Angus Council Internal Audit

Internal Audit Annual Report
and
Review of Corporate Governance

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Executive Summary - Overall Opinion and Assurances

Background

1. As Audit Manager to Angus Council I am required to provide an annual report to those charged with governance[1]. In doing this I am required to "*evaluate the quality of risk management processes, systems of internal control and corporate governance processes, across all parts of the organisation and report this directly and independently to the most senior level of management*[2]" I am also required to provide an independent opinion on compliance with the Local Code of Corporate Governance.

2. My governance audit and internal control audit and assurances for 2013-14 are informed by a number of sources detailed in section 1.4 of this report. Sample evidence was sought from directors to support their certification against minimum governance and internal financial control standards.

3. My governance and internal financial control opinions relate solely to the council and do not include those bodies included in the group accounts.

Corporate Governance

4. The Council operates within a well-established governance framework and the results of the 2013-14 audit indicate a number of areas supporting good governance have been improved during the year including:

    *   Establishment of Scrutiny Reviews by the members of the Scrutiny and Audit Committee

    *   Recasting of council budgets so that they reflected the new management structure

    *   Review and revision of the Standing Orders and Financial Regulations.

    *   Approval of a new risk management strategy

5. The Council implemented a revised management structure on 1 April 2013. This resulted in a reduction in the number of Council departments from six to three (plus the Chief Executive's Unit) focussing on the key areas of People, Communities and Resources. This restructure also saw the retirement of each of the existing Departmental Directors and the appointment of three new Strategic Directors.

6. Specifically in relation to compliance with the local code, the results of the assessment by the Corporate Governance Officers Group (CGOG) and the audit work indicate that

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[1] CIPFA Code
[2] Institute of Internal Auditors

the council was compliant with the majority of the principles of the local code. The main areas that require to be taken forward for full compliance are:

- Ensuring that the recently approved risk management strategy is embedded, with appropriate training provided to ensure that members and managers at all levels recognise risk management is an essential part of their job

- Delivery of the information governance action plan

- Continue the improvements in business continuity planning to ensure that they are developed and maintained for all critical services as well as being subject to regular validation and testing

- Ensuring that, in compliance with SPSO guidance, there is periodic reporting on complaints

- Improvement in compliance with equalities legislation particularly in relation to the consideration of equalities when submitting reports to Council and its committees

- Provision of corporate governance training for officers

- Deployment of the Partnership Governance and Risk model

- Implementation of formal project and programme management standards within the Council

7. It is therefore recommended that these are considered for inclusion within the Annual Governance Statement as areas for improvement in 2014-15.

8. With the exception of the issues regarding complaints and equalities, all of these areas have featured in several previous Annual Governance Statements. While some work has been carried out in 2013-14, these areas are still outstanding in terms of ensuring full compliance with the local code.

9. The review of the assurances from the Strategic Directors identified a small number of areas, within specific individual directorates, where full compliance was not in place and where improvement areas were identified. These areas have, in the main, been reflected in draft directorate corporate governance plans and do not adversely affect the conclusion that the Council is substantially compliant with the local code.

Annual Internal Audit Opinion

10. I am required to provide an opinion on the overall internal control environment which includes internal financial controls. As with my governance assurances, this opinion is based on the sources cited in section 1.4

11. The internal audit work of the year has identified a number of areas of good practice and good internal control. A number of level 1 recommendations have again been made with some of the more material findings highlighted in section 4.1. As discussed

in section 4.2, there is evidence of slippage in tracking and implementing internal audit recommendations.

12.   With the exception of those improvement areas identified in section 4.1 and 4.2, it is my overall opinion that the internal financial governance and control framework of the council is considered to be sound and reasonable assurances have been obtained of effective working in the year under review.

1. Introduction and Background to the Annual Report

1.1 Objectives

13. As Audit Manager to Angus Council I am required to provide an annual report and opinion on the Corporate Governance and internal control arrangements within the Council during the financial year 2013-14.

14. The objectives of my annual report are to:

- Provide independent assurances to Members of the Council and the Chief Executive in relation to my assessment of, and opinion on, the Corporate Governance arrangements during the year under review including compliance with the Local Code of Corporate Governance.

