

AGENDA ITEM NO 6

REPORT NO 251/21

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 24 AUGUST 2021

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 the wording to be included in draft letters of assurance from the Convener on behalf of the Scrutiny & Audit Committee to Angus Health & Social Care Integration Joint Board (IJB) and Angus Alive for approval.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) note the current position with assurances relating to Angus Health & Social Care Integration Joint Board (IJB), Tayside Contracts, Tayside Valuation Joint Board (TVJB) and Angus Alive, and determine whether any amendments are required to the Council's draft Annual Governance Statement ([Report 180/21 Appendix 1](#) refers);
- (ii) note that part of the assurances from Tayside Contracts in relation to their Internal Audit Annual Report will not be authorised until after their Board meeting on 30 August 2021;
- (iii) note that assurances from Angus Alive in relation to their Internal Audit Annual Report and the assurance letter from the chair of their Finance & Audit Sub-Committee will not be authorised until after their meeting in September 2021;
- (iv) delegate authority, as a result of the timings of (ii) and (iii) above, to the Director of Strategic Policy, Transformation & Public Sector Reform, following consultation with the Convener of this Scrutiny & Audit Committee, to update Angus Council's draft Annual Governance Statement if required, once the relevant information is available from Tayside Contracts and Angus Alive; and
- (iv) authorise the Convener of the Scrutiny & Audit Committee on behalf of the Committee to write to Angus Health & Social Care Integration Joint Board (IJB) and Angus Alive confirming the adequacy and effectiveness of the Council's governance arrangements.

2. ALIGNMENT TO THE COMMUNITY PLAN/COUNCIL PLAN

2.1 The work of the Scrutiny & 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 & 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 180/21](#) considered by this Committee on 1 June 2021, which provided the Council's draft Annual Governance Statement for approval. Section 6 of that report noted that the final Annual Governance Statement requires to reflect the governance arrangements of the 'group' which, for the year to 31 March 2021, includes Tayside Valuation Joint Board (TVJB), Tayside Contracts, Angus Alive and Angus Health & Social Care Integration Joint Board (IJB). Assurances had not been received at the time of writing Report 180/21.

4. ASSURANCES FROM PARTNER ORGANISATIONS

4.1 The following sections 4.2 to 4.5 of this report summarise the current position with assurances in respect of those organisations included in the Council's group accounts.

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

4.2.1 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 2021, 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."

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

"19. As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2020/21.

20. Based on the work undertaken, I have concluded that:

- Reliance can be placed on the IJB governance arrangements and systems of internal controls for 2020/21.*

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

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

4.2.3 The Convener of this Committee has received a letter from the Chair of the IJB Audit Committee (dated 2 August 2021), confirming that "adequate and effective governance arrangements were in place throughout Angus IJB during the year 2020/21".

4.2.4 The IJB Annual Performance Report for 2020/21 is also available for the Scrutiny & Audit Committee to consider at this meeting.

4.3 TAYSIDE CONTRACTS

4.3.1 The [unaudited annual accounts 2020/21](#) are available from the Tayside Contracts website. The Annual Governance Statement, which starts on page 12, is signed by the Managing Director and Convener 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 2021/22 that steps are taken to address the areas identified for improvement to further enhance the Joint Committee's governance arrangements."

4.3.2 Tayside Contract's Internal Audit Annual Report, prepared by Wylie & Bisset, will be considered by Tayside Contracts Joint Committee at its meeting on 30 August 2021. Once approved, the

sharing of the report with Angus Council beyond that date will also be possible and it is anticipated the report will confirm that Tayside Contracts had adequate and effective risk management, control and governance processes to manage its achievement of Tayside Contracts' objectives, with proper arrangements to promote and secure value for money during 2020/21.

4.3.3 As a result of the timing of availability of the information set out in para 4.3.2 above, which is after the date of this committee meeting, the Scrutiny & Audit Committee is asked to delegate authority to the Director of Strategic Policy, Transformation & Public Sector Reform, following consultation with the Convener of this Committee, to update the Council's draft Annual Governance Statement if required, once the relevant information is received. Any related changes would be reported to this Committee in September.

4.3.4 It is also planned that the Tayside Contracts Annual Performance Report for 2020/21 will be submitted to the Scrutiny & Audit Committee once the report is approved by the Tayside Contracts Joint Committee later this year.

4.4 TAYSIDE VALUATION JOINT BOARD (TVJB)

4.4.1 TVJB's [Annual Governance Statement 2020/21](#), which starts on page 3, 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."

4.4.2 TVJB's [Internal Audit Annual Report](#), prepared by Henderson Loggie, which starts on page 34, 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 2020/21 and in previous years since our original appointment in 2010."

4.5 ANGUSALIVE

4.5.1 Angus Alive 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.

4.5.2 Angus Alive's Internal Audit Annual Report, prepared by the Council's Service Leader – Internal Audit, will be considered by Angus Alive's Finance & Audit Sub-Committee at its meeting in September 2021. A request to authorise the sharing of the report, once approved, with Angus Council beyond that date will also be made and it is anticipated the report will confirm that Angus Alive had 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 that proper arrangements were in place to promote value for money and deliver best value during 2020/21.

4.5.3 The Chair of Angus Alive's Finance & Audit sub-committee will also be asked to authorise the provision of a letter of assurance to the Convener of this Scrutiny & Audit Committee, confirming that adequate and effective governance arrangements were in place throughout Angus Alive during the year 2020/21.

4.5.4 As a result of the timing of availability of the information set out in paras 4.5.2 and 4.5.3 above, which is after the date of this committee meeting, the Scrutiny & Audit Committee is asked to delegate authority to the Director of Strategic Policy, Transformation & Public Sector Reform, following consultation with the Convener of this Committee, to update the Council's draft Annual Governance Statement if required, once the relevant information is received. Any related changes would be reported to this Committee in September.

- 4.5.5 It is also planned that the Angus Alive Annual Performance Report for 2020/21 will be submitted to the Scrutiny & Audit Committee once the report is approved by the Angus Alive's Board later this year.

5. ASSURANCES PROVIDED TO PARTNER ORGANISATIONS

- 5.1 Angus Council provides services to both the Angus Health & Social Care Integration Joint Board (IJB) and Angus Alive. 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 2020/21. 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 2020/21 in relation to the support services provided to the Angus Health & Social Care Integration Joint Board (IJB)/ Angus Alive."

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 ([Report 180/21](#) refers).
- 6.2 Members are asked to consider the request for delegating authority to the Director of Strategic Policy, Transformation & Public Sector Reform, following consultation with the Convener of this Committee, to update the Council's draft Annual Governance Statement if required, once the relevant information set out in sections 4.3 and 4.5 above is respectively received from Tayside Contracts and Angus Alive.
- 6.3 Members are also asked to review the proposed wording for the letter of assurance to the Angus Health & Social Care Integration Joint Board (IJB) and Angus Alive (section 5 above refers) and authorise the Convener to sign the letters.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications arising directly from this report.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment is not required.

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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