emergency repairs to council houses</i></b>	Some councils could save around 15% of their emergency repairs bill by, for example, ensuring that less urgent repairs are not treated as emergencies and introducing fixed prices for each type of repair rather than paying contractors at an hourly rate. In total, councils spent £33 million in 1996/97 on emergency repairs to council houses. Savings of up to £1.3 million across Scotland may be possible if councils reduce the levels of over-categorisation, and other savings may be made from using fixed prices for each type of repair.
<b><i>Time for teaching: Improving administration in schools</i></b>	Teaching staff estimate that they spend between 15% and 50% of their contracted working hours per year on a range of administrative tasks. Teachers feel that significant proportions - sometimes between a quarter and a third - of the time they spend on administration could be done by support staff. Together with streamlining and greater use of IT, this would release time for activities more directly related to teaching, such as preparing lessons and marking homework. Time released for teaching could equate to around 1,500 teachers across Scotland.
<b><i>Better by the day update: Day surgery in Scotland</i></b>	This updated the findings of our report published early in 1997. Day surgery has continued to increase, but there is still scope for more patients to be treated in this way. Overall we estimate that, for the 18 procedures in our sample, another 18,000 patients could be treated without an overnight stay. This offers the potential to reduce waiting lists further and to free beds for patients who do need to be admitted to hospital for their care.
<b><i>The bitterest pill: decision making for new drugs</i></b>	Recommended the setting up of a Scotland-wide policy group to evaluate high cost, low volume drugs and make recommendations to health boards about their clinical and cost effectiveness. This would ensure that NHS funds are used to fund drugs which have been proven to be clinically effective.
<b><i>The commissioning maze: commissioning community care</i></b>	Recommendations to improve councils' planning and management of £750 million worth of community care services. They need to invest in information systems and develop strategies to improve their planning and management of services and offer more choice and flexibility to people who need services.
<b><i>Doing the rounds: The use of locum doctors in Scotland's hospitals</i></b>	This report found that expenditure on locum doctors almost doubled between 1994/95 and 1996/97, to around £17 million. There is scope for trusts to reduce the cost of locums, and improve the quality of care provided to patients, by improving their medical staffing arrangements. We estimate that trusts in Scotland could generate cash savings of around £1 million a year by putting their contracts with locum agencies out to tender, and by reducing the use of locum cover for planned absence.
<b><i>Fighting the silent killer: Optimising ovarian cancer management in Scotland</i></b>	This report reviewed the implementation of a clinical guideline on the management of ovarian cancer, and found that although trusts and boards are addressing the recommendations set out in the guideline, there is scope for further improvement, particularly in multi-disciplinary working, and the use of clinical trials and clinical audit to ensure that treatment is delivered as planned.
<b><i>Managing hospital admissions &amp; discharges</i></b>	The need to manage hospital beds and other resources effectively has never been more important. All trusts have taken steps to improve their management of admissions and discharges, but we identified room for further improvement in the management of elective admissions; the development of contingency plans to deal with particularly busy periods; the organisation of services to streamline the delivery of care; and the planning and monitoring of discharge for patients who are ready to leave hospital.

## THE PERFORMANCE OF LOCAL GOVERNMENT

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A tighter statutory deadline of 30 June was introduced for the submission of accounts for audit. Councils did well in response to this change, with 23 out of 32 councils meeting the statutory date. The backlog of audits for 1996/97 and 1997/98 has almost been removed.



“There will never again be a reorganisation of local government as challenging as that which took place in 1995/96 ... I would suggest that the main lessons from the experience of 1995/96 are that greater attention should be paid to forward planning, to projecting the costs accurately, to maintaining proper financial stewardship and control during the period of transition, and to ensuring that adequate resources are allocated to facilitate the early completion of the accounts and the audits.”

*The Controller of Audit in the Overview report on the 1995/96 audits of the former local authorities.*

### 1995/96 audits

In December 1998 the Controller of Audit reported on how the former regional and district councils managed their financial affairs in their final year (1995/96). With the reduction in the number of mainland councils from 62 to 29, significant job losses were inevitable. Further job cuts were required because of the tight financial constraints upon new councils. The Scottish Office made no explicit provision for redundancy costs incurred by the outgoing councils in 1995/96. Most of the financial provision of £43 million was in respect of 1996/97. However, COSLA estimated that councils incurred redundancy costs of some £63 million in 1995/96 and £68 million over the period of reorganisation. The outgoing councils ended with an overall net deficit of £78 million.

During 1995/96, many senior staff transferred to new councils or took early retirement. The loss of their expertise contributed to the problems which outgoing councils experienced in maintaining financial controls right up to the last day. Auditors had difficulty, in some cases, in obtaining documents and explanations for audit purposes. The localised failure to maintain adequate records was a serious shortcoming of the reorganisation process.

There was a separate report, also in December, on the background and causes of the deficit of £78.5 million incurred by Strathclyde Regional Council in its final year. A significant factor was the cost of almost 1,000 redundancies for which there had been no budget provision. There were also budget overspends on property costs and supplies and services, and a number of other factors contributing to the deficit.

Despite the problems faced by the outgoing councils, the number of qualifications of the accounts fell from 18 in 1994/95 to 12 in 1995/96. Conversely, failures to comply with statutory requirements increased from 44 to 104, mainly because DLOs or DSOs failed to achieve their prescribed financial targets.

### 1996/97 and 1997/98 audits

Completion and reporting of 1996/97 audits and 1997/98 audits suffered knock-on delays from the problems with the 1995/96 audits. We hope to report on the 1996/97 year by the spring of this year and on the 1997/98 year soon thereafter.

### Performance of DLOs and DSOs

There was a crisis of public confidence in the Direct Labour Organisations (DLOs) and Direct Service Organisations (DSOs) run by councils, resulting from a number of substantial financial deficits in 1997/98. We therefore organised a special investigation of some 270 DLOs and DSOs.

This investigation extended well beyond the financial accounts. It covered management arrangements, business planning and controls, the roles of the chief executive and director of finance, monitoring and reporting arrangements, as well as financial controls and financial performance. The investigation was based on a comprehensive questionnaire which many councils, assisted by their auditors, adopted as a diagnostic tool for assessing their own risk areas and weaknesses. The Controller of Audit made a statutory report to the Commission in September which provided an independent assessment of the management and performance of DLOs and DSOs.

**“Good communication is the lifeblood of any organisation. A striking feature of the problem in North Lanarkshire Council was the repeated failure to communicate effectively.”**

The Controller of Audit in the *Statutory Report on North Lanarkshire council building and roads DLO deficit*.

