

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 21 JUNE 2016**

**INTERNAL AUDIT ANNUAL REPORT AND REVIEW OF CORPORATE GOVERNANCE**

**REPORT BY JANINE WILSON, SERVICE MANAGER – GOVERNANCE AND CONSULTANCY**

**ABSTRACT**

This report presents the Audit Manager's Internal Audit Annual Report and independent assurance opinions in relation to both the overall corporate governance arrangements and internal controls for 2015-16.

**1. RECOMMENDATION**

It is recommended that the Committee:

- (i) note the contents of the attached Audit Manager's annual report for 2015-16 and provide any commentary thereon

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/ COUNCIL PLAN**

The Angus Council Plan contains a number of priorities that our 2015-16 Internal Audit work seeks to provide assurance on. This includes areas such as Transforming Angus, IT Security and Universal Credit Preparedness. This report also provides assurances in relation to the Council's corporate governance framework which is a key component in underpinning delivery of corporate priorities.

**3. BACKGROUND**

***Introduction***

The Public Sector Internal Audit Standards (PSIAS) became effective for local authorities on 1 April 2013. The PSIAS requires that:

*"The chief audit executive [Audit Manager] must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.*

*The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*

*The annual report must incorporate:*

- *the opinion;*
- *a summary of the work that supports the opinion; and*
- *a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."*

In support of the overall governance arrangements of the Council, the Local Code of Corporate Governance requires that the Audit Manager also provides assurance in relation to compliance, efficiency and effectiveness of the Local Code. In addition the Head of Finance, requires a specific opinion on the internal financial controls in support of his Section 95 duties.

#### **4. CURRENT POSITION**

This Internal Audit Annual Report and Review of Corporate Governance provides an overall opinion from the Audit Manager on the internal control and internal financial control environment within the Council for the 2015-16 financial year. This will be used to inform the production of the Council's Annual Governance Statement.

#### **5. PROPOSALS**

The Audit Manager's Internal Audit Annual Report and Review of Corporate Governance (attached at Appendix I) provides the information and assurances in relation to the matters discussed in section 3.

Members are invited to note that in terms of overall corporate governance it is the Audit Manager's opinion that although there are a few areas of work to be completed for full compliance with the local code, the overall governance arrangements of the council are considered sound.

In addition to the overall corporate governance statement, the Audit Manager is also required to provide an independent opinion on the Council's internal controls including financial controls. With the exception of those areas identified in Section 4.1 of the attached report, the Audit Manager has indicated that internal financial control arrangements and the framework within which the Council operates are generally sound.

#### **6. FINANCIAL IMPLICATIONS**

There are no financial implications arising directly from this report.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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**List of Appendices:**

Internal Audit Annual Report and Review of Corporate Governance