- Provide an opinion on the overall adequacy and effectiveness of the Council's control environment, including specific assurances to the Head of Corporate Improvement and Finance in relation to internal financial controls to support and inform his duties as s95 Officer.

- Outline the work of internal audit during the year, indicating the more material findings arising from that work and draw attention to any issues I judge particularly relevant to the preparation of the Annual Governance Statement.

- Provide performance information in relation to internal audit and communicate the results of the internal audit quality assurance programme.

1.2 Responsibilities in relation to Corporate Governance and Internal Control

15. The Council adopted a Local Code of Corporate Governance in May 2002. This Code defines how the Council will conduct its business and affirms Council commitment to the fundamental principles of openness and inclusivity, integrity and accountability in overall governance arrangements.

16. Each Chief Officer shall comply with the requirements of the Council's Local Code of Corporate Governance and shall be responsible for providing the Chief Executive with an Annual Assurance Statement for their area(s) of responsibility.

17. The Local Code requires that both the Chief Executive and Internal Audit review compliance with the Local Code on an annual basis and provide their respective reports. These are the Annual Governance Statement and the Audit Manager's annual report and opinion respectively. Both reports will be presented to the Scrutiny and Audit Committee.

18. Compliance with the code will be assessed on an annual basis by an officer working group on Corporate Governance, currently the CGOG.

19. In addition, I am required to review and report annually on compliance, adequacy and effectiveness of the Code.

20. In terms of internal controls and directorate governance, it is the responsibility of the Council's Strategic Directors to establish an appropriate and sound system of internal control, to monitor the continuing application of the controls and to annually certify adherence. It is the responsibility of the Audit Manager to provide an annual overall assessment of the adequacy and effectiveness of the internal control system which specifically includes internal financial controls.

1.3 Limitations of Scope of Internal Audit Work

21. There were no limitations of scope to the audit work conducted in 2013-14.

1.4 Basis of Opinions

22. My opinions in relation to the Corporate Governance and Internal Control arrangements are informed by a number of sources:

- The audit work undertaken by internal audit during the year to 31 March 2014.

- Formal assurances received from the Head of Corporate Improvement & Finance (Section 95 Officer) and the Head of Legal & Democratic Services (Monitoring Officer).

- Certification against minimum governance and internal financial control standards received from the Strategic Directors and from the Service Manager – Governance on behalf of the Chief Executive's Unit.

- Our observations of the work of the CGOG in relation to their self-assessment of local code compliance.

- The assessment of risk completed during the preparation of the audit plan.

- Reports issued by the Council's External Auditors and other review agencies.

- My knowledge of the Council's governance, risk management, financial and performance monitoring arrangements
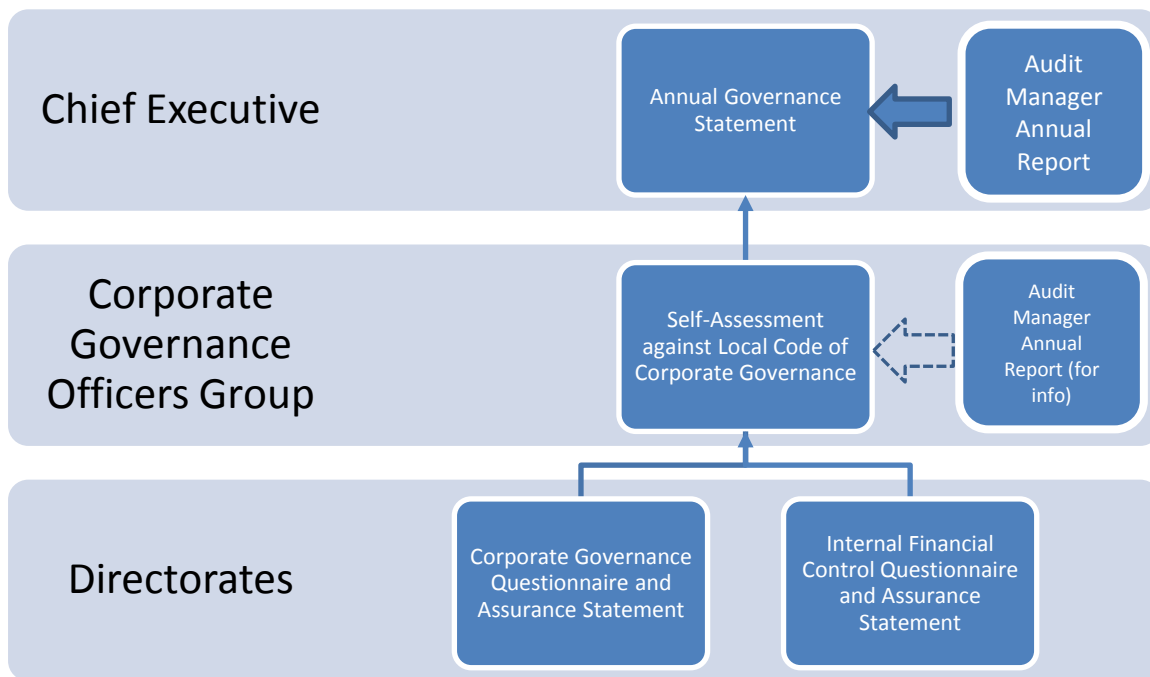
2. Compliance with the Local Code