#### **DLOs and DSOs - principles to be adhered to by all councils**

- 1 Councils must be clear about the roles and responsibilities of chief executives, heads of finance and DLO/DSO managers.
- 2 Councils should have a clear statement of their strategic objectives for service delivery.
- 3 DLOs and DSOs should have business plans which explain how they can be run profitably.
- 4 The roles of committees on both the client and contractor side need to be clearly understood.
- 5 Councils should ensure that information systems in DLOs and DSOs are fit for their purpose in relation to monitoring expenditure.
- 6 Councils should consider whether co-operation with each other to create larger DLOs or DSOs would improve economy and efficiency.

Source: *Principles of Public Audit*

The Minister for Local Government organised a seminar with council leaders to consider the issues raised in the report. The audit process will be used to monitor whether councils strengthen their overall management arrangements in areas of identified weakness.

There were also separate statutory reports on the DLOs in North Lanarkshire and East Ayrshire, which had the largest deficits. After considering these reports, the Commission published its findings.

#### **Year 2000 and computer systems**

There are indications that councils need to give greater priority to addressing the problems that the year 2000 could cause for computers and other equipment containing microchips. This is a fundamental requirement upon councils and their managers. Auditors are, however, reviewing the overall approach being taken by councils.

#### **Objections and complaints**

During the year, eight statutory objections to local authority accounts were received, compared with three last year. The number

of issues drawn to the attention of the Controller's office outwith the statutory objection process increased from 25 to 61. We welcome growing public interest and ensure that all relevant complaints are followed up. However, some of the issues did not relate to financial matters. Whenever possible, we refer non-financial complaints to an appropriate body for further consideration.

The complaints and objections received in 1998 covered a wide variety of issues including allegations that councils had not received the best price from land sold, or that they had failed to comply with proper accounting practice in preparing their accounts. A recurring concern was about councils transferring public funds to arm's length bodies such as companies or trusts which had been set up to carry out some council-related function (eg economic development). These matters were considered by the auditors with reference to the Accounts Commission/ COSLA *Code of guidance on funding external bodies and following the public pound*, which states that councils must have arrangements to ensure proper accountability for public funds.

The performance information for 1997/98 shows that, generally, small improvements have been made in some functions but there has been no marked reduction in the gap between good and poor performers.

### Frauds and irregularities

There were 161 frauds and irregularities, amounting to £458,000, detected by authorities in the year to 31 March 1998 (excluding housing benefit and council tax benefit frauds). In 81 of these cases (£334,000) the defaulters were council employees. Two separate cases were reported where former employees continued to be paid and accept salaries after the date of termination of their employment. In each case the amount involved was about £25,000.

#### Detected frauds and irregularities (excluding housing benefit and council tax)

	1998	1997	1996
Number of frauds/irregularities	161	150	98
Total value of frauds/irregularities	£458,000	£979,000	£441,000
Revenue expenditure of local authorities	£7.7bn	£7.5bn	£7.5bn
Defaulters who were council employees	81	83	56

#### Housing benefit/council tax benefit fraud detected

	1998	1997
Number of frauds	13,867	10,786
Value of overpayments	£4.191m	£2.845m
Estimated benefits paid by local authorities	£1167m	£1143m

There were almost 14,000 housing benefit/council tax benefit frauds detected in 1997/98, representing benefit payments in excess of £4 million. The corresponding figures for 1996/97 were 10,000 instances of fraud leading to overpayments of £2.8 million. The increases are most likely due to better detection by councils. Recent estimates by the Department of Social Security show that of £11.6 billion spent annually in the UK on housing benefits, about £600 million may be lost to fraud. The Commission has provided auditors with detailed guidance on the approach and resources which they should be devoting to the audit of benefits. More detailed inspections of benefit fraud arrangements are carried out by the Benefit Fraud Inspectorate (BFI). The Commission continues to work closely with appointed auditors, the DSS and the Benefit Fraud Inspectorate in reviewing benefit systems.

### Performance information

Councils publish performance information to help the public judge how well they are providing services compared with previous years and with other councils. Following wide consultation, the Accounts Commission decides what information they publish.

Councils must publish their own performance information locally. The Commission summarises all the information and publishes a comprehensive national compendium and pamphlets on key services.

Performance information for 1996/97 showed that, in their first year, Scotland's new councils by and large maintained the standards of their predecessors. Activities which some councils particularly needed to improve included:

- the inspection of residential care homes
- food hygiene inspections
- waste recycling and
- tenants' rent arrears.

The information for 1997/98 shows that councils made considerable efforts to improve the inspection of residential care homes and food hygiene inspections. However, much remains to be done in reducing the level of tenants' rent arrears and increasing the amount of household waste recycled. Generally, small improvements have been made in some functions but there has been no marked reduction in the gap between good and poor performers. There was an early warning signal that the performance of fire brigades in responding to fires in major town centres and built-up areas might be slipping.

#### Social work service - the inspection of residential homes

There has been an improvement in the inspection of residential care homes compared with 1996/97. Fifteen councils reported an increase in the average number of inspections per year. Fourteen councils had an average inspection rate which met The Scottish Office standard of two inspections a year - four councils more than in 1996/97.

## Value for money (VFM)

The Commission's role under Best Value is to support councils in improving their performance and to inform the public about the performance actually achieved.

After extensive consultation we develop a national programme of VFM studies to assist councils. A small team is assembled for each study to carry out the research and analysis. The study team is supported by an advisory group of experts in the area selected.

Studies are usually followed by auditors reviewing the performance of councils locally and tailoring the recommendations to the circumstances of each council. Councils are then expected to take action to secure any identified improvements. To support auditors, the study team produces an audit guide setting out the methodology for the local audits. Increasingly, we provide implementation checklists so that best practice from VFM studies can be adopted across authorities.

### Council tax collection

Our study found wide variations in the proportions of council tax collected within the year by local authorities. Some of the factors affecting collection levels (deprivation, population density) are beyond councils' control but the audit revealed wide variations due to differences in collection and debt recovery practices.

Indicative targets were suggested for improvement and councils were given local audit reports setting out action plans to help implement changes. If each council achieved the collection levels of the better-performing councils in similar circumstances to its own, an additional £43 million in council tax would be collected in the year it is due.

