

## **The Accounts Commission for Scotland's annual statement on efficiency, effectiveness and economy for 2011/12**

The Public Services Reform (Scotland) Act 2010, section 32(1)(b) requires listed public bodies to publish a statement in relation to efficiency, effectiveness and economy as soon as possible after the end of the financial year.

The following statement sets out the steps that the Accounts Commission has taken in 2011/12 to improve its efficiency, effectiveness and economy in the exercise of its functions. Information on our local government audit work is contained in our report *An overview of local government in Scotland – Challenges and change in 2012* which is on our website at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

### **Introduction**

The Accounts Commission is the public's independent watchdog which, through the audit process, requires local government bodies in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Accounts Commission holds local authorities to account and helps them to improve by: securing the external audits, including the audit of Best Value and Community Planning; following up issues of concern identified through the audits to ensure satisfactory resolutions; carrying out or promoting performance audits to improve economy, efficiency and effectiveness in local government; and issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Accounts Commission operates independently of local authorities and of the Scottish Government, and meets and reports in public.

### **Efficiency, effectiveness and economy improvements during 2011/12**

In autumn 2010 the Commission approved an approach to reducing audit fees that contributes to Audit Scotland's four-year financial strategy to reduce significantly the cost of audit. Overall, working together, the Commission, the Auditor General and Audit Scotland are aiming to reduce the cost of audit to public bodies by at least 20 per cent over the four years to 2014/15.

This year we (the Commission, the Auditor General and Audit Scotland):

- applied a 5.5 per cent real terms fees reduction, and also gave audited bodies a combined fees credit of £1.5 million
- finalised the appointment of new auditors across the public sector for the next five years from 2011/12, which will save at least £1.2 million a year.

Further details on the budget strategy are provided in the Audit Scotland annual report.

Since 2008, the Commission has had a formal role to work with our scrutiny partners to facilitate and co-ordinate scrutiny relating to the corporate and strategic role of local government. Over the past four years the Commission supported by Audit Scotland has, with the other scrutiny and inspection bodies, developed a risk-based, proportionate and co-ordinated approach to the scrutiny of local government.

This year updates to the 32 local Assurance and Improvement Plans for each council and the National Scrutiny Plan for Local Government were published in May 2012. These documents detail the shared assessment of risks and the co-ordination of proposed scrutiny responses across the main audit and inspection agencies working in local authorities. In order to increase transparency, the National Scrutiny Plan also includes scrutiny activity

requested by councils, e.g. supported self-evaluation work, and national activity including that requested by Ministers e.g. children's services inspections.

By co-ordinating work and focusing on the key issues at each council, we continue to ensure that activity is targeted to where it is needed. In addition to this co-ordination work, scrutiny bodies continue to streamline their own approaches to audit and inspection to ensure that they too are risk-based and proportionate.

The Commission closely monitors its programme of national performance audits, in conjunction with the Auditor General for Scotland, to ensure that this is delivered efficiently and is reflective of issues affecting local government and the wider public sector.

The Commission has continued to work with local authorities to agree improved performance information that they publish, which is required by an annual direction of the Commission.