



Internal Audit Consultancy Report
Chief Executive's Service
Following the Public Pound
Assignment No.15-01
August 2015

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
Blackfriars Development Centre
North Port
Perth PH1 5LU

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2015/16, which was approved by the Audit Committee on 1 April 2015.

Following the Public Pound (FPP) refers to arrangements which ensure proper accountability when funding or other support is provided to arms-length and external organisations (ALEOs) by way of a grant or under a Service Level Agreement. This is where services which would normally be expected to be provided by the Council, are provided by other agencies. The arrangements for procuring such services differ from the normal tendering arrangements.

As part of sound governance arrangements and following on from the Internal Audit review of FPP (Report 13/296 refers), the local Code of Guidance for Following the Public Pound was subject to review by Legal Services to ensure that it gave appropriate guidance to officers dealing with services provided under these arrangements. Through the annual audit planning process Internal Audit was tasked with providing advice and assurance on the revisions to the Code of Guidance on a consultancy basis.

Legal Services have provided Internal Audit with drafts of the Code throughout the process of the review. Following direction from the Executive Officer Team (EOT), a further draft of revisions to the Code, produced in April 2015 was circulated to relevant officers across the Council, including Internal Audit, for comment. Internal Audit provided advice to ensure that the local Code of Guidance was aligned with the principles of the Code of Guidance for Funding External Bodies & Following the Public Pound¹, was established on a proportionate and risk-based control framework and was consistent with previous audit work. Feedback was also provided by other relevant officers in Services. Considerable work has consequently been undertaken by Legal Services to provide improved guidance for officers and a stronger control environment.

The current draft has been circulated to officers in Services, prior to being issued for consideration to EOT in September 2015.

Internal Audit is also now part of the FPP working group to deliver improvements to working practices in the appropriate provision and monitoring of services under FPP.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Legal Services during this audit.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been issued to:

B Malone, Chief Executive

L Simpson, Head of Legal Services

J Symon, Head of Finance

D Henderson, Information Compliance Manager

P Dickson, Complaints and Governance Officer;

A Heath, Solicitor

G Taylor, Head of Democratic Services

External Audit

Authorisation

The auditor for this assignment was A Gallacher. The supervising auditor was M Morrison.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 21 August 2015

ⁱ Issued by the Accounts Commission and the Convention of Scottish Local Authorities