### Emergency repairs to council houses

We reported that in 1996/97, councils spent £33 million on emergency repairs to council houses. £2.5 million was due to vandalism, £2.5 million to tenant misuse or abuse, and £1.3 million to repairs treated as emergencies that were not really emergencies at all. Some councils could save around 15% of their emergency repairs bill.

### Charging for council services

Councils raise over £330 million in charges to users. We found scope in many councils to adopt an approach to charging which is more structured and coordinated. Auditors have been following up our bulletin by reviewing councils' approaches

to charges. In response to our bulletin, an increasing number of councils are developing a corporate approach to charges and concessions.

### Police financial management - joint with Her Majesty's Inspectorate of Constabulary

*Credit to the force* found there was scope in some forces for local commanders to be given more control over their budgets. Good business sense requires managers to be able to adjust their use of resources to meet local needs and be held accountable for their use of resources. The report also recommended that The Scottish Office should review the financial framework for policing.

### Administration in schools - joint with Her Majesty's Inspectors of Schools

*Time for teaching* found that a considerable amount of the administrative workload currently carried out by teachers could be done by support staff, thus releasing teachers' time for activities more directly related to teaching. There is also scope to streamline administrative work and use IT more effectively. The issues raised by the report will be followed up by auditors over the coming year.

### Some of the topics being considered for study in 1999

- DLO management information
- Community safety
- Developing an effective client role.

# MANAGEMENT ARRANGEMENTS AND BEST VALUE

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## Best value

The Commission has played a key role in the development of Best Value in Scotland. We are members of the Best Value task force and have audited councils' progress against their Best Value Implementation Plans. Through our work with partners and professional bodies, we are supporting council managers in improving performance.

## Improving corporate and service planning and budgetary control

The Commission has produced two guides to help councils assess and improve their internal management. The guidance covered how councils plan their services and manage their people. Each council has devised an action plan for improvement, agreed with their external auditor, and these have formed a major part of councils' Best Value Implementation Plans.

In our report *Planning for success*, we found a need to improve performance information across all councils. We also recommended that all councils:

- allocate responsibility at a senior corporate management level for co-ordinating and communicating the council's approaches to Management Arrangements/Best Value and continuous improvement
- ensure that there are clear links between the corporate plan and all service plans
- further develop their performance measurement systems and budgetary control processes
- develop a coherent council-wide strategy to benchmarking.

### Publications in print

*Managing people: A self assessment guide*

*Assess yourself: Using self assessment for performance improvement*

*Planning for success: A review of the audit of Management Arrangements in Scottish councils*

*Measuring up to the best: A manager's guide to benchmarking*

### What is Best Value

Best value requires councils to "take stock of their current ways of working and map out a path of change." Best value is a set of principles and elements that councils should demonstrate in their management and delivery of services.

*Best Value - Key principles and elements*

#### Principles

- accountability
- transparency
- continuous improvement
- ownership.

#### Elements

- sound governance:
  - customer/citizen focus
  - sound strategic, operational and financial management
- performance measurement and monitoring
- continuous improvement
- three-year budgeting.

Source: Scottish Office circulars LGFS (M) (97) 6 and SODD12/98 set out the framework for Best Value in Scotland.

## Supporting councils

We are producing a series of management papers giving guidance on useful techniques to help managers respond to the challenge of continuous improvement. In collaboration with COSLA, we have also produced a guidance note on conducting service reviews (a requirement within Best Value) and the use of competition to achieve value for money. We have contributed to three Quality Scotland working groups to produce good practice guides.

## Working with others

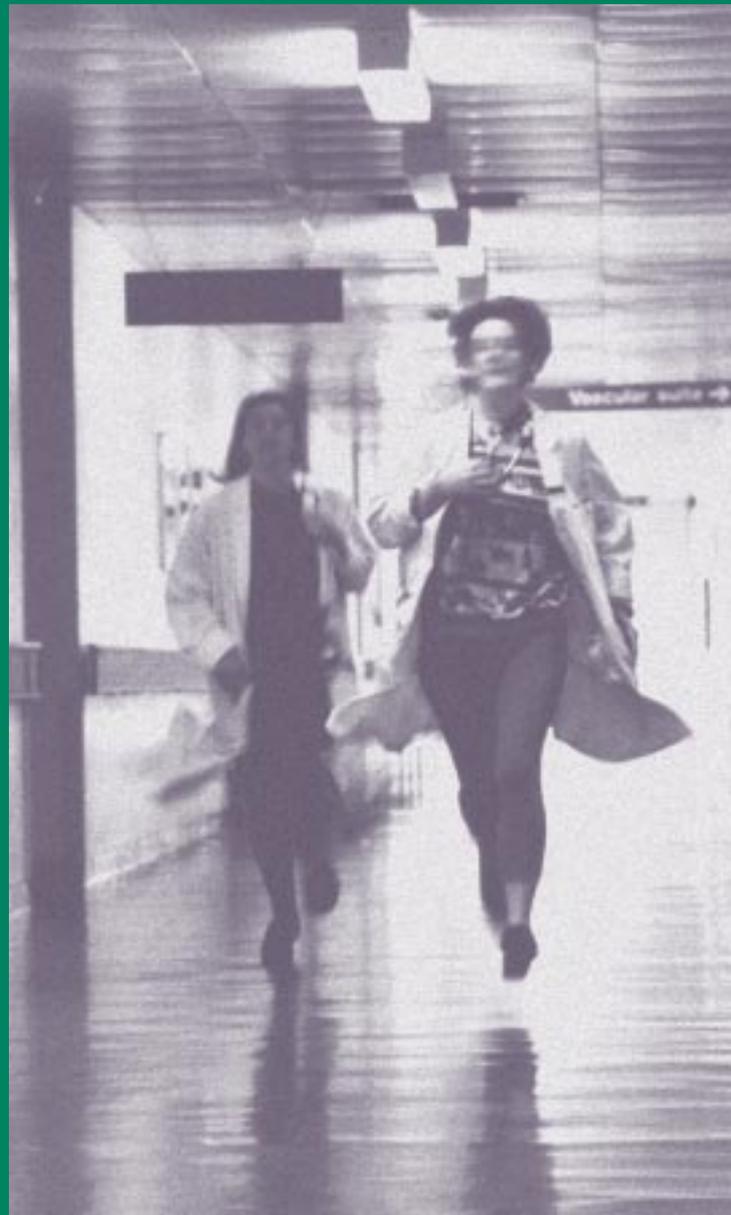
A number of professional bodies covering particular services within local government are developing Best Value for their own service and we are working with those in housing, education, IT, and social work. We have been working with Her Majesty's Inspectors of Schools piloting ways of evaluating quality assurance in education authorities. We have worked with Strathclyde Fire Brigade and the Scottish Police College to develop self assessment guides for fire and police authorities.

