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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 29 JANUARY 2020**

**SUBJECT: ACCOUNTS COMMISSION PAPER – SAFEGUARDING PUBLIC MONEY: ARE YOU GETTING IT RIGHT?**

**BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)**

**1. REASON FOR REPORT**

- 1.1 To provide Committee with the third in a series of four reports considering the issues raised in a recent Accounts Commission publication relating to the roles of councillors and officers in safeguarding public money.
- 1.2 This report is submitted to Committee in terms of Section III (I) (3) of the Council's Scheme of Administration relating to consideration of reports prepared by the Accounts Commission/Audit Scotland.

**2. RECOMMENDATIONS**

**2.1 Committee is asked to:**

- i) **note this consideration of a further two aspects of the Accounts Commission report on 'How councils work' entitled 'Safeguarding public money: are you getting it right?'; and**
- ii) **review and consider council responses to the questions in the two checklists covering 'Councillors' Continuing Personal Development' and 'the roles of Statutory Officers including the Chief Education Officer'; and comment on any matters arising.**

**3. BACKGROUND**

- 3.1 In April 2019, the Accounts Commission published its latest report in its series of How Councils Work entitled: Safeguarding public money: are you getting it right?
- 3.2 The paper is of particular interest to officers and councillors involved with the Audit and Scrutiny Committee given its focus on areas falling within the remit of the committee. These relate to good governance, the management of risk and the importance of maintaining sound systems of internal control. A copy of

the full report is available at: [https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr\\_190411\\_hcw\\_safeguarding.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr_190411_hcw_safeguarding.pdf)

- 3.3 The report notes the challenging and changing circumstances that councils are currently facing and the importance, more than ever, of having effective risk management and strong internal controls.
- 3.4 Key messages from the report are:
- An effective system of internal controls and risk management help councils to safeguard their finances, ensures they implement their policies and helps them to deliver high quality services;
  - There are signs from councils' internal auditors and the work of councils' external auditors that standards of internal controls may be strained. Consequences could be serious, the report suggests, 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 of 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 control is in place. Scrutiny and audit committees have leading roles but every committee and councillor has a scrutiny role too.
- 3.5 The report explores these general issues under eight themes. The theme and the date of its consideration at this committee is summarised as follows:

Theme	Date
Internal controls and risk management	19 June 2019
Fraud and Corruption	13 November 2019
Consequences of weak controls	Planned March 2020
Audit committee	19 June 2019
Partnership working	13 November 2019
<b>Councillors' Continuing Professional Development (CPD)</b>	<b>29 January 2020</b>
<b>Roles of Statutory Officers and the Chief Education Officer</b>	<b>29 January 2020</b>
Internal audit function	Planned March 2020

The checklists are provided in summary form as **Appendix 1**.

### **Councillor's Continuing Professional Development**

- 3.6 A strategic audit priority of the Accounts Commission is that councillors have the right knowledge, skills and support to fulfil their role, noting that the public have high expectations of councillors and expect their conduct to be consistently above reproach.

- 3.6.1 A good general induction process following a local government election, together with additional tailored support e.g. for members of external boards, is recommended. Thereafter the report advocates councillors need sustained on-going Continuous Professional Development to support them in the delivery of their responsibilities around saving public money, and in recognition of the evolving risks and challenges evident in councils.

### **Statutory Officers and the Chief Education Officer**

- 3.7 The report considers in some detail the roles of the statutory officers, defined as Head of Paid Service (the Chief Executive), the Chief Financial Officer, the Monitoring Officer (Head of Governance, Strategy and Performance), and the Chief Social Work Officer (CSWO).
- 3.7.1 The scheme of delegation forming part of the council's constitutional documents specifies the main duties delegated to these officers by virtue of the statutory functions they fulfil. The scheme is now outdated following the recent management restructure, and is scheduled for updating in early course.
- 3.7.2 Particular reference is made in the report to the role of the CSWO in the context of integrated partnership arrangements through the Integration Joint Board. The report stresses the need to ensure the CSWO has the status, capacity and access to other statutory officers and councillors to enable them to fulfil their statutory duties to the council effectively.
- 3.7.3 All of the foregoing roles are referenced in the Council's Annual Governance Statement that requires to be signed off by the Chief Executive. Separately, the other statutory officers prepare formal annual reports, the Chief Financial Officer through the publication of the council's annual accounts; the others providing comprehensive reporting on the work of the Monitoring Officer and the CSWO. These officers consider the elected members have a good understanding of the roles they fulfil individually within the council.
- 3.7.4 The Chief Education Officer is not a statutory officer as the relevant legislation has not been implemented, however, the report notes the large share of the council budget utilised by the service, as well as ring fenced funding for issues such as school attainment. The focus in the report is around the Chief Education Officer having a solid understanding of financial management and having sound controls in place across establishments, i.e. to ensure effective utilisation of resources. The council has systems and processes in place to support this requirement, including the Devolved School Management scheme, officers responsible for staffing, and Financial Services staff.
- 3.7.5 The responsibilities of the Chief Education Officer are nonetheless significant and the current post holder has commented on the breadth of the post and its place in the management structure. In particular, it is noted that the role involves line management of over 100 establishments and officers including the team to support school improvement which is a statutory duty. Likewise the Monitoring Officer has noted the challenges of the wider remit of the role, coupled with fewer staff to whom tasks can be delegated

- 3.8 The completed checklists covering councillor's continuing professional development and the roles of statutory officers and the Chief Education Officer are provided as **Appendix 2**.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Safeguarding public money supports the ability of the council and its partners to deliver agreed outcomes contained within strategic plans.

**(b) Policy and Legal**

Following the management re-structure, revised governance arrangements are under consideration that will include a review of the constitutional documents, the scheme of delegation in particular will need updating to reflect the roles of the statutory officers.

**(c) Financial implications**

The report focuses on good governance practices which underpin sound financial management and the use of resources.

**(d) Risk Implications**

Having clarity around the roles of senior officers and developing a framework of training and support for elected members supports effective member/officer relationships thereby mitigating risks that may impact on the council's ability to achieve its stated outcomes.

**(e) Staffing Implications**

No implications directly arising from this report.

**(f) Property**

No implications directly arising from this report.

**(g) Equalities/Socio Economic Impact**

No implications directly arising from this report

**(h) Consultations**

The Chief Executive, both Depute Chief Executives, Chief Financial Officer and the Monitoring Officer have been consulted and are in agreement with the report where it relates to their area of responsibility.

## **5. CONCLUSIONS**

- 5.1 The responsibility for good governance, risk management and the maintenance of effective internal controls is with management, with the involvement of other officers in support roles, internal audit in the provision of independent assurances on these topics, and oversight and reporting by the council's appointed External Auditor.**
- 5.2 The Accounts Commission report provides useful information on governance, risk and internal control for all elected members and in particular for those who are members of the Audit and Scrutiny Committee.**

Author of Report: Atholl Scott

Background Papers: Accounts Commission paper

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