2.1 The Local Code of Corporate Governance

23.   The council's local code has been in place since 2002 with a major review, based on a self-assessment exercise, resulting in a new local code effective from 1 April 2009. The code was last updated in June 2011.

24.   The Local Code is principles based and covers the following:-

- *Focusing on the outcomes of the council and creating and implementing a vision for the local area -* This principle covers areas including articulation of council vision, ensuring high quality services and best use of resources to ensure value for money.

- *Members and Officers working together to achieve a common purpose with clearly defined functions and roles -* This principle requires clarity of roles and constructive relationships between members, officers, partners and the public.

- *Promoting values for the council and demonstrating the values of good governance upholding high standards of conduct and behaviour -* This covers areas of leadership and conduct, effective governance and ensuring organisational values are effective.

- *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk -* This principle expects rigorous and transparent decision making, constructive scrutiny based on good quality information and effective risk management systems in place.

- *Developing the capacity and capability of members and officers to be effective -* This principle involves ensuring members and officers have the skills and capabilities to discharge their governance roles.

- *Engaging with local people and stakeholders to ensure public accountability -* This principle looks for community engagement and accountability to the public and responsibility to staff.

2.2 Compliance Assessments

25.   The diagram below illustrates the key processes involved in determining compliance with the Local Code.

26. The CGOG, on behalf of the Chief Executive, conducts a self-assessment against the Local Code. This considers corporate compliance along with the assurances received from Directorates and the Chief Executive's Unit in the form of the completed Corporate Governance Questionnaire and Assurance Statement and the Internal Financial Control Questionnaire and Assurance Statement.

27. For 2013-14, these questionnaires were completed by the relevant Strategic Director and by the Service Manager – Governance on behalf of the Chief Executive's Unit. All of this, along with my annual report, forms the basis for the assessment reported in the Annual Governance Statement.

28. A compliance assessment is also conducted by Internal Audit. This assessment is largely based on the governance assurances provided in the Questionnaire and Assurance Statements by the Strategic Directors for their directorate and by the Service Manager - Governance for the Chief Executive's Unit. These assurances involve directors certifying compliance with minimum governance standards which have been set by the CGOG and Internal Audit review of sample supporting evidence.

2.3 Compliance Assessment

29. In conducting our compliance assessment, we reviewed the draft Self-Assessment against Local Code of Corporate Governance completed by the CGOG as well as the Corporate Governance and Internal Financial Control Questionnaires and Assurance Statements submitted by Directorates. We also considered the Annual Governance Statement and Chief Internal Auditor's Annual Report for 2012-13 as part of our overall assessment.

30. Those areas which were found not to be fully compliant are detailed in the respective Corporate Governance and Internal Financial Control sections below. It should be noted that a number of those areas have been raised in previous Annual Reports.

