

ANGUS COUNCIL

ANGUS COUNCIL – 10 SEPTEMBER 2020

SCRUTINY AND AUDIT COMMITTEE 2019/20 ANNUAL REPORT

REPORT BY MARGO WILLIAMSON, CHIEF EXECUTIVE

ABSTRACT

This report presents the Scrutiny and Audit committee 2019/20 annual report for comment and approval.

1. RECOMMENDATIONS

It is recommended that the Council:

- (i) note the contents of the Scrutiny and Audit committee 2019/20 annual report (Appendix 1);
- (ii) determine whether any further detail or assurances are required from the Scrutiny and Audit Committee; and
- (iii) approve the Scrutiny and Audit committee 2019/20 annual report.

2. ALIGNMENT TO THE COMMUNITY PLAN/COUNCIL PLAN

The work of the Scrutiny and Audit Committee, summarised in the annual report, contributes to the achievement of the corporate priorities set out in the Community Plan and the Council Plan.

3. BACKGROUND

Guidance published by CIPFA in 2018 is accepted as best practice for local authority audit committees. CIPFA guidance recommends that all audit committees should “*report regularly on their work, and at least annually report an assessment of their performance*”. (Audit Committees Practical Guidance for Local Authorities and Police).

The first annual report from the Scrutiny and Audit Committee was submitted to Council in September 2018.

4. CURRENT POSITION

The annual report at Appendix 1 has been prepared to inform Angus Council of the work undertaken by the Scrutiny and Audit Committee during 2019/20. It includes an action plan for 2020/21 and an update on the actions identified in last year’s annual report. The report concludes:

“As convener of the Scrutiny & Audit Committee, I am satisfied that the work undertaken by the committee during 2019/20 provides reasonable assurance that the Council’s control environment and governance framework operated effectively and efficiently during 2019/20. Actions have been put in place to address any weaknesses identified and the Committee will continue to monitor completion of these actions.”

5. PROPOSALS

Angus Council is asked to note the contents of the 2019/20 Annual Report, to determine whether any further detail or assurances are required from the Scrutiny and Audit Committee and to approve the annual report.

It is highlighted that improvement actions to address the matters arising from the scores from the self-assessment carried out during 2018/19 are included in the Appendix A of the Scrutiny & Audit Annual Report. Ongoing actions have been uploaded to Pentana to ensure they are all progressed to a conclusion.

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:

1. Scrutiny and Audit Committee Annual Report 2019/20

Scrutiny and Audit Committee Report to Angus Council 2019/20

Introduction

CIPFA guidance recommends that all audit committees should “*report regularly on their work, and at least annually report an assessment of their performance*”. (Audit Committees Practical Guidance for Local Authorities and Police, published by CIPFA in 2018.)

This report has been prepared to inform Angus Council of the work carried out by the Scrutiny and Audit Committee during the period April 2019 to March 2020. It also provides details of the committee's membership and attendance.

Scrutiny & Audit Committee remit

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.

The committee's remit is set out in Standing Orders. The committee's remit was reviewed during 2018/19 and revised to ensure that it fully complies with best practice as set out in CIPFA guidance. The revised remit was included in Standing Orders, approved by Council at its meeting on 9 May 2019. (Report 146/19)

During 2019/20 the committee fulfilled its remit through information it received from internal audit, external audit, other external scrutiny and inspection agencies, and assurances from management. Further detail is included in Appendix C which shows the full remit as detailed in Standing Orders (2019), together with a summary of the work undertaken.

Membership and attendance

Membership of the committee is set out in Standing Orders: *'13 members with not less than 8 of those appointed being councillors who are not members of the Administration'*. The committee met formally on seven occasions during 2019/20 and all meetings were quorate (at least five members in attendance).

