

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 19 JUNE 2018**

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

**REPORT BY MARGO WILLIAMSON, CHIEF EXECUTIVE**

**ABSTRACT**

This report presents the Audit Manager's Annual Report and independent assurance opinions in relation to both the overall corporate governance arrangements and internal controls for 2017-18.

**1. RECOMMENDATION**

It is recommended that the Committee:-

- (i) note the contents of the attached Audit Manager's annual report for 2017-18 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 2017-18 Internal Audit work seeks to provide assurance on. This includes areas such as IT Security. 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 also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."*

**4. CURRENT POSITION**

This Internal Audit Annual Report provides an overall opinion from the Audit Manager on the internal control and internal financial control environment within the Council for the 2017-18 financial year. This will be used to inform the production of the Council's Annual Governance Statement.

**5. PROPOSALS**

The Audit Manager's Annual Report (attached at Appendix I) provides the information and assurances in relation to the matters discussed in section 3. The Annual Report reflects the position as at 30 April 2018, when the Audit Manager's contract ended.

Members are invited to note that it is the Audit Manager's opinion that

- the Council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient

achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money.

- the Local Code of Corporate Governance is adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects.

Report 203-18 provided an update on the 3 pieces of audit work which were outstanding as at 30 April 2018. Two of these were assessed as providing only limited assurance over the control framework. The Chief Executive, in consultation with the Corporate Governance Officers Group and the Team Leader – Internal Audit, has confirmed that these findings do not adversely impact on the Audit Manager's overall opinion.

## **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