

News release

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Councillor scrutiny of financial safeguards more important than ever

Systems to prevent public money being lost to mistakes and fraud in Scotland's councils may be becoming strained, says Scotland's public spending watchdog for local government.

The Accounts Commission says the need for robust scrutiny of financial management at councils is more important now than ever before. A new Commission report, *Safeguarding public money: are you getting it right?*, helps councillors to ensure that sound risk management and financial controls are working to protect public money.

The Commission says 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 consequences could be serious, says the Commission. These include the loss of significant amounts of public money, impacts on public services and reputational damage to councils. Scotland's councils spent a combined £12.4 billion in 2017/18.

Graham Sharp, Chair of the Accounts Commission, said: "Robust management and scrutiny of the finances at Scotland's councils is more important now than ever before. Councils face complex and challenging financial pressures, and rising demand for services. At the same time, budgets are tightening and there is significant uncertainty from factors such as the UK's withdrawal from the EU.

"There are many examples that the systems for managing finances in Scotland's councils are working effectively. However, councillors are ultimately responsible for scrutinising a council's use of public money, and they should seek assurances from council officers that rigorous systems and processes are in place to safeguard finances."

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Notes to editors

1. *Safeguarding public money: are you getting it right?* contains checklists to help councillors effectively scrutinise how councils are managing their risks and key internal controls. The report is part of the Accounts Commission's How Councils Work series, which gives information and guidance to support councils in improving their performance.
2. Internal controls are the systems and processes within councils to help safeguard money and information, and other valuables. They include procedures for making sure the right sum of money is paid to the right person at the right time; keeping confidential data secure; and minimising the risk of fraud and corruption.
3. Audit Scotland is involved in a range of counter-fraud activity, and more details can be found on our website [here](#). Key pieces of work include:
 - The biennial National Fraud Initiative, which identifies potential fraud and error in Scotland's public bodies. The most recent NFI, in 2016/17, found £11.9 million of potential savings at Scottish councils

- Reporting on cases of fraud and error through the annual audits. In 2018 [the Accounts Commission highlighted](#) a £1.1 million fraud at Dundee City Council.
4. Audit Scotland prepared this report for the Accounts Commission for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk
- The Accounts Commission is the public spending watchdog for local government. It holds councils and various joint boards and committees in Scotland to account and help them improve. It operates impartially and independently of councils and of the Scottish Government, and meets and reports in public
 - Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.