
ACCOUNTS COMMISSION - SAFEGUARDING PUBLIC MONEY

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to present the Accounts Commission report 'How councils work; Safeguarding public money: are you getting it right?'

2. RECOMMENDATIONS

- 2.1 To note the CIAs summary position against each of the Councillor checklists in the 'How councils work; Safeguarding public money: are you getting it right?' report.

3. DETAIL

- 3.1 The Accounts Commission, since 2010, have published a series of 'How councils work' reports which are aimed at providing support to councils to facilitate continuous improvement. The topics are chosen based on recurring themes identified through their Best Value and performance audit work, the work of local audit teams and their annual overview report.

- 3.2 The 'Safeguarding public money: are you getting it right?' report is designed to help elected members ensure that the council has sound risk management and financial controls in place to protect public money.

- 3.3 The report provides eight checklists for elected members to consider. The Chief Internal Auditor (CIA) has reviewed the checklists and provided a summary position against each as set out below. Note that that this isn't a detailed response to every question in each checklist nor is it based on an evidenced audit. It is a general response based on cumulative knowledge and is designed to provide a degree of assurance to members of the Audit and Scrutiny Committee (A&SC).

3.4 **Checklist 1 – Internal controls and risk management**

Internal Audit provide a comprehensive risk based audit approach which ensures annual coverage across all heads of service. The effectiveness of both financial and non-financial controls are tested with recommendations for improvement reported to the Head of Service, relevant Executive Director, Strategic Management Team (SMT) and the A&SC. Internal have a robust follow up process which ensures agreed management actions are implemented. Follow up activity is reported to the A&SC and the SMT.

The Council have risk management arrangements in place which have been reviewed and assessed positively by the Council's external audit team. Compliance with these arrangements is assessed on an annual basis by the Council's internal audit team. Operational Risk Registers (ORR) are updated quarterly and the Strategic Risk Register (SRR) twice a year. Actions to address risks are detailed in the registers. In addition to having, and monitoring,

operational and strategic risk registers the Council specifically identifies and monitors financial risks with updates on these reported as a standing agenda item to the Policy & Resources Committee as part of the Financial Reporting Pack.

3.5 Checklist 2 – Fraud and corruption

The Council is an active participant in the National Fraud Initiative and has an Anti-Fraud Strategy included as an appendix to the Council Constitution. Internal Audit monitor the Council's approach to NFI.

Administration of the Council's NFI process is well organised and resourced, with staff in appropriate departments involved in investigation of matches. The Council is pro-active in investigating matches, employs a significant level of staff resource in the process and provides regular updates to the A&SC.

In the most recent NFI cycle there were four instances of fraud reported. The recovery / remedial action taken has been noted in the comments section of the NFI system for reference. The recovery action taken in each instance has been deemed appropriate for the nature and value of fraud.

3.6 Checklist 3 – Consequences of weak controls

Internal Audit's annual risk based plan is created with consideration given to a number of factors two of which include time elapsed since an area was last subject to review and the overall audit assessment when it was last reviewed. This means areas where weak controls are identified are more likely to be revisited within a shorter time period. Internal Audit's follow up process (referenced at paragraph 3.4) also ensures actions are taken to improve areas assessed as having weak controls. As part of the internal audit planning process there is a degree of horizon scanning to identify longer term risk trends which may merit audit attention, furthermore the planning process gives cognisance to the SRR which has a longer term strategic focus.

3.7 Checklist 4 – Audit Committee

The A&SC's remit is established in the Council's constitution and is updated on an annual basis. It has an independent chair who demonstrates clear commitment and liaises with the CIA on a very regular basis. Levels of challenge at the committee have improved in the past 18 months and the introduction of the new approach to scrutiny has assisted in that. Internal Audit reports are well received and the CIA has full freedom to report to the A&SC without interference. The Chief Executive presents the SRR to the A&SC on an annual basis.

3.8 Checklist 5 – Partnership Working

The Council has scrutiny arrangements in place which provide oversight of key partners such as the HSCP, Live Argyll, Police Scotland, Scottish Fire and Rescue. The Council's internal audit team are also the internal auditors for Live Argyll and deliver elements of HSCP internal audit through the Council's annual internal audit plan. All these audit reports are submitted in full to the A&SC and are also presented to the Live Argyll Audit & Finance Sub Committee and IJB Audit Committee.

Internal Audit are currently performing an audit to assess the Council's

compliance with the core principles of Following the Public Pound. This will be reported to the September 2019 A&SC.

The Council is represented on the LiveArgyll Board and IJB Board. All members, new and returning, were offered the opportunity to participate in a comprehensive induction programme which addressed roles and responsibilities including roles on external boards and partnerships.

3.9 Checklist 6 – Councillors’ CPD

Elected members are provided with a range of development opportunities including access to the CPD for elected members in Scottish Local Government. Members have expressed their satisfaction with the sufficiency of the development opportunities made available to them.

There is a comprehensive Elected Member Seminar Programme and Committee Development Sessions to support member development.

There is a need for us to evidence numbers participating in CPD, the Council’s efforts to increase this and how it compares to previous council. This is being taken forward as part of the BV3 evidence gathering process.

3.10 Checklist 7 – Statutory Officers

The Council Constitution clearly sets out the roles of key officers (including statutory officers) including the Chief Executive, executive directors, monitoring officer and the Chief Financial Officer (S95 Officer). The SMT is well established and statutory officers, through their roles on the SMT, engage regularly to discuss key issues and make strategic decisions. There is effective and regular engagement between elected members and statutory officers which ensures both have an appropriate level of input and engagement in relation to the council’s direction of travel. Members of the SMT also engage regularly with Heads of Service which ensures consistent communication of key messages.

3.11 Checklist 8 – Internal audit

The IA function is well established, complies with PSIAS and is free from undue influence. The CIA has appropriate autonomy to deliver an effective and independent function and, whilst reporting to the S95 officer from an administrative perspective, also has direct access to the Chief Executive and wider SMT. Members of the A&SC are satisfied with the information provided to them and are also entitled to ask for additional information when required. The work of IA is clearly aligned to the Councils risk registers and service delivery.

4. CONCLUSION

- 4.1 The CIA is of the opinion that the Council is well placed in relation to the eight checklists in the How councils work; Safeguarding public money: are you getting it right?’ report.

5. IMPLICATIONS

- 5.1 Policy - None

- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Equalities - None
- 5.6 Risk - None
- 5.7 Customer Service – None

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APPENDICES

Appendix 1 – Accounts Commission HCW – Safeguarding Public Money