Scrutiny & Audit Committee Attendance 2019/20

Member	Expected attendances	No. of meetings attended	Nominated substitute attended
Cllr King (convener)	7	6	
Cllr Duff (vice-convener)	7	7	
Cllr Bell	7	6	Cllr Durno March 2020
Cllr Boyd	7	5	
Cllr Braes	7	7	
Cllr Brown	7	5	
Cllr Devine	7	7	
Cllr Lawrie	7	6	
Cllr McDonald	7	7	
Cllr McLaren	7	6	Cllr Lumgair November 2019
Cllr Myles	7	4	Cllr Nicol June 2019
Cllr Salmond	7	5	Cllr Stewart November 2019
Cllr Whiteside	7	7	

The Chief Executive, Depute Chief Executive, Director Legal & Democratic (or their nominated substitute), Director of Finance (or their nominated substitute), Other Directors, Service Leader Governance, Service Leader Internal Audit attended all committee meetings and other senior officers also routinely attended. Representatives from External Audit, Police Scotland, Scottish Fire & Rescue Services, Angus Alive and AHSCP attended meetings and spoke to their reports.

Training

A wide range of briefings and other training was offered to elected members during 2019/20. Topics of particular relevance to the Scrutiny & Audit committee included:

- Development session for Elected Members
- Governance refresher training
- "Challenges and performance 2019" briefing
- Corporate self-assessment training
- Council Plan briefings
- Participatory budgeting
- Annual accounts

Internal Audit

The Scrutiny & Audit committee takes assurance from internal audit on a wide range of issues and an update report from the Service Leader Internal Audit is considered at every committee meeting.

Two of the 2019/20 internal audit reviews, and one 2018/19 report that was reported after June 2019 resulted in only limited assurance over the controls (2018/19 had three reported by June 2019). These are as follows:

- Climate Change Targets 2020 Reported to S&A 20 August 2019;
- Progress Towards Cashless Council Reported to S&A 25 January 2020; and
- IT User Access Administration – Northgate Housing Reported to S&A 16 June 2020.

Recommendations in all reports have been agreed. Action plans have been agreed to address all of the identified issues for the first and second reports noted, and the action plan for the third report will be agreed as soon as possible. Progress is monitored by Internal Audit and reported to the Scrutiny & Audit Committee throughout the year.

Self-assessment and action plan

A self-assessment has been undertaken in previous years, using checklists included in the Cipfa Audit Committees Guidance. The workshop planned for the 2019/20 self-assessment in March 2020 was cancelled due to the covid-19 emergency. Following consideration of alternative means to undertake the self-assessment it was agreed that a decision on when the next self-assessment is carried out will be taken once normal committee activities resume.

The Good Practice checklist previously confirmed a high level of compliance with the principles set out in the Cipfa guidance. It is not anticipated that this will have reduced during 2019/20.

The Evaluation of Effectiveness checklist is intended to help committee members to consider where the committee is most effective and where there may be scope to do more. A summary of the 2018/19 self-assessment scoring is set out below, with the 2017/18 scores shown for comparison.

Areas where the committee can add value by supporting improvement	2018/19	2017/18
Promoting the principles of good governance and their application to decision making	3	3
Contributing to the development of an effective control environment	4	4
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks. (2019/20 action plan, item 1)	2	2
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	3	2
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	3	3
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	3	2
Supporting the development of robust arrangements for ensuring value for money	3	2
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	4	3
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability. (2019/20 action plan item 2)	2	2

Self-assessment scoring

- 1 No evidence can be found that the committee has supported improvements in this area.
- 2 There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 3 The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 4 Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 5 Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

The committee used the self-assessment to develop an action plan for 2019/20, an update on which is included as Appendix A to this report. Incomplete actions will form the action plan for 2020/21.

Conclusion

As convener of the Scrutiny & Audit Committee, I am satisfied that the work undertaken by the committee during 2019/20 provides reasonable assurance that the Council's control environment and governance framework operated effectively and efficiently during 2019/20. Actions have been put in place to address any weaknesses identified and the committee will continue to monitor completion of these actions.

