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## Press release

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### **Councils' internal audit improves but still room to do more**

The standard of internal audit in Scottish councils has improved since 2001. A follow-up report published today for the Accounts Commission assesses progress made by councils in complying with good practice. The report shows that 27 councils improved but the level of improvement varies considerably.

The four best performing councils are: Angus, East Ayrshire, Highland and Renfrewshire.

Performance has deteriorated in 4 councils since 2001: Dumfries and Galloway, East Lothian, Falkirk and Perth & Kinross.

There is particular scope for improvement in many councils in:

1. carrying out effective risk assessment and taking preventative action to minimise risks
2. ensuring the work of internal audit is well planned and structured
3. following up recommendations to ensure action is taken

Internal audit is provided fully in-house in 24 councils; in eight councils some internal audit services are outsourced. Four of these councils have partnership arrangements with the private sector, and all four are in the top performance band.

Accounts Commission Chairman Alastair MacNish says

“Councils spend nearly ten million pounds a year on internal audit to help ensure that resources are used properly and effectively. Most councils have made real progress but in a few this resource is not yet being used to full advantage.

“The level of improvement in internal audit is encouraging but a number of councils still have a way to go to meet the standard expected of them. The councils that are not doing so well should consider entering into consortia arrangements with other public sector bodies or contracting with the private sector.”

The report also confirms that two-thirds of councils still do not have fully operating audit committees. Particular problems include not reviewing the response of management to the recommendations of internal audit, not considering all internal and external audit reports, and failure to meet in public.

**For further information contact: Audit Scotland press office - Anne Ryan, tel: 0131 624 9970 or Mandy Gallacher, tel: 0131 624 9974**

#### **Notes to editors**

1. The Accounts Commission is responsible for securing the audit of 32 Scottish councils and 34 joint boards, including police and fire services. The Commission investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Accounts Commission is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.
2. 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.
3. The Accounts Commission first looked at the standard of internal audit services in councils in 2001.