

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 22 JUNE 2017

INTERNAL AUDIT ANNUAL REPORT AND REVIEW OF CORPORATE GOVERNANCE

REPORT BY SHAN COOMBS, ACTING SERVICE MANAGER – GOVERNANCE AND CONSULTANCY

ABSTRACT

This report presents the Audit Manager's Internal Audit Annual Report and independent assurance opinions in relation to both the overall corporate governance arrangements and internal controls for 2016-17.

1. RECOMMENDATION

It is recommended that the Committee:

- (i) note the contents of the attached Audit Manager's annual report for 2016-17 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 2016-17 Internal Audit work seeks to provide assurance on. This includes areas such as Transforming Angus and 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 incorporate:

- *the opinion;*
- *a summary of the work that supports the opinion; and*
- *a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."*

In support of the overall governance arrangements of the Council, the Local Code of Corporate Governance requires that the Audit Manager also provides assurance in relation to compliance, adequacy and effectiveness of the Local Code. In addition the Head of Finance, requires a specific opinion on the internal financial controls in support of his Section 95 duties.

4. CURRENT POSITION

This Internal Audit Annual Report and Review of Corporate Governance provides an overall opinion from the Audit Manager on the internal control and internal financial control environment within the Council for the 2016-17 financial year. This will be used to inform the production of the Council's Annual Governance Statement.

5. PROPOSALS

The Audit Manager's Internal Audit Annual Report (attached at Appendix I) provides the information and assurances in relation to the matters discussed in section 3.

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.

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.

REPORT AUTHOR: Cathie Wyllie, Audit Manager

EMAIL DETAILS: ChiefExec@angus.gov.uk

List of Appendices:

Internal Audit Annual Report