2.4 Corporate Governance

Risk Management

31. Work has been on-going during 2013-14 to review the Council's risk management arrangements. This resulted in a revised risk management strategy being produced and this was approved by the Policy and Resources Committee in March 2014.

32. The risk management strategy paper submitted to the Policy & Resources Committee in March 2014 included an update on those risks in the Corporate Risk Register which were above the Council's risk appetite. This also included an update on how these risks would be taken forward as part of the development of the 2014-15 risk register.

33. Directorates have reviewed the risk registers that were in place under the previous management structure using the existing risk management guidance. Revised guidance to support the implementation of the new Strategy is currently being developed and will be used by Directorates to review their risk registers during 2014-15.

34. The development of the new Risk Management Strategy was delayed by the management restructure and this has impacted on the completion of the recommendations from the Risk Management Audit 11-36.

35. The framework for taking forward risk management is now in place and the planned issue of the revised guidance will provide assistance to directorates on reviewing and assessing their risks in line with the revised strategy. Training is to be provided during the first quarter of 2014-15 as the first stage in the process of development of revised corporate and directorate risk registers.

Information Governance

36. There has been little progress by the Council in terms of delivery of the Information Governance Action Plan.

37. A new Information Governance Steering Group (replacing the previous Information Governance/Risk Management group) met on 17 Oct 2013 and considered a draft Information Governance Strategy and draft Information Governance Management Framework. This Steering Group has not met again and the documents remain in draft. Membership of the Steering Group also needs to be agreed.

38. The Data Protection/Freedom of Information operational group continued to meet regularly, normally twice a year. An operational Records Management group, a new group set up per the (draft) management framework, met only once during 2013-14.

Business Continuity Planning

39. The Council's work on Business Continuity Planning (BCP) progressed significantly during 2013-14. The Council's BCP processes and existing plans were initially assessed against good practice and international Business Continuity standards with the aim of embedding BCP, allowing individuals to take ownership for plans, providing training workshops and developing a set of standard processes across the Council.

40. The BCP work has continued with the identification of additional business continuity co-ordinators, two 2-day training workshops completed and development of BCP operational plans for each of the Council's critical services.

41. The vast majority of these operational plans have been submitted, reviewed and quality assured, with only a small number within the People directorate to be completed.

42. Planned work for 2014-15 is to finalise all plans including the Corporate ICT BCP and take forward the testing, exercising and validation of the plans through a series of desk top / table top exercises. In addition, further training for co-ordinators will be completed and plans will be reviewed to ensure that they are still valid.

Complaints

43. As part of our corporate governance audit work, we reviewed the Council's arrangements for handling complaints. In December 2012, the Strategic Policy Committee approved the adoption and implementation of the Scottish Public Sector Ombudsman (SPSO) model complaints handling procedure. The new procedure has been in place since 1 April 2013, together with an electronic system to log, monitor and report on formal complaints.

44. From 2013-14, local authorities are required to assess complaints handling performance against specific performance indicators (published by SPSO in August 2013), and to publish on an annual basis performance in handling complaints. No complaints handling performance information for 2013-14 has been published.

45. A high level summary of the complaints received by the Council was included in a report to the Scrutiny and Audit Committee in September 2013, highlighting the number of complaints and investigations logged in the quarter to 31 July 2013. This report indicated that a more detailed report would be provided in November 2013 based on the SPSO performance indicators.

46. No report was completed in November 2013 and no further reports on the complaints procedure have been provided to committee since September 2013.

47. The Council's Customer Care/Complaints guidance highlights that "*We will publish on a quarterly basis the outcome of complaints and the actions we have taken in response*", however this has not been done.

Corporate Governance Training

48. Corporate governance training for officers which was highlighted in previous years' annual governance statements has not been taken forward during 2013-14.

Ensuring clarity of roles and governance / risk arrangements within partnerships

49. A Partnership Governance Standards document has been prepared and developed in conjunction with Zurich Municipal to allow directorates to assess the extent to which any partnership requires to implement or comply with governance requirements. This was to be implemented during 2013-14. To date, no assessments have been completed against the standards. The Corporate Governance Officers Group met in February 2014 and agreed that this would be piloted for a small number of areas in the People and Communities Directorates.

