

## WEST DUNBARTONSHIRE COUNCIL

### Report by Strategic Lead - Resources

Audit Committee: 12 June 2019

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**Subject: Accounts Commission Report: How councils work -  
Safeguarding public money: are you getting it right?**

#### **1. Purpose**

- 1.1** The report is to provide Members with information regarding a report recently published by the Accounts Commission as prepared by Audit Scotland.

#### **2. Recommendation**

- 2.1** The Committee is invited to:
- Note the attached report along with the series of checklists contained therein; and
  - Consider whether a future Elected Members' development session should take place in relation to this report.

#### **3. Background**

- 3.1** The Accounts Commission aims to help councils improve their use of public money, alongside its role as the local government public spending watchdog. The *How councils work* (HCW) reports support councils' drive for continuous improvement. Topics are selected from recurring themes in Best Value assurance reports; performance audits; the work of councils' external auditors; and the annual overview of local government.

#### **4. Main Issues**

- 4.1** The report is divided into three main sections:
- Internal controls help councils to manage risk
  - Weak controls can have serious consequences
  - Officers and councillors both have important roles
- 4.2** The "About this report" section of the report includes the following information:
- *"Scotland's councils face complex, challenging financial pressures. Rising demand for many of the diverse services councils provide must be met despite tightening budgets for numerous services, and significant uncertainty stemming from external factors including the UK's planned withdrawal from the EU."*

- *“In 2017/18, councils' net revenue expenditure totalled £12.4 billion. If councils could save one per cent by improving their financial management, risk management and internal controls, they could potentially free-up an extra £124 million for providing public services.”; and*
- *“Scotland's 1,227 councillors have multi-faceted responsibilities and constantly make difficult decisions when prioritising and allocating their council's finite resources. With so much at stake, it is more important than ever that the impact of their decisions on communities and individuals is transparent and clearly understood. This requires an organisational culture that is open to candid discussions about risks and recognises the importance of scrutinising decisions”.*

#### **4.3** The report contains a number of key messages:

- *“An effective system of internal controls and risk management helps councils to safeguard their finances; ensures they implement their policies; and helps them to deliver high-quality services. Controls include procedures for paying the right sum of money to the right person at the right time; keeping confidential data secure; and minimising a council's exposure to fraud and corruption.”*
- *“There are signs from councils' internal auditors and the work of councils' external auditors that standards of internal controls may be strained. Some recurring weaknesses are becoming apparent among councils and the consequences could be serious, including the loss of significant amounts of public money, impacts on services and reputational damage.”*
- *“Ultimately, councillors are accountable for scrutinising a council's use of public money. Senior officers have the primary responsibility for ensuring internal controls and risk management operate effectively and that a council's internal auditing function provides a valuable and objective view.”; and*
- *“Councillors should seek assurances from officers that a rigorous system of internal controls is in place. Scrutiny and audit committees have leading roles, but every committee and councillor has a scrutiny role too.”*

#### **4.4** The report aims to reinforce the importance of councils having effective internal controls. Although these may have a low profile, they are fundamental to maintaining a council's finances; securing its core values; safeguarding public money; and minimising the reputational impact on a council if things go wrong. In places, anonymised, real-life case studies illustrate the importance of internal controls and the consequences if they fail. Checklists are featured to help councillors and officers assess their council's situation and, where necessary, to

identify and plan improvements. The report contains eight checklists on the following areas:

1. Internal controls and risk management;
2. Fraud and corruption;
3. Consequences of weak controls;
4. Audit committee;
5. Partnership working;
6. Councillors' continuing personal development;
7. Statutory officers and chief education officer; and
8. Internal auditing function.

## **5. Personnel Implications**

- 5.1** There are no personnel implications.

## **6. Financial and Procurement Implications**

- 6.1** There are no direct financial or procurement implications arising from this report.

## **7. Risk Analysis**

- 7.1** This report from the Accounts Commission provides Elected Members and Officers with a useful tool to support their complex and evolving role. It aims to help them review their practice and to take any necessary actions to ensure that the Council's governance arrangements remain fit for purpose.

## **8. Equalities Impact Assessment (EIA)**

- 8.1** There are no issues.

## **9. Consultation**

- 9.1** This report has been subject to consultation with appropriate Strategic Leads.

## **10. Strategic Assessment**

- 10.1** The report is for noting and, therefore, does not directly affect any of the strategic priorities.

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**Stephen West**  
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**Date: 13 May 2019**

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**Appendices:** Appendix 1: Accounts Commission Report: How councils work - Safeguarding public money: are you getting it right?

**Background Papers:** None

**Wards Affected:** N/A