

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 25 AUGUST 2020

ANNUAL GOVERNANCE STATEMENT ASSURANCES

REPORT BY MARGO WILLIAMSON, CHIEF EXECUTIVE

ABSTRACT

This report advises members of governance assurances in respect of those organisations included in the Council's group accounts. It also provides draft letters of assurance from the Convener on behalf of the Scrutiny and Audit Committee to Angus Health & Social Care Partnership and AngusAlive for approval. There is also an updated version of the draft Annual Governance Statement.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) note the assurances relating to IJB, Tayside Contracts, Tayside Valuation Joint Board and AngusAlive and determine whether any amendments are required to the latest version of the Council's draft Annual Governance Statement (Appendix 1 refers);
- (ii) authorise the Convener of the Scrutiny and Audit Committee on behalf of the Committee to write to Angus Integrated Joint Board (Angus IJB) and AngusAlive confirming the adequacy and effectiveness of the council's governance arrangements; and
- (iii) note the latest version of the draft Annual Governance Statement in Appendix 1 which has been updated since the last draft included in [Report 164/20 Appendix 1](#).

2. ALIGNMENT TO THE COMMUNITY PLAN/COUNCIL PLAN

2.1 The work of the Scrutiny and Audit Committee supports the achievement of the priorities set out in the Community Plan and the Council Plan. This report relates to the role of the Scrutiny and Audit Committee in relation to scrutiny of relationships with partners and their input to the Group Annual Governance Statement that is part of the Council's statutory annual accounts.

3. BACKGROUND

3.1 Reference is made to report 164/20 submitted to this committee on 16 June 2020, which provided the Council's draft Annual Governance Statement for approval. Section 6 of the report noted that the final Annual Governance Statement requires to reflect the governance arrangements of the 'group' which, for the year to 31 March 2020, includes Tayside Valuation Board, Tayside Contracts, AngusAlive and Angus Health & Social Care Partnership. Assurances had not been received at the time of writing report 164/20.

4. ASSURANCES FROM PARTNER ORGANISATIONS

4.1 Sections 4.2 to 4.5 of this report summarise the assurances now received in respect of those organisations and included in the Council's group accounts.

4.2 ANGUS HEALTH & SOCIAL CARE PARTNERSHIP / INTEGRATION JOINT BOARD (IJB)

The IJB's [Annual Governance Statement](#) concludes:

"While there remain a number of challenging areas of governance (described above in "Development Issues" section), it is the opinion of the IJB Chairperson and Chief Officer that at 31 March 2020, reasonable assurance can be placed upon the adequacy and

effectiveness of the IJB's governance arrangements. We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. Additionally systems are in place to regularly review and improve the internal control environment."

The IJB's [Internal Audit Annual Report](#) from A Gaskin, Chief Internal Auditor (FTF Internal Audit Service), has the following conclusions:

"24. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2019/20.

25. Based on work undertaken I have concluded that: reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2019/20.

26. In addition, I have not advised management of any concerns around the following:

- a. Consistency of the Governance Statement with information that we are aware of from our work;*
- b. The format and content of the Governance Statement in relation to the relevant guidance;*
- c. The disclosure of all relevant issues."*

The convener of this committee has received a letter from the chair of the IJB Audit Committee (dated 23 July 2020), confirming that "adequate and effective governance arrangements were in place throughout Angus IJB during the year 2019/20".

4.3 TAYSIDE CONTRACTS

The [unaudited annual accounts 2019-20](#) are available from the Tayside Contracts website. The Annual Governance Statement, which starts on page 12, is signed by the Managing Director and Convenor of Tayside Contracts Joint Committee, and concludes:

"In conclusion it is our opinion that the annual review of governance together with the work of internal and external auditors and certifications of assurance from senior managers provide sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with the Local Code of Corporate Governance in all significant respects. It is proposed through 2020/21 that steps are taken to address the areas identified for improvement to further enhance the Joint Committee's governance arrangements."

Tayside Contract's Internal Audit Annual Report, prepared by Wylie & Bisset, has the following overall opinion:

"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of Tayside Contracts risk management, control and governance processes.

In our opinion, Tayside Contracts did have adequate and effective risk management, control and governance processes to manage its achievement of Tayside Contracts' objectives at the time of our audit work. In our opinion, Tayside Contracts has proper arrangements to promote and secure value for money.

Our fieldwork was carried out between April 2019 and December 2019 and we have not undertaken any further internal audit assignments at the time of this report."