Alex Kwag

Signed
Convener of the Scrutiny & Audit Committee

Date: 20 August 2020

Appendix A – Committee Action Plan 2019/20 Update

No.	Action for 2019/20, identified at self-assessment workshop, March 2019	Responsible Officer	Update, June 2020
1	Obtain further risk management training as risk management strategy develops. (Brought forward from the 2018/19 action plan)	Manager Risk, Resilience & Safety / Risk & Insurance Officer	This action has not yet been completed and should be carried forward
2	Report to CMT to be prepared highlighting issues raised by Members during Scrutiny & Audit Committee self-assessment workshop: <ul style="list-style-type: none"> • Ensure risk management issues are included in all relevant committee reports • Review how the committee is kept informed on the Change Programme to allow for more scrutiny of the higher risk areas • Better use of plain English in all committee reports. Consider improving the format of reports so that they are easier to read on screen • Better transparency & reporting to stakeholders (Brought forward from 2018/19 action plan)	Manager Governance Risk & Scrutiny Service Leader Governance & Change	This action has not yet been completed and should be carried forward
3	Officers to draft a briefing paper on the roles of the Corporate Leadership Team and other groups.	Manager Governance, Risk & Scrutiny.	This action has not yet been completed and should be carried forward
4	Officers to circulate the CIPFA briefing on Annual Governance Statements.	Manager Governance, Risk & Scrutiny.	Complete The CIPFA briefing is now available on the elected members section of SharePoint.

Numbers in brackets refer to the committee's remit as set out in Standing Orders 2019. Items marked * are new following approval of the revised remit. (Report [120/19](#)).

Remit	Evidence
<p>Sub-heading <u>Governance, Risk and Control</u></p>	
<p>(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.</p> <p>(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.</p> <p>(3)★ To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.</p> <p>(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.</p>	<ul style="list-style-type: none"> • Updated Local Code of Corporate Governance reviewed & approved (R197/19) • Corporate Governance review and draft Annual Governance Statement for 2018/19 (R198/19) <p>Similar reports will be submitted to the June 2020 meeting of the committee.</p> <p>Annual Governance Statement action plan update (R14/20)</p> <p>Reports on Risk Management and the risk management guidance review – R193/19, R311/19 and Appendix, R15/20</p> <p>Training for members on the new risk management arrangements is noted in the action plan.</p> <p>Reports by the Service Leader Internal Audit, including The Annual audit plan, regular activity updates and the Annual Report</p> <p>Reports by the External Auditor</p>
<p>(5) To consider reports by external agencies insofar as they contribute to the overall assessment of governance, risk and internal control.</p>	<p>The committee considered a number of reports Accounts Commission:</p> <ul style="list-style-type: none"> • Challenges & performance 2019 (R191/19) • Safeguarding Public Money (R264/19) • Local Government in Scotland Financial overview (R19/20) <p>Audit Scotland</p> <ul style="list-style-type: none"> • Scotland's City Region and Growth Deals January 2020 (R69/20) <p>The committee receives summaries of reports from the Care Inspectorate and Education Scotland. (R192/19, R389/19) and a further report will be presented in June 2020.</p>
<p>(6) To review the performance and effectiveness of the standard and level of service provided by council services.</p>	<p>Reports considered by the committee include:</p> <ul style="list-style-type: none"> • Change programme update (R190/19, R310/19, R397/19) • Workforce Data Report (R189/19) • Council Plan Annual performance Report 2018/19 (R390/19) • Angus Community Plan annual performance report 2018/19 (R16/20 Appendix) • Angus Child protection Committee Annual Report 2018-19 (R17/20 Appendix) • Angus Adult Protection Committee Annual Report 2018 to 2019 (R18/20 Appendix)