## THE PERFORMANCE OF NHS BODIES

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There is a high standard of financial management and stewardship in the NHS. As in previous years, accounts were presented for audit on time and there were no qualifications on the accounts of any of the 67 health bodies. The issues which have emerged should be viewed in the context of a very satisfactory position across the NHS as a whole.

The NHS in Scotland is about to undergo significant structural change. Sound financial stewardship needs to be maintained leading up to and during the reorganisation period.



## Regularity and probity

### *Completion of 1997/98 audits*

NHS trust audits should be completed by 30 June with 31 July as the final deadline. The corresponding date for health boards was 31 August. The target for trusts was generally achieved but there was a delay in completion of some health board audits because auditors were reviewing the way in which remuneration regulations had been implemented. The Controller of Audit was, however, able to report on the position across all NHS audits before the end of 1998.

### *Financial performance*

NHS trusts are required to meet three financial targets each year: to break even (taking one year with another), to achieve a rate of return on assets of 6% and to operate within an external financing limit (the 'EFL'). Health boards are required to operate within a cash limit.

Trust financial performance in 1997/98 was good, with only five of the 46 trusts failing to meet one or more of the targets. In most cases these were 'technical failures' arising from circumstances outwith the direct control of the trust. One NHS trust failed to meet any of its targets in 1997/98, mainly due to the knock on effect of financial difficulties in earlier years. As in previous years, there were cases where trusts made payments in advance of normal settlement dates to achieve the EFL target.

### *Remuneration issues*

Last year the auditors of Tayside Health Board reported that some salary payments might have been unlawful because of the way that the Board had applied certain remuneration related regulations. An investigating committee, set up by the Board, confirmed that the Board had failed to implement correctly certain salary regulations relating to senior managerial staff. The Board is taking steps to recover overpayments of about £113,000.

Auditors reviewed the position at all other health boards. While no cases identical to Tayside emerged, it was clear that a number of boards had difficulty in applying the salary regulations. The Commission recommended to the NHS Management Executive that steps be taken to ensure that regulations and supporting advice set out clearly the basis on which salaries are to be paid.

### *Year 2000 and computer systems*

Trusts and health boards are continuing to take action to address the problems that the year 2000 could cause for computerised financial and patient management systems. At some bodies, however, it is essential that greater priority is given to ensuring that action plan deadlines are met. Action is also required in some cases to develop contingency arrangements and to ensure that all centrally managed systems are year 2000 compliant. New contracts for the provision of the central computer systems used across the NHS start on 1 April 1999. Careful planning and control will be required to secure continuity of service and to ensure that the problems which the year 2000 could cause are fully resolved.

### *Trust reorganisation*

Major changes in the arrangements for health boards, trusts and GP fundholders will come into effect from 1 April 1999, when the number of trusts will decrease from 46 to 28. Experience of the recent local government reorganisation demonstrates that the loss of key staff can have a serious effect on the management of the outgoing bodies. Outgoing trusts must continue to maintain sound financial stewardship and retain access to adequate financial expertise and IT support. As well as issuing guidance to auditors we will also be providing information for NHS managers and non-executives.

## Frauds and irregularities

The most recent figures available for frauds and irregularities are for the year to 31 March 1998. During 1997/98, 65 cases of fraud totalling £200,000 were reported. In nine of these cases (accounting for £124,000), the defaulters were health service employees. The overall figures for 1997/98 can be compared with 14 cases totalling £29,000 reported in the previous year.

While there is no single explanation for the variation in number of frauds detected, the increase in value is mainly due to three relatively high value frauds reported in 1998. In two separate cases GP fundholder

practice managers misappropriated funds provided by their respective health boards. The total amount involved in these cases was £88,000. In another case, involving a trust employee, payments of about £30,000 were made to a contractor for work not done or work which had been overcharged.

### Detected frauds and irregularities

	1998	1997
Number of frauds/irregularities	65	14
Total value of frauds/irregularities	£200,000	£29,000
Revenue expenditure of NHS bodies	£4.58bn	£4.18bn

## Value for money

The Commission continues to work with the NHS to improve value for money and develop new approaches to studies. The following illustrate different approaches being taken.

### Approaches to studies

1 Three studies have been designed for follow-up by local auditors:

- bank and agency nursing
- waste management
- the management of medical equipment.

Each study was researched by a small team within the Accounts Commission, with support from NHS experts, to identify good practice and comparative information which can be used in assessing performance locally. Auditors are asked to apply it in each relevant health service body across the country, with training and support from the central team. Auditors work with local managers and clinicians to review local performance and to agree an action plan to tackle problems. Auditors will return later to confirm that the action plan has been implemented.

Short 'overviews' help auditors and local managers to decide whether the study is worth doing at an individual trust. This information can be used to plan how best to use the limited audit time available.

2 A study of residential and nursing home care has been designed for self-assessment by councils. It will enable councils to identify areas where value for money can be improved. The Accounts Commission team has developed a methodology for comparing residential and nursing homes across the council, voluntary and private sectors, with indicators of cost, quality and the dependency of residents.

3 A study of prescribing is being carried out by a specialist team within the Commission, supported by a qualified pharmacist. This team has developed the methodology and is visiting each health board in Scotland to review local performance and agree action plans.

We have been collaborating with the service on the development of performance information ... In particular, we have developed a model for reviewing clinical specialties.

## Studies planned for 1998/99

### Best value in residential and nursing home care

Councils spend more than £750 million on community care services, and of this around 55% is spent on residential or nursing home care. This study is designed to enable councils to review whether they are obtaining best value from their residential and nursing home services. We have collected a wide range of information as a starting point for comparisons of cost and quality.

A report will be published at the end of February 1999, together with a handbook for councils. This will be followed by a review of how councils commission services for older people.

### Implementation of evidence-based healthcare

The White Paper on the NHS in Scotland has placed clinical effectiveness clearly on the agenda. Two areas relating to clinical effectiveness are targeted:

- improving clinical effectiveness by ensuring that performance meets agreed standards and that these standards are driven upwards
- promoting the adoption of more effective care based on evidence.

To date in Scotland there has been no comprehensive overview of the current state of play with respect to evidence based healthcare. This project will examine the progress achieved so far by Scottish health boards and trusts in developing the processes of health services planning and provision to make them more, or more explicitly, evidence based and investigate the key directions for future progress.

