



Audit Scotland report:

Safeguarding public money: are you getting it right?

Committee Audit and Standards

Date of meeting 7 June 2019

Date of report 30 April 2019

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the issue of an Audit Scotland report titled '*Safeguarding public money: are you getting it right?*'

2. Background

Audit Scotland report

In April 2019, Audit Scotland published a report titled '*Safeguarding public money: are you getting it right?*'

The report by the Accounts Commission, the local authority watchdog, says the need for robust scrutiny of financial management at councils is more important now than ever before.

The report adds that there are several examples of systems and processes working well at Scotland's councils, but auditors are flagging concerns that they may be under strain. Recurring weaknesses are becoming apparent, particularly in information processing, reviews, and separating council employees' duties in order to prevent fraud.

The report and supplement can be found at:

<http://www.audit-scotland.gov.uk/report/how-councils-work-safeguarding-public-money-are-you-getting-it-right>

3. Outline of findings

The Audit Scotland report is split into three parts, namely:

- Part 1: Internal controls help councils manage risk;
- Part 2: Weak controls can have serious consequences;
- Part 3: Officers and councillors both have important roles.

The key messages and SPT responses are outlined for each part.

Part 1: Internal controls help councils manage risk

The key messages in part 1 are that:

- Councils can use internal controls to manage risks; and
- Risk management helps to safeguard public money.

SPT has in place a system of internal controls based on a framework of regulations, policies, processes, administrative and authorisation procedures and controls, management supervision and a system of delegated authority and accountability.

It should be noted that the system of internal controls can provide only reasonable and not absolute assurance that all transactions are properly assessed or that errors have been prevented, and as such SPT is continually seeking to improve the effectiveness of its system of internal financial control.

The Risk Management Strategy was recently updated and approved by the Audit & Standards committee at its meeting of 30 November 2018.

The Corporate Risk Register is regularly reviewed by senior management with the current version presented to each Audit and Standards committee meeting of consideration by members.

Part 2: Weak controls can have serious consequences

The key messages in part 2 are that:

- There are signs that standards of internal controls may be strained;
- External auditors report their concerns about controls.

SPT acknowledges our responsibility for ensuring that an effective system of internal control is maintained and operated in connection with the resources concerned.

The Accounts Commission appointed Scott-Moncrieff as external auditor of SPT and SCTS for the five year period 2016/17 to 2020/21. External auditors have statutory duties to report on and provide an opinion on SPT's and SCTS's financial statements.

Part 3: Officers and councillors both have important roles

The key messages in part 3 are that:

- Councillors are ultimately accountable for councils' use of public money;
- The audit committee has an important role;
- Officers are responsible for delivering council policy and managing services;
- Internal auditing helps evaluate and improve how well things work.

SPT has well established standing orders and terms of reference that regulate the operation of the Partnership and committee meetings. These standing orders are supported by a scheme of delegated functions, standing orders relating to contracts, the code of corporate governance and financial regulations with clear delegation arrangements and protocols for decision making and communication, and codes of conduct defining the standards of behaviour for employees and members. Guidance to support this principle is contained within SPT's governance manual.

Within SPT the statutory officer duties are fulfilled by the Chief Executive as the Head of paid service and the Assistant Chief Executive as the Chief financial officer and Monitoring officer.

Section 95 of the Local Government (Scotland) Act 1973 places responsibility for the proper administration of SPT's financial affairs upon the proper officer of the Partnership. In SPT, the Assistant Chief Executive is the responsible officer and is a member of the SPT Strategy Group.

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The appendix provides a summary of checklists for members contained within the report.

4. Conclusions

Audit Scotland published a report titled '*Safeguarding public money: are you getting it right?*'

5. Committee action

The committee is asked to note the contents of this report and the Audit Scotland report titled '*Safeguarding public money: are you getting it right?*'.

6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>

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Title Assistant Chief Executive

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