

To: Audit, Risk and Scrutiny Board

On: 04 November 2019

Report by: Chief Auditor

Heading: Training for Audit, Risk and Scrutiny Board Members

1. Summary

- 1.1 In line with national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities, training on audit and risk related matters is being provided to members of the Audit, Risk and Scrutiny Board.
 - 1.2 At the Audit, Scrutiny and Petitions Board meeting on 28 May 2019, it was agreed that a programme of training briefings for members would be provided and would continue to form part of the main agenda at every alternate meeting.
 - 1.3 Attached at Appendix 1 is the agreed programme of briefings, and at Appendix 2 the current briefing on "Following the Public Pound".
-

2. Recommendations

- 2.1 Members are asked to note the content of the current training briefing.
-

Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning –
Safer and Stronger** – an effective audit committee is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - training for elected members on audit and risk-related matters reflects audit committee principles
11. **Privacy Impact** – None
12. **COSLA Implications** – None
13. **Climate Risk** - None

Author: Andrea McMahon – 01416187017

Appendix 1

Date	Topic
26 August 2019	Performance reporting
4 November 2019	Following the public pound
16 March 2020	Public Sector fraud

Training briefing for Members of the Audit, Risk and Scrutiny Board

Appendix 2

Following the public pound

4 November 2019



Arm's Length External Organisations

A body which is formally separate from a council but is subject to its control and influence.

ALEOs are bodies through which Councils seek to carry out some of their functions, other than on a straightforward contractual basis.



Following the Public Pound (FPP)

The Code was published jointly by the Accounts Commission and COSLA in 1996

Statutory obligation on councils to comply

Sets out the principles of best practice when councils establish significant funding relationships with other bodies

Doesn't apply to simple grants to voluntary organisations



Governance and FPP

The main focus of 'following the public pound' is that the principles of good governance apply in decisions concerning public money irrespective of whether those funds are spend directly or transferred to an ALEO.

Effective governance requires councils to ensure that funds and resources provided to arms-length organisations are used to the purpose intended.



The FPP Code

Seeks to ensure that:

- Councils are clear about the reasons for their involvement in any arms length funding arrangement.
- The extent of the financial commitment and the nature of the financial relationship are clearly specified.
- Appropriate financial and performance monitoring and reporting arrangements are in place from the start.



The FPP Code

- Provisions are made for the council and its external auditors to have access to the records of the funded body.
- Councils carefully consider the question of their representation in the arms-length body
- Councils establish limitation in the funding relationship and an exit strategy



Conflicts of Interest

Elected members appointed to ALEOs could find themselves having a conflict of interest between their role on the ALEO board and their role as an elected member of the council.

The Standards Commission for Scotland has advice for Councillors on ALEOs.



Questions?

