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ACCOUNTS COMMISSION ANNOUNCES FINDINGS ON FIFE COUNCIL AND THIRD AGE GROUP

The local authority spending watchdog, the Accounts Commission, has considered the issues surrounding Fife Council's financial involvement with the Third Age Group. The Commission accepts the conclusions in the Controller of Audit's report which provides assurance that grants to the Third Age Group were, in all material respects, used for the purpose intended; identifies procedural short-comings in the Council's financial and other involvement with the Third Age Group; that overall the Council's governance arrangements worked well, and highlights the need for all councils to follow the principles of the 'Code of Guidance on Following the Public Pound' in their dealings with arms-length organisations.

The Commission's findings are as follows:

1. Fife Council has demonstrated effective arrangements for good governance. In particular, the role of an Audit Committee or equivalent which allows elected members to engage in scrutiny and holding to account within the Council has been significant.
2. The Commission notes that Fife Council has agreed a wide ranging package of measures to be carried out following the Controller of Audit's report and that progress will be monitored through the local audit process.
3. The Commission endorses the need for a national review of councils' involvement with arms-length organisations and looks forward to the outcome of that exercise. In the meantime, Scottish councils are encouraged to identify and review their arrangements with arms-length bodies

Bruce Merchant Deputy Chairman of the Accounts Commission says:

“Although these problems have been highlighted at Fife Council there are important lessons for all local authorities. All councils need to have proper governance arrangements in place in particular audit committees or their equivalent. Equally important is the need for proper arrangements when dealing with arm's length bodies like the Third Age Group. In these circumstances councils need to be clear about why funds are being given to these bodies, how the money will be used and accounted for, and ensure that proper monitoring arrangements are in place.”

The Accounts Commission's findings and the Controller of Audit's report are available from the Audit Scotland website <http://www.audit-scotland.gov.uk>

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Notes to editors

1. The Accounts Commission is an independent body of 12 members which is independent of both central and local government. It was set up in 1975. The Commission uses the audit process and value for money studies to ensure that local authorities, fire and police boards spend £9 billion of public money properly and wisely. The Accounts Commission appoints the external auditors of all Scottish Councils.
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 Controller of Audit can make reports in the public interest. The Controller of Audit's report on Fife Council and the Third Age Group is a public interest report and was made under section 102(2) 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 a discretionary power to hold a hearing to allow those involved to have their say and seek clarification on specific issues.
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.