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CONTROLLER OF AUDIT ISSUES PROGRESS REPORT ON SCOTTISH BORDERS COUNCIL

The Controller of Audit, Ronnie Hinds, today issues his follow up report on the financial management of education services at Scottish Borders Council. The report has been prepared at the request of the Accounts Commission for Scotland who considered Mr Hinds' initial report in November 2001.

In his most recent report Mr Hinds recognises that in the past six months there have been major changes in the management of education services at Scottish Borders Council and that these have resulted in considerable disruption to the Council's business processes.

The Council's preliminary accounts for the financial year ended 31 March 2002 indicate that expenditure on education services was within budget and that steps have been taken to improve the Council's overall financial position. However, Mr Hinds is concerned that many of the financial management weaknesses identified in his previous report continued during 2001/02, including:

- some staff in the Lifelong Learning department are still unclear as to their specific responsibilities for monitoring and controlling their department's financial performance
- there were continuing weaknesses in management co-ordination
- the action plan agreed by the Council in November 2001 has yet to secure all the changes necessary in financial management.

Mr Hinds recognises the Council's recent initiatives to address these problems and underlines the need for the Council to monitor progress against its revised plans to ensure that the planned improvements are achieved in practice.

Controller of Audit, Ronnie Hinds says:

"In my report last year I identified serious weaknesses in the financial management of Scottish Borders Council's education budget. Based on the financial information currently available I am encouraged by the steps taken by the Council in 2001/02 to control expenditure on education services and to improve its overall financial position. . However, many of the weaknesses previously identified have yet to be fully resolved over six months after my initial report to the Accounts Commission.

"The Council has agreed plans to address these issues. It is vital that these plans are implemented and that the Council monitors progress regularly."

Mr Hinds' report is addressed to the Accounts Commission.

For further information, or for a copy of the report please contact Mandy Gallacher or Katie Fleming on 0131 624 9974/9970 or 0131 477 1234

Notes to editors

1. The Accounts Commission for Scotland was set up in 1975. It is an independent body of 12 members appointed by Ministers, whom, through the audit process and through value for money studies assist councils and fire and police boards to achieve the highest standards of financial stewardship and the economic and efficient use of their resources.
2. Issues arising from the audit of local authorities are reported to the Accounts Commission through the Controller of Audit who is an independent, statutory officer. The Commission can request the Controller to report to it on matters relating to councils' accounts. The Controller of Audit's report into Scottish Borders Council was requested by the Commission following its consideration of the Controller's previous report, dated 4 October 2001. The most recent report is made under section 102(1) of the Local Government (Scotland) Act 1973.
3. The Accounts Commission has the power to make recommendations to councils and to Scottish Ministers. The Commission also has the power to hold hearings.
4. 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 Accounts Commission and the Auditor General for Scotland.