Directorate Governance Action Plans

50. There has been limited progress in the completion of the Corporate Governance Action Plans developed for 2013-14. These were developed from the 2012-13 review of corporate governance that was based on the previous management structure. The lack of progress was highlighted in the Interim Corporate Governance Review (Internal Audit report 13-24 refers).

2.5 Internal Financial Control

51. Our Interim Corporate Governance audit in early 2014 recognised that there had been unprecedented level of change in the Council's management structure and there had been significant change in senior management. Our review identified that more could have been done since 1 April 2013 within some areas of the council to ensure compliance with the requirements for maintaining operational schemes of delegation and authorised signatory lists.

52. Our audit work as part of this review confirmed that there has been progress in addressing these issues. We identified that operational schemes of delegation and authorised signatory lists for all directorates have now been updated in line with the new management structure as it stood at 31 March 2014.

2.6 Summary Compliance Assessment

53. The initial self-assessment of the local code by the CGOG in 2013-14 found that the council was substantially compliant with the local code, with exceptions noted in relation to risk management, complaints, business continuity planning and information governance. The results of our audit assessment are consistent with those reached by the CGOG.

54. Other areas found to require improvement that have been raised in previous years include corporate governance training, clarity of roles and governance / risk arrangements within partnerships and monitoring of directorate governance action plans.

55. The review of the assurances from the Strategic Directors identified a small number of areas, within specific individual directorates, where full compliance was not in place and where improvement areas were identified. These areas, have, in the main, been reflected in draft directorate corporate governance plans and do not adversely affect the conclusion that the Council is substantially compliant with the local code.

56. As part of the annual corporate governance exercise Directors are asked to complete an internal financial control questionnaire and assurance statement certifying compliance with core internal financial controls. Strategic Directors have generally certified positively in terms of their directorate compliance with only a small number of areas identified as requiring improvement.

57. Our Audit work identified a small number of areas of non-compliance with the core internal financial controls within individual directorates.

3. Internal Audit

> *"Internal auditing is an independent assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*
>
> Source: Institute of Internal Auditors

3.1 Role of Internal Audit

58. The Institute of Internal Auditors indicates that "*the role of the internal auditor is to provide assurance to management that all key risks are being managed effectively. To do this, the internal auditor will evaluate the quality of risk management processes, systems of internal control and corporate governance processes, across all parts of the organisation and report this directly and independently to the most senior level of management.*"

3.2 Structure and Reporting

59. As part of the management restructure, Internal Audit became part of the Governance section of the Chief Executive's Unit. During the year a new Internal Audit Charter was approved which clearly defined how Internal Audit maintained its independence as well as the functional and administrative reporting arrangements put in place. As Audit Manager, I had open access to all members and officers of the council and operated in accordance with the Internal Audit Charter.

60. I reported in my own name the results of all internal audit work to the Scrutiny and Audit Committee. The Committee are remitted to consider the outcomes of audit and investigation work; monitor the discharge by management of the recommendations made; ratify internal audit plans; and review the performance of internal audit.

61. Professional practice in relation to the provision of internal audit service is defined by:

- The Institute of Internal Auditors – Definition of Internal Auditing, Code of Ethics and International Standards for the Professional Practice of Internal Auditing

62. Within the local government environment the recognised standard and best practice are contained in:

- Public Sector Internal Audit Standards (PSIAS) – effective from 1 April 2013
- CIPFA – The Role of the Head of Audit in Public Service

63. The PSIAS public sector requirements state 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."*

64. The responses to these requirements are included in Section 4 of this report.

65. During 2013-14, an internal assessment was undertaken by Internal Audit on our compliance with the PSIAS. An action plan was developed to address the small number of areas where full compliance was not yet demonstrated. This has been subject to regular review throughout the year and it is intended that an external assessment in the form of an EQA (External Quality Assessment) will be performed during 2014-15.

66. Internal Audit undertakes an annual programme of work based on a formal risk assessment process which is revised on an on-going basis to reflect emerging risks and changes within the Council.

