



Internal Audit Report

FINAL

Chief Executive's Unit

**Value for Money Study
Following the Public Pound**

September 2010

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1 INTRODUCTION

This report has been prepared as a result of the Value for Money study as part of the 2009/2010 Internal Audit programme.

Original guidance from COSLA and the Accounts Commission (Code of Guidance on Funding External Bodies and Following the Public Pound, 1996) was produced in response to concerns about councils increasing use of Arms Length and External Organisations and the need to maintain control and accountability over public funds.

Audit Scotland carried out a Following the Public Pound (FTPP) Review for Argyll & Bute Council in September 2005. This led to a follow up review of Following the Public Pound issued covering all Scottish councils in December 2005. Argyll & Bute showed high compliance with the code however, the review stated that all councils must improve their performance.

A register is maintained within the council of payments to outside bodies. This audit analysed the register for 2009/10 and looked at the payments that were greater than or equal to £50,000 which related to 12 payments totalling £1,360,735 from a total of £2,868,630.

2 AUDIT SCOPE AND OBJECTIVES

The scope of this review is limited to the objectives set extending to consideration of the arrangements operated by the Council for the provision of funding to various organisations.

The main objectives of the 2009/2010 audit are:

- Confirm Service Level Agreements (SLAs) are in place with large payments paid to outside organisations;
- Confirm the SLAs meet the requirements of Following the Public Pound
- Confirm if the SLAs have been enforced in connection to payments, performance information and financial information;
- Look at the process for deciding what information is included in the SLA's;
- Check member/official involvement as included in the SLAs.

3 MAIN FINDINGS

- Agreements were in place for 11 of the 12 sampled payments to outside bodies and the aspects from FTPP code were not in all of the agreements;
- The register of payments to outside bodies is not maintained adequately;
- All payments were made within the year and each body did not receive any more than they were entitled to;
- All performance and financial information was received;
- When using SLA templates not all of the sections were adopted;
- Member/Official involvement needs clarification in the agreements.

4 RECOMMENDATIONS

Nine recommendations were identified as a result of the audit, all with high priority. The recommendations are shown in the action plan below.

5 AUDIT OPINION

The auditor is satisfied that the finance contacts and budget holders of the payments answered any questions arising and supplied appropriate documentation.

Based on the findings we can conclude that work must be completed to ensure the council complies with the Following the Public Pound code.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale.

Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

6 ACKNOWLEDGEMENTS

Thanks are due to the

- Senior Accountant, Joint Futures
- Appropriate Budget Holders and Finance Contacts

for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Blue Triangle receives £80,000 from the council which has been historical but no agreement is, or has been, in place. No explanation, other than the fact that it has been historical, was given.	High	An agreement must be put in place between the Council and Blue Triangle for the £80,000. The Commissioning team will add to the contract that the Council has with Blue Triangle for support services.	Head of Facility Services (Commissioning team)	31 October 2010
2	When Internal Audit asked for copies of the agreements in place one was received that was not on the register. It was also found that when contacting the budget holders one person had retired, and when contacting the finance contacts one had left the council. This shows that that the register is not complete or up to date.	High	The register of payments to outside organisations should be reviewed on a regular basis to ensure personnel are up to date and that all payments are included.	Head of Facility Services (Commissioning team)	1 April 2011

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
3	<p>A lease is in place for Oban & Lorn Enterprise Ltd which only contains 2 of the 6 aspects of Following the Public Pound code.</p> <p>SLAs state who the contact officer is for the council but the other agreements in place do not specifically state this information.</p>	High	<p>Oban & Lorn Community Enterprise Ltd - The lease in place should be reviewed to ensure all aspects of FTPP code are included, stating specifically who the council contact officer is.</p> <p>This will be addressed when the current contract expires i September 2013</p>	Head of Community & Culture	30 September 2013
4	<p>Principle 4: Representation - the council is clear about the purpose of any officer or member representation on ALEOs, and representatives discharge their responsibilities with due regard to the objectives of the council.</p> <p>Six of the agreements detail representation. The</p>	High	<p>Kintyre Recycling Ltd – The FTPP principle of Representation should be applied to any agreement template the council uses, stating specifically who the council contact officer is.</p>	<p>Head of Facility Services (Commissioning team)</p>	1 April 2011

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
	<p>other agreements rely on the budget holders having regular contact with the outside body.</p> <p>SLAs state who the contact officer is for the council but the other agreements in place do not specifically state this information.</p>				
5	As above	High	Greenlight Environmental Ltd – The FTPP principle of Representation should be applied to any agreement template the council uses, stating specifically who the council contact officer is.	Head of Facility Services (Commissioning team)	1 April 2011
6	As above	High	GRAB – The FTPP principle of Representation should be applied to any agreement template the council uses, stating specifically who the council contact officer is.	Head of Facility Services (Commissioning team)	1 April 2011

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
7	As above	High	Fyne Futures – The FFTP principle of Representation should be applied to any agreement template the council uses, stating specifically who the council contact officer is.	Head of Facility Services (Commissioning team)	1 April 2011
8	As above	High	Achievement Bute - The FFTP principle of Representation should be applied to any agreement template the council uses, stating specifically who the council contact officer is.	Head of Facility Services (Commissioning team)	1 April 2011
9	SLAs received by audit were incomplete. Some were sent not signed and some with pages/sections missing.	High	A note should be issued to the relevant teams stating that when developing an agreement with an outside body all sections of the Following the Public Pound Code must be included.	Head of Facility Services (Commissioning team)	1 April 2011