Remit	Evidence
	<p>Internal and external audit reports also provide assurance.</p>
<p>(7) To review the governance and assurance arrangements for significant partnerships or collaborations including IJB, ANGUSalive, Tayside Contracts.</p>	<p>The ANGUSalive 2017/18 Annual Report was considered in April 2019. (R122/19 Appendix)</p> <p>Angus Health & Social Care Partnership (AHSCP) Annual performance Report April 2018 to March 2019 was considered in September 2019.(R308/19 Appendix)</p> <p>AHSCP – Ministerial Strategic Group for Health and Community Care (MSG) – Improvement Plan (R388/19) reported in November 2019 on a self-evaluation assessment undertaken in 2019 and the resulting Improvement Plan for 2019/20</p> <p>An internal audit review of the Council's oversight of Angusalive and the IJB was reported to the Scrutiny & Audit committee within the Internal Audit activity update in June 2019.(R195/19)</p> <p>Audit reports to each organisation are summarised in the reports to committee about other relevant reports. This is included in a report to the June committee.</p> <p>Chair of Scrutiny & Audit committee signed a letter of assurance to Angus IJB, confirming adequate & effective governance arrangements during 2018/19. A similar letter was received from the Chair of the IJB's Audit Committee. Assurance letters will again be exchanged for 2019/20.</p> <p>A report on Annual Governance Assurances in respect of those organisations included in the council's 2018/19 group accounts was presented in August 2019 (R266/19). A similar report for the 2019/20 group accounts will be presented in August 2020.</p>
<p>(8) In relation to Police and Fire and Rescue Services, to consider and carry out the following actions:</p> <p>(i) approval of the Local Policing and Fire & Rescue Plans;</p> <p>(ii) monitoring and providing feedback on Local Policing and Fire & Rescue;</p> <p>(iii) scrutiny of local performance;</p> <p>(iv) making recommendations for improvements to Local Policing and Fire & Rescue; and</p> <p>(v) consideration of reports on Local Policing and Fire & Rescue matters</p>	<p>The committee receives quarterly updates from both Scottish Fire & Rescue and Police Scotland and officers from both forces attend the meetings.</p> <p>In addition the following have been received:</p> <p>Draft Scottish Fire & Rescue Service strategic plan for consultation (R187/19 and Appendix)</p> <p>Angus Local Policing Plan Tayside 2000-2023 (R67/20 and Appendix)</p>

Remit	Evidence
<p>(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.</p> <p>(10) To consider matters concerning the establishment, maintenance and public availability of the Register of Interests of Councillors.</p> <p>(11) To consider any report by the Scottish Public Services Ombudsman in respect of any finding of maladministration against the council.</p>	<p>Information regarding training for Councillors was provided to the June 2020 committee in the Internal Audit Activity Update R161/20</p> <p>Complaints raised with Scottish Public Services Ombudsman will be reported to the August Scrutiny and Audit Committee</p> <p>There have been none</p>
<p>Sub-heading Internal Audit, Counter-fraud and External Audit</p>	
<p>(12) To approve the Internal Audit Charter.</p> <p>(13) To consider and approve the risk-based internal audit plan and to approve significant interim changes to the plan and resource requirements.</p> <p>(14) To make appropriate enquiries of management and the Service Leader-Internal Audit to determine whether there are inappropriate scope or resource limitations.</p> <p>(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.</p> <p>(16) To consider the Service Leader-Internal Audit's annual report and opinion.</p>	<p>In 2019/20 the Charter update only required a revision of job titles. This was approved in August 2019 (R262/19)</p> <p>The 2019/20 internal audit plan was approved in March 2019 (R71/19). Subsequent changes were approved through the Internal Audit update reports.</p> <p>The 2020/21 internal audit plan was approved in March 2020 (R71/20).</p> <p>An Internal Audit Update report is considered at each meeting of the committee. The report includes a section on outstanding audit recommendations.</p> <p>No scope or resource limitations were reported during 2019/20. This will be formally confirmed and updated in the Service Leader's annual report for 2019/20, which will be submitted in June 2020.</p> <p>The annual report for 2018/19 was received in June 2019 (R196/19). The annual report for 2019/20 will be submitted in June 2020.</p> <p>Council receives the minutes of each meeting of the Scrutiny & Audit committee.</p> <p>This Annual Report makes specific reference to internal audit reviews which resulted in limited assurance.</p> <p>A report on the self assessment of Cipfa's updated Statement on the Role of the Head of Internal Audit in a Public Sector Organisation (R387/19) concluded the Council and the Service Leader Internal Audit comply with the Principles.</p> <p>The SLACIAG annual report for 2018/19 was presented in August 2019 (R263/19 and Appendix)</p>