### Prescribing in primary care

GP prescribing accounts for £500 million of health service expenditure in Scotland. The Government's White Paper *Designed to care* proposes the creation of a single stream of funds covering both hospital and community health services and GP prescribing. The management of primary care prescribing is therefore likely to be much more important than in the past.

The study will spotlight the significant cost savings which could be realised by better management of prescribing, while maintaining or improving effectiveness.

### Bank and agency nursing

Bank and agency nurses provide an essential service, enabling hospitals to manage unforeseen staff shortages and ensure continuous care. For nurses, bank or agency work offers an opportunity to work flexibly or to broaden their experience.

Preliminary indications suggest that the use and cost of bank and agency nursing can vary considerably between individual trusts. The study will provide more comprehensive information on activity levels, and to analyse the main factors which affect demand.

Bank and agency appointments are often made against a pressure to fill vacancies quickly, increasing the risk of making an unsatisfactory or inappropriate appointment. The study will look at measures which enable trusts to minimise their use of bank and agency nurses, and will assess and monitor performance effectively.

### Waste management

Healthcare creates both clinical and 'household' waste. Clinical waste requires more complex and expensive disposal methods than household waste. In addition, extra precautions are needed in the transportation and storage of clinical waste. The objectives of the audit are to:

- identify potential savings by ensuring that waste is properly segregated, recycled wherever possible, and disposed of economically
- ensure that waste is handled safely and effectively in accordance with the regulations
- identify and spread good practice.

### Medical equipment management

High quality patient care depends on having the right medical equipment and properly trained staff.

Investment in medical equipment is substantial, ranging from low cost items such as IV systems to high cost items such as MRI scanners. Managing the procurement and maintenance of medical equipment requires a multidisciplinary approach. The objectives of the audit are to:

- identify potential savings by ensuring that medical equipment is properly managed
- minimise the clinical and financial risks associated with the management of medical equipment
- identify and spread good practice.



## Other significant pieces of work

### *Managing people*

We have been working with NHS Directors of Human Resources to develop a self-assessment tool to support the management of people in the NHS in Scotland. Based on the Commission's approach in local government, this work will assist auditors to satisfy their statutory duty to review management arrangements. It has been welcomed by managers in the NHS, who see it as a catalyst for implementing the NHSiS Human Resources Strategic Framework, and a vehicle for improving the management of staff. The NHS in Scotland plan to implement the self-assessment tool from April 1999.

### *Development of clinical performance information*

We have been collaborating with the service on the development of performance information. We have a common interest in identifying opportunities to improve value for money. Performance indicators, if handled sensitively, can give a useful insight into those areas which warrant further scrutiny so that the reasons for variation are understood and addressed. In

particular, we have developed a model for reviewing clinical specialties, which aims to produce a 'balanced scorecard', covering:

- resource inputs
- economy
- efficiency
- effectiveness.

The model was developed using the ENT (ear, nose and throat) specialty as a pilot, and was found to be useful by clinicians and managers in the service. We intend to continue our partnership approach to develop the tool further and use it to review other specialties in future.

### **Some of the topics being considered for study in 1999/2000**

- Best value in domiciliary care services
- Laboratory services
- Outpatient services
- Supplies
- Catering/cleaning

# THE ACCOUNTS COMMISSION'S PRIORITIES AND PERFORMANCE

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The Commission's work is guided by our Strategy for 1996-1999 which sets out our core values:

- objectivity and integrity
- value for money and quality
- constructive relationships
- a learning organisation.

To implement the Strategy each Directorate of the Commission has objectives which are reviewed annually and the Commission agrees a budget to secure those objectives.

Our success in achieving these priority objectives is described in the following section.

## 1 Improving the procurement and performance of the audit

The Commission has a comprehensive quality control process which is used to assess the performance of all auditors. Last year's Annual Report said that the next programme of quality reviews would be conducted on the 1996/97 audits of the new councils and joint boards. Delays in the completion of local authority audits have held this programme back, but it is expected to be completed by spring 1999. For the same reason the intended survey of local authorities' assessment of auditors' performance is incomplete.

Agreed action plans are now incorporated as a standard feature of all audits. By identifying the key issues which need to be acted upon these plans add to the value of the audit and provide a useful basis for monitoring progress.

- 1 Improve the procurement and performance of the audit.
- 2 Improve internal and external communications.
- 3 Improve internal management: develop and implement an action programme to achieve Investors in People accreditation; introduce performance review and staff development systems to promote the achievement of our corporate objectives.
- 4 Promote joint working.
- 5 Develop and publish performance indicators for our major activities so that our progress can be assessed.

## *Value for money work*

We have made some changes to our approach to VFM studies over the past year, especially in the light of the Best Value regime.

### **Approach to VFM studies**

For local government, we plan to introduce "made to measure" studies, tailored to the needs of a group of authorities and designed to help them in their programme of service reviews under Best Value. We will help participating councils to design appropriate indicators, exchange comparative information and identify good practice. A management handbook will then be produced for the benefit of the other councils that have yet to review the topic.

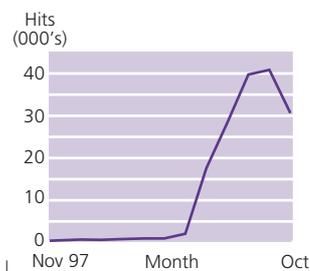
We have started to identify the performance of audited bodies by name in national reports, in line with the principles of transparency and openness.

## 2 Improving internal and external communications

The Commission's web site was launched in February 1997. All value for money reports and key statutory reports are published on our site to make them as accessible as possible. During the year, 5,015 publications were downloaded, the most popular of which has been *Fighting the silent killer: Optimising ovarian cancer management in Scotland* with 474 downloaded.

### Website hits

June 1998 saw a marked increase in the number of hits



Encouraging feedback has been provided by local authorities on the report *Emergency repairs to council houses*, with all respondents to our questionnaire saying that the report was good, clear and easy to read. Over 80% said that it had already been used by the council, for example, to help them identify improvements. Feedback is currently being sought from Directors of Finance on the *Council tax collection* report.

Feedback on the statutory performance information pamphlets and compendium of data includes helpful suggestions for improving the distribution arrangements of these publications.

We also asked Chief Executives and Medical Directors of NHS trusts to rate the quality of two reports: *Doing the rounds* and *Managing hospital admissions and discharges*. Over 90% of respondents said that the reports were used by the trust, for example, to identify improvements.

