

Angus Council Scrutiny and Audit Committee

External Audit Progress Update August 2017

Interim audit work

1. We have carried out our interim audit testing of selected internal controls over the following key financial systems: general ledger, budgetary control, payroll, accounts receivable, accounts payable, treasury management (banking, borrowing and investments), non-domestic rates, council tax and housing rents. We also tested a sample of income and expenditure in our pre-final accounts testing.
2. There are no significant audit findings to report as a result of the work done so far. There are some less significant matters raised by our testing which will be discussed with Finance staff. These include: frequency of bank reconciliations; secondary checks for adding new suppliers to the accounts payable system; checks undertaken prior to changing small supplier bank details; evidence of checks on bank reconciliations and journal authorisation. We are able to take the planned assurances from Angus Council financial systems for our financial statements audit.

Governance and Accountability: Role of Boards follow up

3. As part of the 2016/17 audit all public sector auditors were asked to complete a governance and accountability questionnaire based on the recommendations of the September 2010 national report on [the Role of Boards](#). The completed questionnaires will provide the Accounts Commission and the Auditor General with an understanding on Scotland's public sector governance arrangements and in particular the extent to which public bodies have implemented the recommendations in the 2010 report.
4. We collected information on these key areas: *Are governance, decision-making and scrutiny arrangements effective? To what extent do non-executives and staff demonstrate high standards of behaviour? To what extent do non-executives and staff receive sufficient training and development?* Our questionnaire was submitted to colleagues in Audit Scotland by the 30 June deadline.
5. Our findings on Angus Council's arrangements were generally positive: the governance framework in place is subject to regular review and updating; agendas, reports and minutes are publicly available and council and committee meetings are held in public, with the rationale for exemptions clearly recorded. We are reviewing the extent of private members' briefings and whether that has an impact on the extent of discussion and decision making in public meetings which follow these private sessions.
6. Codes of conduct are in place for officers and elected members. "Declarations of interest" is a standing item on council and committee agendas and any declarations are recorded in the minutes.
7. There is a programme of induction training for newly elected members and the CPD Framework for Elected Members in Scottish Local Government provides all elected members with professional and personal development opportunities. An Elected Members' Development page has been added to the council's intranet as a 'one stop shop' for members to view development opportunities available to them.

National Fraud Initiative (NFI)

8. NFI is the biennial data matching exercise using computerised techniques to compare and match information held by various public bodies to identify potential fraud, error or anomalies. Angus Council submitted its data by the required deadline. 4,060 data matches have been returned to the council, 957 of which are recommended for investigation. 585 matches have been processed and 416 cleared already. 156 errors have been identified (six with a monetary outcome, totalling £10,577) and one fraud of £462. These outcomes amount to £11,039, which is in the process of being recovered.
9. We reviewed Angus Council's progress in following up and investigating data matches prior to the end of June, when we were required to submit an audit questionnaire to colleagues in Audit Scotland reflecting our assessment of the NFI activity undertaken by Angus Council. We concluded that the council is well engaged with the NFI exercise; there is a dedicated Counter Fraud team which is overseen by a manager who reports directly to the Chief Executive. Members are regularly updated on the progress of the Counter Fraud team and the outcomes of the NFI exercise.

Best Value follow up

10. Following on from last year's Best Value audit report, we are reviewing the council's progress in increasing the scale and pace of change through its Transforming Angus change programme. As part of the new approach to auditing Best Value, which integrates Best Value into the wider scope annual audit, we are also reviewing the council's arrangements for demonstrating Best Value in financial and service planning, financial governance and resource management.

National performance audit reports

11. The "[Local Government in Scotland: Financial overview 2015/16](#)" (published November 2016) was considered by the Scrutiny and Audit Committee in January 2017. It contains a self assessment supplement and a local government pension scheme supplement for use by councils.
12. The November 2016 report "[How councils work - Roles and working relationships in councils; are you still getting it right?](#)" contained some key follow up questions for councils around their roles, behaviours, governance and scrutiny. It is intended as a useful tool to support officers and elected members in their respective roles. It has not been considered by the Scrutiny and Audit Committee.
13. The March 2017 report "[Local government in Scotland: Performance and challenges 2017](#)" was considered by the Scrutiny and Audit Committee in June 2017. The report concluded that new councillors elected in May face major challenges and need to focus on improving long-term planning. It contained a self assessment supplement and a good practice supplement for use by councils.

Financial statements audit

14. We are currently onsite to audit the 2016/17 financial statements. A clearance meeting to agree any audit adjustments to the financial statements will be held **in late August (date tbc)**. The audited Annual Report and Accounts and the 2016/17 Annual Audit Report will be presented to the Scrutiny and Audit Committee on 26 September and the Independent Auditor's Report will be signed by 29 September.
15. The Annual Audit Report will report and conclude on all areas of our 2016/17 audit of Angus Council.