

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 8 FEBRUARY 2006

PERFORMANCE MANAGEMENT REPORT- FOLLOWING THE PUBLIC POUND- REPORT BY AUDIT SCOTLAND

Report by the Executive Head of Finance

1 PURPOSE OF REPORT

- 1.1** This report advises Members of the publication of a report by Audit Scotland which provides information on how councils manage and account for funding provided to external bodies.

2 BACKGROUND

- 2.1** Guidance prepared jointly by COSLA and the Accounts Commission in 1996, "Code of Guidance on Funding External Bodies and Following the Public Pound" was published with the aim of assisting councils to "follow the public pound" across organisational boundaries from the point at which funds leave the council to the point at which they are ultimately spent by the receiving organisation. This is important to ensure that public funds are used properly, to maintain accountability, and to ensure that value for money is secured.

3 METHODOLOGY

- 3.1** Audit Scotland required all councils to complete a self assessment report which was then independently validated by the external auditor. The auditor then prepared a separate local management report which included an action plan. This report was presented to the Risk and Audit Scrutiny Group in November 2005 by the external auditor and improvement actions agreed are being monitored by the Council's Corporate Management Team.

The local reports were used to prepare a national report which was published in December 2005.

4 LOCAL REPORT

- 4.1** The local report concluded that the Council has well established systems in place to fund and monitor external organisations. The majority of these systems are in line with best practice and hence the Council can demonstrate a high level of compliance with the Code. There were five relatively straightforward improvement actions which

are being implemented covering;

- (i) the inclusion of non-financial risks in the funding application process;
- (ii) annual reporting to service committees;
- (iii) advising external organisations of the standards expected in terms of personnel, environmental and procurement policies;
- (iv) training for elected members involved with external organisations; and
- (v) guaranteeing access for external audit to funded organisations.

5 NATIONAL REPORT

5.1 The national report compares the performance of all Scottish councils and confirms that nine councils, including East Ayrshire, display a high level of performance and compliance, eighteen perform at a moderate level and five show poor performance.

5.2 Of the nine high performing councils only three, East Ayrshire, Glasgow and Renfrewshire are considered to display high performance against all six principles of the code of practice.

6 RECOMMENDATIONS

6.1 It is recommended that Members note the contents of this report.

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Executive Head of Finance

AMcP/JP
17 January 2005

LIST OF BACKGROUND PAPERS

Following the Public Pound, Audit Scotland Report published December 2005, available from the Executive Head of Finance or at <http://www.audit-scotland.gov.uk/publications/pdf/2005/05pf10ac.pdf>

Members wishing further information should contact Alex McPhee, Executive Head of Finance, Telephone (01563) 576300.