## 3 Improving internal management

Within the Commission we have progressed a number of initiatives to enhance internal communications. For example, we have set up a staff and management Consultative Group and we have prepared and issued a handbook for staff. We made good progress towards Investors in People accreditation. An action plan has been agreed and work continues with the aim of achieving accreditation during 1999. We have successfully introduced performance review and staff development systems to promote the achievement of our corporate objectives.

#### 4 Promoting joint working

The Commission has been involved in joint working in a number of areas: the Local Government Studies Directorate and Management Studies Unit worked with HM Inspectors of Schools and HM Inspectorate of Constabulary; the Technical Support Unit has been working alongside the Benefits Fraud Inspectorate and the Department of Social Security; and across the Commission, staff have developed closer working relationships with the NAO, the Audit Commission and District Audit. We have also been working with COSLA and The Scottish Office to develop the Best Value agenda for local government through membership of the Task Force.

#### 5 Developing and publishing performance indicators for our main activities in order that our progress can be assessed

##### *The "in-house" provider*

The "in-house" provider of approximately half the audits, the Audit Services Directorate, employs around 100 professional staff across Scotland. The Directorate has a business plan setting out its approach. The Directorate's audit approach and methodology are now well established and documented through a comprehensive audit manual and a standardised systems-based audit methodology, both of which have been further refined during the course of the last year.

Last year the Directorate agreed three performance indicators relating to the timeliness of reporting, the quality of the audit and the extent to which the audit encouraged action by audited bodies. The Directorate failed to meet its target reporting times for 1997/98 local government audits because of the knock-on effects of delays in local authority accounts. The failure to achieve reporting targets for health bodies in 1997/98 arises out of the time taken to resolve a significant issue

relating to the way in which remuneration regulations had been implemented, referred to earlier in this report.

##### **Performance indicators - Audit Services Directorate**

###### *Reporting timeously*

Our target was to issue audit certificates on all NHS audits by 31 August - this was achieved for 12 out of 22 NHS bodies.

Our target was to issue audit certificates on all local government audits by 31 October - the target was achieved for 2 out of the 18 audits.

Our target for issuing final reports to NHS bodies was 30 September - this was achieved in 13 out of 22 cases.

The target for issuing final reports to local government bodies was 30 November - this was achieved in 2 out of 18 cases.

###### *Encouraging action*

Our target is to include agreed action plans setting out key remedial action areas in final audit reports. This year this was achieved in **all** instances compared with 67% last year.

###### *Delivering quality*

Our target is to have all audits rated as "good" or "better" in independent Quality Control Reviews. The target was achieved 100% this year compared with 90% last year.

### All audits

NHS clients' views of the performance of auditors in 1997/98 showed a further improvement across all areas of the audit.

Target times have been set for the completion of all audits and it is encouraging that for 1997/98, 45 out of 46 NHS trust audits were completed on time. However, only 8 out of 20 health board audits were completed on time, because of an issue affecting most health boards.

Most local authority audits were not completed within the target time of four months from receipt of accounts for audit. Timely completion of audits continues to be a high priority for the Commission and its auditors and we will continue to report on this in future years.

### Our priorities for 1998/99

- 1 Review and implement a revised corporate strategy for the Commission.
- 2 Influence the future audit arrangements to ensure the Scottish Parliament has an independent and effective mechanism for scrutinising public expenditure.
- 3 Make an effective contribution to the development of the Best Value framework.
- 4 Re-allocate audit portfolios to take account of NHS restructuring.
- 5 Redress the audit report backlog for local authorities.
- 6 Achieve Investors in People accreditation.
- 7 Improve internal communications to ensure openness about organisational change.
- 8 Enhance external communications to ensure our work is acted upon.
- 9 Refine the information used to measure our own performance.

### NHS clients' assessment of auditors' performance

	Average score for NHS audits		
	1995/96	1996/97	1997/98
Staffing the audit	3.6	3.7	3.9
Consultation	3.6	3.9	4.0
Regularity audit	3.5	3.7	3.8
VFM audit	3.3	3.4	3.6
Interaction with Audit Committee	3.8	4.2	4.2
Assessment of audit service	3.3	3.4	3.5
Overall rating	3.5	3.8	3.9

Scale: 5: very good, 4: good, 3: adequate, 1 or 2: poor

Note: These figures represent the complete picture for all 1996/97 audits and vary slightly from the incomplete figures in the 1997 annual report.

## FINANCIAL OVERVIEW

During 1997, our financial year end changed to 31 October. This aligns the audit year with the financial year and simplifies the method of recovering our charges. The Commission's budget was £10.6 million for 1997/98, £6.1 million for the seven months to 31 October 1997 and £10.3 million for 1996/97. Actual expenditure was £11.3 million, £6.7 million and £9.3 million respectively. Sources of income and an analysis of expenditure for 1997/98 are shown below.

Full versions of the Commission's accounts are available from the Accounts Commission Headquarters or from HMSO. The accounts are audited by the NAO. A clear audit certificate was placed on the final accounts for 1997/98.

### Income

The Accounts Commission is empowered to incur the costs necessary to carry out its duties and these costs are recovered from the audited bodies.

Income	1997/98 £000s	7 months to 31 October 1997 £000s	1996/97 £000s
Contributions from local authorities	7,284	3,751	5,449
Contribution from NHS	3,797	2,730	3,649
Revenue grant from NHS Management Executive	36	35	60
Bank Interest	131	89	113
Sundry income	31	64	-
<b>Total</b>	<b>11,279</b>	<b>6,669</b>	<b>9,271</b>

Note: Contributions from local authorities were unusually low in 1996/97 because audit work was not completed in that year and therefore not billed that year. Work undertaken to catch up on this backlog resulted in budget overspends in the seven months to 31 October 1997 and in 1997/98.

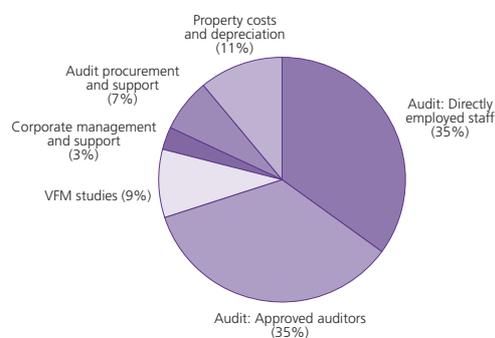
Local authority audit activity for 1997/98 was higher than anticipated because of the late availability of many 1995/96 and 1996/97 accounts for audit. Most of this work was completed during 1997/98.