67. All internal audit reports are subject to consultation with management for consideration of factual accuracy and recommendations made. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken to implement the agreed action plans. I am required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters (including non-compliance with audit recommendations) arising from internal audit work are reported to the Head of Corporate Improvement and Finance, Chief Executive and the council's Scrutiny and Audit Committee.

3.3 Performance & Quality Assurance

68. Quality assurance arrangements within the section are contained within the Audit Manual and encompass a robust day to day quality system and file review process.

69. Our gap analysis against the PSIAS identified the need for defined and agreed measures of Internal Audit performance. These are in the process of being developed and it is envisaged that we will adapt the Internal Audit balanced scorecard produced by SLACIAG (Scottish Local Authorities Chief Internal Auditors Group) for reporting to

the Scrutiny and Audit Committee. Reports on performance will be prepared and included in the Internal Audit Update reports to the Scrutiny and Audit Committee in 2014-15.

70. Currently, performance indicators used for Internal Audit are those developed by the CIPFA Directors of Finance Section. For 2013-14, the efficiency indicator shows the section discharged 93% of planned productive hours, compared with 90.1% in the previous year.

71. The Internal Audit Section had a staffing vacancy for the whole of 2013-14 with the post of Auditor (0.6 FTE) not filled. The co-sourcing contract which continued in 2013-14 provided some additional audit days to supplement the work of the Internal Audit Section as well as for the role of Audit Manager.

72. The work of the Internal Audit function is reviewed by External Audit as part of their final accounts review. The purpose of this review is to ensure that the Internal Audit section performs to professional standards in the conduct of audit work in order that External Audit can place reliance on it. External Audit has indicated that they will be placing formal reliance on the internal audit review of Payroll Key Controls carried out in 2013-14.

4. Summary of Internal Audit Activity 2013-14

73. The main areas of audit conducted in the year, with a summary of the more material findings, supplemented by our review work on discharge of level 1 recommendations, are outlined below.

4.1 Main Audit Findings

74. A number of areas of good practice were noted from the audit work of the year including:

- clear and concise guidance on the use of social media

- robust controls for system interface transactions between Archimedes/Badger and Integra

- significant work completed by Revenues to develop and implement the system and procedures required for the administration of the Scottish Welfare Fund and Discretionary Housing Payments within the Welfare Reform agenda.

- the Council has a Self Directed Support implementation group and an action plan in place with regular updates provided to managers and Council Members.

- Disclosure information, both electronic and paper, is stored securely, in line with Disclosure Scotland's Code of Practice

- effective controls were noted from our review of High Value Placements.

75. A variety of audit reports in both financial and non-financial areas have been issued during 2013-14.

76. In terms of financial audit work, areas covered included:

- Welfare Reform
- Payroll Key Controls
- Budget Monitoring
- Creditors – non-Pecos Ordering
- Income Management
- High Value Placements
- Self-Directed Support & Direct Payments
- Theatre Events
- School Catering

77. The most significant improvement requirements identified from the financial audit work relate to:

- Self-Directed Support & Direct Payments: Children's Services should ensure that all cases are reviewed on a regular basis to ensure that the assessed needs are being met, the Direct Payment is being used for the care package authorised and no changes are required.

- Theatre Events: The arrangements for the use of and sign off of contracts for Theatre Events.

- Theatre Events: The development and introduction of written procedures for the collection and administration of Performing Rights Society Charges to ensure a consistent approach is followed.

- School Catering: The implementation of a point of sale system for cash sales which allows a suitable VAT record to be maintained and the requirement for adequate supporting documentation to be maintained for each cash outlet.

- School Catering: The requirement for the Education Service to assess the impact of the current method of recharging for free school meals in secondary schools with the review to look at the opportunity to account and invoice for them in the same manner as paid meals.

78. In relation to non-financial work, areas covered included:

- Social Media
- Transforming Angus
- Angus Care and Repair
- Data Protection
- E-mail accounts
- PVG Scheme
- Equalities

79. The most significant improvement requirements identified from the non-financial audit work relate to:

- Equalities: Current practice does not conform fully with best practice guidance issued by the Equality and Human Rights Commission or with current Angus Council guidance. The report included 14 recommendations, six at Level 1. An action plan has been agreed with management and the CMT has agreed to take the lead in promoting the importance of equalities issues.