Remit	Evidence
<p>(17) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.</p> <p>(18) To monitor the counter-fraud strategy, actions and resources.</p>	<p>The committee receives twice yearly updates on Corporate Counter Fraud activity. (R194/19 & R386/19)</p> <p>The annual review for 2019/20 will be considered by the committee in June 2020.</p> <p>The 2018/19 annual review (R194/19) included a self-assessment against the Cipfa Code of Practice on Managing the Risks of Fraud and Corruption. The committee previously agreed that this demonstrates that the council has adopted a response that is appropriate for its fraud and corruption risks.</p> <p>A high-level review of the Council's arrangements in areas reported by Audit Scotland in their report "Fraud and irregularity update 2018/19 will be presented to the June 2020 meeting.</p> <p>Licensing investigation R 123/19 taken in private in April 2019</p> <p>The committee also receives updates on the National Fraud Initiative (R385/19), and</p> <p>Regulation of Investigatory powers (Scotland) Act 2000 Annual Report 2018/19 (R73/20)</p>
<p>(19) To consider reports and plans presented by the External Auditor including the Annual Report to Members and the Controller of Audit.</p>	<p>The External Audit Annual Plans for 2018/19 (R77/19) and 2019/20 (R68/20) were considered by the committee.</p> <p>External Audit's Interim Management Report (R269/19 Appendix) and the Annual Audit Report for 2018/19 (R313/19 Appendix 1A and 1B) were also considered. The Annual Audit report for 2019/20 will be submitted with the audited accounts, expected to be in September 2020.</p> <p>National Scrutiny Plan for 2019/20 (R391/19 and Appendix)</p>
<p>(20)★ To identify any special investigations required in relation to matters of particular concern relating to internal controls, risk management or corporate governance.</p> <p>(21)★ To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.</p>	<p>A revised approach to Shared Risk Assessment by external inspection bodies was reported to the August 2019 Committee (Report R312/19 and Appendices 1 and 2).</p> <p>External agencies amended approach to work during the Covid-19 pandemic emergency will be reported to the June 2020 committee within the Internal Audit activity update report.</p>
<p>Sub-heading Financial reporting and treasury management</p>	
<p>(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:-</p> <p>a) to consider the unaudited Annual Accounts as submitted to the auditor no later than</p>	<p>The unaudited accounts for 2018/19 were considered by the committee on 20 August 2019 (R265/19 and Appendix).</p> <p>The unaudited accounts for 2019/20 are planned to be submitted in August 2020.</p>

Remit	Evidence
<p>31st August immediately following the financial year to which the Annual Accounts relate; and</p> <p>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.</p>	<p>The audited accounts for 2018/19 were approved for signature on 24 September 2019. (R313/19)</p> <p>The audited accounts for 2019/20 are planned to be submitted in September 2020.</p>
<p>(23) To scrutinise treasury management strategy and performance prior to these matters being considered by the Council, subject to adherence to statutory timescales.</p>	<p>Treasury Management Strategy 2019/20 was reviewed by the Scrutiny & Audit committee on 3 March 2020, prior to approval by Council on 19 March 2020 (R72/20 and Appendix)</p> <p>The Treasury Management Annual Report 2018/19 was reviewed by the Scrutiny & Audit committee in September 2019 prior to submission to Council in October 2019. (R314/19)</p>
<p>Sub-heading <u>Complaints</u></p>	
<p>(24) To review and oversee the operation of the council's complaints procedure.</p>	<p>The committee receives Compliments and complaints statistics reports (R268/19) and an annual complaints report (R267/19 and Appendix).</p>
<p>Sub-heading <u>Accountability Arrangements</u></p>	
<p>(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.</p> <p>(26) To advise the Council in matters relating to the programme of internal audit work and findings and recommendations from Audit Reports.</p>	<p>This report fulfils this aspect of the remit. The Annual report for 2018/19 (R199/19) was approved at the June 2019 meeting and this report, for 2019/20, is being considered at the meeting in June 2020.</p> <p>The committee recommended in April 2019 that the Internal Audit report "Environmental health, Environmental protection and Food Safety should be considered at full Council. (April 2019 minute)</p>
<p>Sub-heading <u>Scrutiny Panels</u></p>	
<p>(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.</p>	<p>Parking Scrutiny Review commenced January 2019 and reported in November 2019 (R384/19 and Appendix)</p> <p>The Action Plan emerging from this Scrutiny Panel review will now be followed up in November 2020.</p>