### Expenditure

Most of the Commission's budget is spent on the statutory audit.

Expenditure	1997/98 £000s	7 months to 31 October 1997 £000s	1996/97 £000s
Staff and Commission members	5,708	3,305	4,197
Approved auditors' fees and expenses, local authorities	2,254	1,121	1,776
Approved auditors' fees and expenses, NHS	1,743	1,225	1,776
Other operating charges	1,393	892	1,067
Depreciation	181	126	168
<b>Total</b>	<b>11,279</b>	<b>6,669</b>	<b>9,271</b>

### Expenditure by activity for 1997/98



Full versions of the Commission's accounts are available from the Accounts Commission Headquarters or from HMSO. The accounts are audited by the NAO. A clear audit certificate was placed on the final accounts for 1997/98.

### Staff and Commission members

The emoluments of the Commission members are fixed by the Secretary of State. The emoluments of the Chairman during 1997/98 were £11,507. There were 15 members of the Commission throughout 1997/98, and their remuneration was in the following bands:

	1997/98 £000s	7 months to 31 October 1997 £000s	1996/97 £000s
£0-£5,000	13	13	13
£5,001-£10,000	1	1	1
£10,001-£15,000	1	1	1

On average, 128 audit staff were directly employed during 1997/98 (126 previous period).

The number of staff (excluding the Controller of Audit) whose remuneration exceeded £40,000 was as follows:

	1997/98 £000s	7 months to 31 October 1997 £000s	1996/97 £000s
£40,000-£50,000	7	4	4
£50,001-£60,000	6	5	3
£60,001-£70,000	3	3	3
£70,001-£80,000	2	2	1

During 1997/98 the emoluments of the Controller of Audit, who was the highest-paid employee, amounted to £111,583, comprising salary £99,376, employers' superannuation contribution £9,200 and taxable benefit £3,007. The Controller is an ordinary member of the superannuation scheme.

## APPENDIX: AUDIT APPOINTMENTS

<b>NHS BODY</b>	<b>AUDITOR</b>
Aberdeen Royal Hospitals NHS Trust	KPMG, Edinburgh
Angus NHS Trust	P Johnston, Chief Auditor, Inverness
Argyll and Bute NHS Trust	KPMG, Glasgow
Argyll and Clyde Health Board	R McFarlane, Chief Auditor, Glasgow
Ayrshire and Arran Community Healthcare NHS Trust	R G Potter, Chief Auditor, East Kilbride
Ayrshire and Arran Health Board	R McFarlane, Chief Auditor, Glasgow
Borders Community Health Services NHS Trust	Deloitte & Touche, Edinburgh
Borders General Hospital NHS Trust	KPMG, Edinburgh
Borders Health Board	P Tait, Chief Auditor, Edinburgh
Caithness and Sutherland NHS Trust	Ernst & Young, Inverness
Central Scotland Healthcare NHS Trust	D Deas, Chief Auditor, Glenrothes
Common Services Agency	P Tait, Chief Auditor, Edinburgh
Dumfries and Galloway Health Board	R McFarlane, Chief Auditor, Glasgow
Dumfries and Galloway Acute and Maternity Hospitals NHS Trust	R G Potter, Chief Auditor, East Kilbride
Dumfries and Galloway Community Health NHS Trust	KPMG, Glasgow
Dundee Healthcare NHS Trust	Henderson Loggie, Dundee
Dundee Teaching Hospitals NHS Trust	KPMG, Edinburgh
East and Midlothian NHS Trust	KPMG, Edinburgh
Edinburgh Healthcare NHS Trust	KPMG, Edinburgh
Edinburgh Sick Children's NHS Trust	P Tait, Chief Auditor, Edinburgh
Falkirk and District Royal Infirmary NHS Trust	D Deas, Chief Auditor, Glenrothes
Fife Health Board	D Deas, Chief Auditor, Glenrothes
Fife Healthcare NHS Trust	Scott-Moncrieff Downie Wilson, Edinburgh
Forth Valley Health Board	D Deas, Chief Auditor, Glenrothes
Glasgow Dental Hospital and School NHS Trust	R McFarlane, Chief Auditor, Glasgow
Glasgow Royal Infirmary University NHS Trust	PricewaterhouseCoopers, Glasgow
Grampian Health Board	Ernst & Young, Aberdeen
Grampian Healthcare NHS Trust	Ernst & Young, Aberdeen
Greater Glasgow Community and Mental Health Services NHS Trust	KPMG, Glasgow
Greater Glasgow Health Board	PricewaterhouseCoopers, Glasgow
Hairmyres and Stonehouse Hospitals NHS Trust	Deloitte & Touche, Glasgow
Health Education Board for Scotland	Scott-Moncrieff Downie Wilson, Edinburgh
Highland Communities NHS Trust	Ernst & Young, Inverness
Highland Health Board	Scott Oswald, Inverness
Inverclyde Royal NHS Trust	KPMG, Glasgow
Kirkcaldy Acute Hospitals NHS Trust	Scott-Moncrieff Downie Wilson, Edinburgh
Lanarkshire Health Board	R G Potter, Chief Auditor, East Kilbride
Lanarkshire Healthcare NHS Trust	R G Potter, Chief Auditor, East Kilbride
Law Hospital NHS Trust	Deloitte & Touche, Glasgow
Lomond Healthcare NHS Trust	PricewaterhouseCoopers, Glasgow
Lothian Health Board	P Tait, Chief Auditor, Edinburgh
Mental Welfare Commission for Scotland	Scott-Moncrieff Downie Wilson, Edinburgh
Monklands Hospital NHS Trust	PricewaterhouseCoopers, Glasgow
Moray Health Services NHS Trust	Ernst & Young, Inverness
North Ayrshire and Arran NHS Trust	PricewaterhouseCoopers, Glasgow
Orkney Health Board	Scott Oswald, Inverness
Perth and Kinross Healthcare NHS Trust	Deloitte & Touche, Edinburgh
Queen Margaret Hospital NHS Trust	Scott-Moncrieff Downie Wilson, Edinburgh
Raigmore Hospital NHS Trust	Ernst & Young, Inverness
Renfrewshire Healthcare NHS Trust	PricewaterhouseCoopers, Glasgow
Royal Alexandra Hospital NHS Trust	PricewaterhouseCoopers, Glasgow
Royal Infirmary of Edinburgh NHS Trust	PricewaterhouseCoopers, Glasgow
Scottish Ambulance Service NHS Trust	KPMG, Edinburgh
Scottish Council for Post Graduate Medical and Dental Education	Scott-Moncrieff Downie Wilson, Edinburgh
Shetland Health Board	Ernst & Young, Aberdeen
South Ayrshire Hospitals NHS Trust	PricewaterhouseCoopers, Glasgow
Southern General Hospital NHS Trust	PricewaterhouseCoopers, Glasgow
Stirling Royal Infirmary NHS Trust	D Deas, Chief Auditor, Glenrothes
Stobhill NHS Trust	R McFarlane, Chief Auditor, Glasgow
Tayside Health Board	Henderson Loggie, Dundee
The State Hospital	D Deas, Chief Auditor, Glenrothes
The Victoria Infirmary NHS Trust	PricewaterhouseCoopers, Glasgow
The Yorkhill NHS Trust	PricewaterhouseCoopers, Glasgow
West Glasgow Hospitals University NHS Trust	PricewaterhouseCoopers, Glasgow
West Lothian NHS Trust	KPMG, Edinburgh
Western General Hospitals NHS Trust	Scott-Moncrieff Downie Wilson, Edinburgh
Western Isles Health Board	P Johnston, Chief Auditor, Inverness

