

The role of the Accounts Commission

Background

1. The Accounts Commission for Scotland was established in 1975 by the Local Government (Scotland) Act 1973.
2. It is a body of at least six and no more than 12 members. Members are appointed by Scottish Ministers, following open recruitment under the public appointments procedures. Ministers also appoint one of the members to chair the Commission and one to be deputy chair. Before making appointments, Scottish Ministers must consult associations of local authorities and other organisations and individuals as appropriate.
3. The same Act provides for the post of Controller of Audit, to be appointed by the Commission after consultation with, and subject to the approval of, Scottish Ministers. The function of the Controller of Audit is to report to the Commission on the accounts of local authorities, matters arising from the audits of local authorities, and the performance by authorities of their best value and community planning duties.

Responsibilities

4. The role of the Commission has evolved and been modified in a variety of ways since 1975. Its current role can be summarised as 'to secure the audit of Scottish local government and to consider reports arising from that audit'. The duty of the Accounts Commission is to help ensure that public money is spent properly, efficiently and effectively. It is responsible for the audit of all local authorities.
5. The Commission's specific statutory responsibilities include:
 - To secure the audit of all accounts of local authorities and associated bodies (including health and social care integration boards and other joint boards) by appointing either Audit Scotland or firms of accountants as the auditors;
 - To secure the audit of the performance by local authorities of their Best Value duties;
 - To consider reports made by the Controller of Audit on matters arising from these audits, to investigate all matters raised and to conduct hearings where appropriate;
 - To make recommendations to Scottish ministers and to local authorities, as appropriate;
 - To undertake and promote performance audits, which examine value for money issues across the bodies for which it is responsible;
 - To give directions to local authorities on the performance information they should gather, and publish information about how councils perform;
 - To impose sanctions on individual officers and members in the event of, having considered a 'special report' from the Controller of Audit, finding that their negligence or misconduct leads to money being lost or that their actions are unlawful; and
 - To help advise Scottish ministers on local authority accounting matters.

6. The Commission's role is delivered through a number of different products, all of which are reported in public to contribute to providing public assurance on the use of funds by local government:

- Annual audit reports are produced each autumn for all the public bodies the Commission is responsible for auditing.
- The Commission considers reports from the Controller of Audit on any issues of interest or concern which arise from the audits.
- It also considers reports on progress by bodies in meeting their Best Value and Community Planning duties.
- Performance audits focus on examining particular value for money issues, either in an individual organisation or across a sector.

7. These different styles of report provide a variety of ways in which the Commission, and auditors working on its behalf, can make recommendations to public bodies and bring issues to public attention. When considering reports from the Controller of Audit (for example, on specific issues arising from the audits or on Best Value) the Commission has a variety of powers:

- It may require the Controller of Audit to undertake further work.
- It may make findings on the report. Findings can include making recommendations to the audited body and/or to Scottish Ministers. Where Ministers consider that it appears that a local authority has not complied with certain duties, they may make enforcement directions requiring a local authority to take certain action.
- It can hold a hearing, and make findings based on evidence heard at the hearing.
- Where a 'special report' by the Controller of Audit has indicated that any matters in relation to accounts are unlawful or that negligence or misconduct by any person has led to money being lost, the Commission has further powers which include censuring officers and members, suspending or disqualifying members for specified periods, and recommending that Ministers give directions to an authority on rectifying matters. These sanctions are subject to appeal to the sheriff principal.