- PVG: The policy on the Secure Handling, Use, Storage and Retention of Disclosure Information should be reviewed and updated.

- Data protection: We cannot provide assurance that all laptops in use throughout the Council are encrypted. The use of unencrypted laptops to connect to the corporate network or store Council data for any reason poses risks to data security. There are also implications for the Council's PSN compliance.

- Data protection: Membership of the Information Governance Steering Group should be confirmed as a matter of urgency. Following on from this, the draft Information Governance Strategy and Management Framework should be finalised and the outstanding recommendations from Internal Audit report 12-34, Information Governance, addressed.

- E-mail accounts – Our review of the processes for deleting email accounts and testing of user accounts has identified that both the core control (line manager notification to IT) and the compensating control (IT acting upon leaver information provided by Payroll) were not effective.

- Angus Care and Repair: The Service Level Agreement (SLA) with Angus Care and Repair does not fully reflect the priorities and principal objectives of such a service and there is limited detail and transparency on the costs of the work within

the SLA. The Council also requires to work more closely with Angus Care and Repair to identify all potential options for generating alternative additional sources of income.

- Social Media: There is no formal strategy or action plan for the future development of social media. Consideration should be given to developing these.

- Social Media: The expected business benefits from the corporate use of social media should be formulated. Performance indicators should be developed to assist management in assessing whether the use of social media is fulfilling its objectives.

80. Our interim corporate governance review identified that during 2013-14 there had been inconsistency in how operational schemes of delegation and authorised signatory lists were maintained. Our year-end work identified that operational schemes of delegation and authorised signatory lists for all directorates have now been updated in line with the new management structure as it stood at 31 March 2014.

81. The results of the above audits have all been considered by the Scrutiny and Audit Committee.

4.2 Discharge of Level 1 Recommendations

82. As part of the annual corporate governance audit, the discharge of level 1 recommendations is reviewed.

83. The People directorate indicated that they were only partially compliant in relation to ensuring that Level 1 actions from internal and external audit reports are completed within agreed timescales. New arrangements for dealing with audit reports in the People directorate will be implemented from April 2014.

84. The Resources directorate now monitor their audit recommendations through Covalent.

85. The Communities directorate has assessed itself as compliant with this requirement but we found that there is no formal directorate-wide process in place to manage this.

86. The review work carried out by Internal Audit highlighted that there are still some areas of slippage in the discharge of level 1 recommendations. The most significant areas of slippage are in relation to:

- Risk Management

- Counter Fraud Arrangements

- Information Governance

- Resolving the risks associated with the absence of control around the Payroll system administrator account. The delays in implementing ResourceLink have impacted on the ability to address this.

87. A number of similarly themed level 1 recommendations were raised in our separate reviews of Project & Programme Management and Transforming Angus. Our follow-up review identified that the recent development of the Transforming Angus programme has addressed the majority of these, with the only one remaining to be completed being the development of formal standards for project and programme management. Our 2014-15 audit work will provide assurances on the effectiveness of project and programme governance arrangements for the Transforming Angus programme.

88. Revised dates have been agreed with directorates for these recommendations and we will review implementation of the actions as part of our 2014-15 follow up work.

4.3 Conformance with the PSIAS

89. We confirm that our internal audit work substantially conforms with the PSIAS. A small number of minor gaps were identified as part of a formal internal self-assessment against the standards during 2013-14, the majority of which have now been addressed. The remaining gaps will be addressed in early 2014-15.

4.4 Annual Internal Audit Opinion

90. The internal audit work of the year has identified a number of areas of good practice and good internal control. A number of level 1 recommendations have again been made during the year with some of the more material findings highlighted in section 4.1 above.

91. As discussed above, there is evidence of slippage in tracking and implementing internal audit recommendations.

92. With the exception of those improvement areas identified in section 4.1 and 4.2 above, it is my overall opinion that the internal financial governance and control framework of the council is considered to be sound and reasonable assurances have been obtained of effective working in the year under review.