

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 23 AUGUST 2022

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 159/22 Appendix 2](#) refers);
- (ii) 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 on 9 September 2022;
- (iii) delegate authority, as a result of the timing of (ii) 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 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 159/22](#) considered by this Committee on 23 June 2022, 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 2022, 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 159/22.

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 2022, 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:

“14. 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 2021/22.

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

- Reliance can be placed on the IJB governance arrangements and systems of internal controls for 2021/22.*

16. 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 21 July 2022), confirming that “adequate and effective governance arrangements were in place throughout Angus IJB during the year 2021/22”.

4.2.4 The IJB Annual Performance Report for 2021/22 will be submitted to the Scrutiny & Audit Committee at its meeting on 27 October 2022.

4.3 TAYSIDE CONTRACTS

4.3.1 The [unaudited annual accounts 2021/22](#) are available from the Tayside Contracts website. The Annual Governance Statement, which starts on page 11, 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 2022/23 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, includes the following opinion:

“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. It should be noted that we were

only able to provide Weak assurance for our Procurement and Procurement Strategy review. Our main concern was around the lack of an up-to-date Procurement Strategy and the procurement of 12 suppliers. Tayside Contracts have now prepared an up-to-date Procurement Strategy. The implementation of our other recommendations raised is being overseen by the Managing Director, who has asked that we include a follow up on the Procurement review as part of the 2022/23 Internal Audit Plan.

In April 2021 we were commissioned by the Managing Director of Tayside Contracts to undertake a Management Assurance Review in respect of concerns raised by staff on the financial processes and systems in place relating to the financial year 2020/21. Our review provided Weak assurance over these financial management processes and systems. Tayside Contracts have implemented an action plan to address the recommendations raised in our Management Assurance Report, with 7 of the 15 recommendations raised being considered as fully implemented by Tayside Contracts, with the remaining 8 in the process of being implemented.”

4.3.3 The issues highlighted in relation to Procurement and Procurement Strategy, and Financial Management Processes and Systems will be referenced in the final version of the Council's Annual Governance Statement.

4.3.4 It is also planned that the Tayside Contracts Annual Performance Report for 2021/22 will be submitted to the Scrutiny & Audit Committee once the report is considered by the Tayside Contracts Joint Committee later this year.

4.4 TAYSIDE VALUATION JOINT BOARD (TVJB)

4.4.1 TVJB's [Annual Governance Statement 2021/22](#), which starts on page 17, 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 22, has the following overall opinion:

“In our opinion, the Board has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2021/22, and in previous years since our initial 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 on 9 September 2022. 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 2021/22.

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 2021/22.

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 October.

- 4.5.5 It is also planned that the Angus Alive Annual Performance Report for 2021/22 will be submitted to the Scrutiny & Audit Committee once the report is considered 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 2021/22. 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 2021/22 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 159/22](#) 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 section 4.5 above is received from 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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