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Press release

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Accounts Commission asks for further audit work at Shetland Islands Council

The Accounts Commission has requested a report to look at governance and other aspects of performance at Shetland Islands Council.

This follows a meeting of the Accounts Commission yesterday which considered issues arising from the audit of the council's 2008-09 accounts. Due to its concerns, the Commission has asked the Controller of Audit to carry out further audit work and to report back.

At the meeting, the Commission considered a statutory report on the council which highlighted the qualifications placed on the accounts by the auditors because of two instances whereby the council has failed to comply with accounting requirements. One qualification regards the valuation of the investment accounts, the other arises from disagreement on the accounting treatment of Shetland Charitable Trust.

John Baillie, Chair of the Accounts Commission, said: "Shetland Islands Council's accounts have been qualified for the fourth year in a row. This is serious in itself, but even more concerning given that the qualifications may be symptoms of deeper problems at the council. Bearing in mind the council's duties to deliver Best Value to local people we have decided to seek further evidence from Audit Scotland on how the council is being run."

The next step is for the Accounts Commission and the Controller of Audit to agree the scope of the report and timeframes for reporting.

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Notes to editors

1. A statutory report is the means by which Caroline Gardner, the Controller of Audit, highlights audit issues to the Accounts Commission so that they can then take decisions on the way forward. Audit Scotland carries out work as directed by the Accounts Commission and the Controller of Audit.
2. The statutory report, referred to above, is a public document. It is on Audit Scotland's website at http://www.audit-scotland.gov.uk/work/local_statutory.php
3. Audit Scotland's annual audit report, looking at the council's performance for 2008-09, was presented to the council yesterday and is available on Shetland Islands Council's website at <http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=9962>
3. The Accounts Commission for Scotland was set up in 1975 and operates independently of both central and local government. The Commission considers whether local authorities, fire & rescue services and police forces spend public money properly and effectively.

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 Auditor General for Scotland and the Accounts Commission for Scotland.

(The Audit Commission is an entirely separate body that operates only in England.)

5. Best Value is the duty placed on local authorities to demonstrate their on-going commitment to providing better services to local people. The Audit of Best Value is undertaken by Audit Scotland on behalf of the Accounts Commission. It responds to the Local Government in Scotland Act 2003, which gave councils a new power to promote or improve the well-being of their area and the people living within it and new responsibilities including:

- making arrangements which secure Best Value, defined as 'continuous improvement in the performance of the authority's functions, having regard to efficiency, effectiveness, economy and equal opportunities.
 - discharging their duties in a way which contributes to sustainable development
 - maintaining a community planning process
 - making arrangements for reporting to the public on their performance
 - meeting new rules relating to trading.