

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 23 APRIL 2019**

**SCRUTINY AND AUDIT COMMITTEE REMIT**

**REPORT BY VIVIEN SMITH, DIRECTOR OF STRATEGIC POLICY, TRANSFORMATION AND PUBLIC SECTOR REFORM**

**ABSTRACT**

This report advises members of proposed changes to the remit of the Scrutiny & Audit Committee

**1. RECOMMENDATIONS**

It is recommended that the Committee:

- (i) review the revised remit and provide any comments
- (ii) agree the remit for inclusion in the updated Standing Orders, which will be submitted to Council in May for approval.

**2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN**

The work of the Scrutiny and Audit Committee supports the achievement of the corporate priorities set out in the Local Outcomes Improvement Plan and the Council Plan.

**3. BACKGROUND**

Report 242/18, submitted to this committee in August 2018, advised members that CIPFA had updated the publication “Audit Committees – Practical Guidance for Local Authorities and Police”. The guidance represents best practice for audit committees in local authorities throughout the UK and includes suggested “terms of reference” (remit) for local authority audit committees. A copy of the 2018 CIPFA Guidance has been posted in the Elected Members section of the Council’s intranet.

**4. CURRENT POSITION**

The remit of the Scrutiny and Audit Committee, included in Standing Orders and Related Documents, was last updated in September 2017, with the addition of items relating to oversight of the IJB and AngusAlive. No further changes were made when Standing Orders and related Documents were updated in 2018.

**5. PROPOSALS**

The remit of the committee has been reviewed against the suggested terms of reference included in the CIPFA guidance and a number of changes are proposed to ensure that the remit fully complies with recommended best practice. The proposed remit is attached at Appendix 1. The main changes are summarised below.

- Added an introduction, highlighting the committee’s independence and its key role within the Council’s governance framework
- Re-ordered the remit to group items under the headings
  - Governance, Risk and Control
  - Internal Audit, Counter-Fraud and External Audit
  - Financial Reporting and Treasury Management
  - Complaints
  - Accountability Arrangements

- Scrutiny Panels
- Item (3) **new**: To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- Item (20) **new**: To identify any special investigations required in relation to matters of particular concern relating to internal controls, risk management or corporate governance.
- Item (21) **new**: To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- Item (25) **new**: To provide an annual report to full council on the work of the committee, to include: the committee's performance in relation to its remit; and the effectiveness of the committee in meeting its purpose.

Members are asked to review the proposed remit and provide any comments. The new remit will be included in revised Standing Orders, due to be submitted to Council for approval in May 2019.

## **6. FINANCIAL IMPLICATIONS**

There are no financial implications arising 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.

**REPORT AUTHOR: Shân Coombs, Manager Governance, Risk & Scrutiny**

**EMAIL DETAILS: ChiefExec@angus.gov.uk**

List of Appendices:

1: Proposed Scrutiny & Audit Committee remit

## Appendix 1: Proposed Scrutiny and Audit Committee Remit

(new items are marked ★ )

### Introduction

- ★ The Scrutiny and Audit Committee is a key component of the Council's corporate governance framework. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
  
- ★ The purpose of the Scrutiny and Audit Committee is to provide independent assurance to the full Council of the adequacy of the risk management framework and the internal control environment. The Committee provides independent review of Angus Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### Governance, Risk and Control

- (1) To review all aspects of the Council's corporate governance arrangements against the CIPFA Delivering Good Governance Framework and to consider the Council's local code of corporate governance.
- (2) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- (3)★ To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- (4) To assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor risk to the achievement of objectives.
- (5) To consider reports by external agencies insofar as they contribute to the overall assessment of governance, risk and internal control.
- (6) To review the performance and effectiveness of the standard and level of service provided by council services.
- (7) To review the governance and assurance arrangements for significant partnerships or collaborations including IJB, ANGUSalive, Tayside Contracts.
- (8) In relation to Police and Fire and Rescue Services, to consider and carry out the following actions:
  - (i) approval of the Local Policing and Fire & Rescue Plans;
  - (ii) monitoring and providing feedback on Local Policing and Fire & Rescue;
  - (iii) scrutiny of local performance;

- (iv) making recommendations for improvements to Local Policing and Fire & Rescue; and
  - (v) consideration of reports on Local Policing and Fire & Rescue matters
- (9) To promote and maintain high standards of conduct by councillors, co-opted members and employees, and advise on the adoption or revision of codes of conduct.
  - (10) To consider matters concerning the establishment, maintenance and public availability of the Register of Interests of Councillors.
  - (11) To consider any report by the Scottish Public Services Ombudsman in respect of any finding of maladministration against the council.

#### Internal Audit, Counter-Fraud and External Audit

- (12) To approve the Internal Audit Charter.
- (13) To consider and approve the risk-based internal audit plan and to approve significant interim changes to the plan and resource requirements.
- (14) To make appropriate enquiries of management and the Service Leader-Internal Audit to determine whether there are inappropriate scope or resource limitations.
- (15) To consider reports from the Service Leader-Internal Audit on the internal audit activity's performance during the year. These will include: updates on internal audit work; reports on any Internal Audit Improvement Plan; reports on non-compliance with Public Sector Internal Audit Standards.
- (16) To consider the Service Leader-Internal Audit's annual report and opinion.
- (17) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- (18) To monitor the counter-fraud strategy, actions and resources.
- (19) To consider reports and plans presented by the External Auditor including the Annual Report to Members and the Controller of Audit.
- (20)★ To identify any special investigations required in relation to matters of particular concern relating to internal controls, risk management or corporate governance.
- (21)★ To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

#### Financial Reporting and Treasury Management

- (22) To fulfil the duties of the Council for scrutiny and approval of the Council's Annual Accounts as required by the Local Authority Accounts (Scotland) Regulations 2014 as follows:-

- a) to consider the unaudited Annual Accounts as submitted to the auditor no later than 31st August immediately following the financial year to which the Annual Accounts relate; and
  - b) to consider the audited Annual Accounts and aim to approve those accounts for signature no later than 30th September immediately following the financial year to which the accounts relate.
- (23) To scrutinise treasury management strategy and performance prior to these matters being considered by the Council, subject to adherence to statutory timescales.

#### Complaints

- (24) To review and oversee the operation of the council's complaints procedure.

#### Accountability Arrangements

- (25)★ To provide an annual report to full council on the work of the committee, to include: the committee's performance in relation to its remit; and the effectiveness of the committee in meeting its purpose.
- (26) To advise the Council in matters relating to the programme of internal audit work and findings and recommendations from Audit Reports.

#### Scrutiny Panels

- (27) To commission an annual programme of reviews of service performance and/or the implications of policy decisions subject to the latter not being undertaken until at least six months after implementation.