The Internal Audit Annual Report is to be considered by the Tayside Contracts Joint Committee at its meeting being held on 24 August 2020.

It is also noted that Tayside Contracts Annual Performance Report 2019/20 will be submitted to the Scrutiny & Audit Committee at its meeting on 1 December 2020 (assuming the report is approved by the Tayside Contracts Joint Committee at its meeting on 16 November 2020). This is intended to strengthen the governance and scrutiny arrangements that are already in place

and will address the requirements in this Committees remit which includes: “(7) To review the governance and assurance arrangements for significant partnerships or collaborations including IJB, ANGUSalive, Tayside Contracts.”

4.4 TAYSIDE VALUATION JOINT BOARD (TVJB)

TVJB’s [Annual Governance Statement 2019/20](#), which starts on page 13, concludes:

“The annual review demonstrates sufficient evidence that the Codes principles of delivering good governance in local government operated effectively and the Joint Board complies with the Local Code of Corporate Governance in all significant respects. Future actions will be taken as necessary to maintain and further enhance the Joint Board’s governance arrangements.”

TVJB’s Internal Audit Annual Report, prepared by Henderson Loggie, has the following overall opinion:

“In our opinion, overall, the Board operates adequate internal control systems as defined in the Audit Needs Assessment. The audit and assurance work has not identified any significant gaps in the Board’s control environment that would increase the risk of financial loss. This opinion has been arrived at taking into consideration the internal audit, risk management and other assurance work that has been undertaken during 2019/20 and in previous years since our original appointment in 2010.”

The Internal Audit Annual Report is to be considered by the Tayside Valuation Joint Board at its meeting being held on 24 August 2020.

4.5 ANGUSALIVE

AngusAlive do not include an Annual Governance Assurance Statement in their ‘Report and consolidated financial statements’ since this does not form part of the reporting requirements for charities or companies of its size.

AngusAlive have however provided the Council with a copy of its Internal Audit Annual Report for 2019/20 which includes the following internal audit opinion:

“3. In my professional judgement as Service Leader sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The conclusions are only applicable for the entity examined. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.

4. In my opinion, with the exception of the areas where Business Planning and performance monitoring and reporting priority 1 actions from previous years remain outstanding, ANGUSalive has a framework of controls in place that provides adequate 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 and deliver best value.”

The convener of this committee has received a letter from the Chairperson of AngusAlive’s Board of Directors (dated 27 July 2020), confirming that “adequate and effective governance arrangements were in place across AngusAlive throughout the year 1 April 2019 to 31 March 2020”.

5. **ASSURANCES PROVIDED TO PARTNER ORGANISATIONS**

5.1 Angus Council provides services to both the Angus IJB and AngusAlive. It is proposed that the Convener of this Committee write to both organisations confirming the adequacy and effectiveness of the Council’s governance arrangements. The following wording is suggested:

“The Angus Council Scrutiny & Audit Committee has overseen delivery of a risk-assessed Internal Audit plan for 2019/20. As Convener of the Scrutiny & Audit committee, taking

into account the work undertaken by the Committee, I confirm on behalf of the Committee that adequate and effective governance arrangements were in place throughout Angus Council during the year 2019/20 in relation to the support services provided to the Angus IJB/ AngusAlive.”

6. PROPOSALS

- 6.1 Members are asked to review the assurances in respect of partner organisations and to determine whether any amendments are required to the Council's draft Annual Governance Statement (Appendix 1 refers).
- 6.2 It is highlighted that the draft Annual Governance statement has been updated since the last draft included in [Report 164/20 Appendix 1](#). The latest update (included in Appendix 1 of this report) reflects comments received from the External Auditors in relation to expanding the detail around the governance arrangements that the Council has relied on to provide assurance while responding to the COVID-19 pandemic, the systems user access controls, further context relating to the billing process for collection of care system payments and further detail in relation to the findings of the car parking scrutiny panel review. A new improvement item has also been included, emerging from a whistleblowing investigation in the Angus Health & Social Care Partnership, leading to an action to review existing policy and guidance in the context of integration.
- 6.3 Members are also asked to review the proposed letter of assurance to the IJB and AngusAlive (section 5 above) and authorise the Convener to sign the letters.

7. FINANCIAL IMPLICATIONS

- 7.1 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.

REPORT AUTHOR: Gordon Cargill, Service Leader (Governance & Change)

EMAIL DETAILS: GovChange@angus.gov.uk

Appendices:

1. 2019/20 Annual Governance Statement (DRAFT v2)