<b>LOCAL AUTHORITY BODY</b>	<b>AUDITOR</b>
Aberdeen City Council	P Johnston, Chief Auditor, Inverness
Aberdeenshire Council	Ernst & Young, Aberdeen
Angus Council	P Johnston, Chief Auditor, Inverness
Argyll & Bute Council	PricewaterhouseCoopers, Glasgow
Authorities Buying Consortium	R McFarlane, Chief Auditor, Glasgow
Ayrshire Valuation Joint Board	R McFarlane, Chief Auditor, Glasgow
Central Scotland Fire Board	D Deas, Chief Auditor, Glenrothes
Central Scotland Joint Police Board	D Deas, Chief Auditor, Glenrothes
Central Scotland Valuation Joint Board	Scott-Moncrieff Downie Wilson, Edinburgh
Clackmannanshire Council	Scott-Moncrieff Downie Wilson, Edinburgh
Clyde Muirshiel Park Authority Joint Committee	R McFarlane, Chief Auditor, Glasgow
Comhairle nan Eilean Siar	KPMG, Glasgow
Dumfries & Galloway Council	Deloitte & Touche, Glasgow
Dunbartonshire & Argyll & Bute Valuation Joint Board	PricewaterhouseCoopers, Glasgow
Dundee City Council	Henderson Loggie, Dundee
East Ayrshire Council	R G Potter, Chief Auditor, East Kilbride
East Dunbartonshire Council	KPMG, Glasgow
East Lothian Council	Scott-Moncrieff Downie Wilson, Edinburgh
East Renfrewshire Council	R G Potter, Chief Auditor, East Kilbride
City of Edinburgh Council	P Tait, Chief Auditor, Edinburgh
Falkirk Council	D Deas, Chief Auditor, Glenrothes
Fife Council	D Deas, Chief Auditor, Glenrothes
Forth Road Bridge Joint Board	P Tait, Chief Auditor, Edinburgh
Glasgow & Clyde Valley Joint Structure Plan Committee	R McFarlane, Chief Auditor, Glasgow
Glasgow City Council	R McFarlane, Chief Auditor, Glasgow
Grampian Fire Board	Ernst & Young, Aberdeen
Grampian Joint Police Board	P Johnston, Chief Auditor, Inverness
Grampian Valuation Joint Board	P Johnston, Chief Auditor, Inverness
Highland Council	P Johnston, Chief Auditor, Inverness
Highland & Islands Fire Board	P Johnston, Chief Auditor, Inverness
Highland & Western Isles Valuation Joint Board	P Johnston, Chief Auditor, Inverness
Inverclyde Council	PricewaterhouseCoopers, Glasgow
Kelvin Valley Countryside Project	R McFarlane, Chief Auditor, Glasgow
Lanarkshire Valuation Joint Board	R G Potter, Chief Auditor, East Kilbride
Loch Lomond Park Authority	PricewaterhouseCoopers, Glasgow
Lothian & Borders Fire Board	P Tait, Chief Auditor, Edinburgh
Lothian & Borders Police Board	P Tait, Chief Auditor, Edinburgh
Lothian Valuation Joint Board	P Tait, Chief Auditor, Edinburgh
Midlothian Council	P Tait, Chief Auditor, Edinburgh
Moray Council	P Johnston, Chief Auditor, Inverness
Mugdock Country Park Joint Committee	D Deas, Chief Auditor, Glenrothes
North Ayrshire Council	R G Potter, Chief Auditor, East Kilbride
North Lanarkshire Council	PricewaterhouseCoopers, Glasgow
Northern Joint Police Board	P Johnston, Chief Auditor, Inverness
Orkney & Shetland Valuation Joint Board	Scott Oswald, Inverness
Orkney Islands Council	P Johnston, Chief Auditor, Inverness
Perth & Kinross Council	Deloitte & Touche, Edinburgh
Renfrewshire Council	R McFarlane, Chief Auditor, Glasgow
Renfrewshire Valuation Joint Board	R McFarlane, Chief Auditor, Glasgow
Scottish Borders Council	KPMG, Edinburgh
Scottish Local Government Information Unit	R McFarlane, Chief Auditor, Glasgow
Scottish Nuclear Free Local Authorities	R McFarlane, Chief Auditor, Glasgow
Shetland Islands Council	Scott Oswald, Inverness
South Ayrshire Council	R McFarlane, Chief Auditor, Glasgow
South Lanarkshire Council	R G Potter, Chief Auditor, East Kilbride
Stirling Council	D Deas, Chief Auditor, Glenrothes
Strathclyde Fire Board	R G Potter, Chief Auditor, East Kilbride
Strathclyde Joint Police Board	PricewaterhouseCoopers, Glasgow
Strathclyde Passenger Transport Authority	R G Potter, Chief Auditor, East Kilbride
Tay Road Bridge Joint Board	Henderson Loggie, Dundee
Tayside Contracts Joint Committee	Henderson Loggie, Dundee
Tayside Fire Board	Henderson Loggie, Dundee
Tayside Joint Police Board	Henderson Loggie, Dundee
Tayside Valuation Joint Board	Henderson Loggie, Dundee
West Dunbartonshire Council	PricewaterhouseCoopers, Glasgow
West Lothian Council	P Tait, Chief Auditor, Edinburgh
Western Isles Council, see Comhairle nan Eilean Siar	



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