

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 15 JUNE 2023

INTERNAL AUDIT ANNUAL REPORT AND REVIEW OF CORPORATE GOVERNANCE

REPORT BY CATHIE WYLLIE, SERVICE LEADER - INTERNAL AUDIT

ABSTRACT

This report presents the Service Leader Internal Audit's Internal Audit Annual Report and independent assurance opinions in relation to both the overall corporate governance arrangements, risk management and internal controls for 2022-23.

1. RECOMMENDATION

It is recommended that the Committee:

- (i) Note the contents of the attached internal audit annual report for 2022-23 and provide any commentary thereon.

2. ALIGNMENT TO THE ANGUS COMMUNITY AND COUNCIL PLANS

The Angus Council Plan contains a number of priorities that our 2022-23 Internal Audit work seeks to provide assurance on. This includes areas such as IT Security. This report also provides assurances in relation to the Council's risk management and corporate governance frameworks which is a key component in underpinning delivery of corporate priorities.

3. BACKGROUND

The Public Sector Internal Audit Standards (PSIAS) became effective for local authorities on 1 April 2013. The PSIAS requires that:

"The chief audit executive [Service Leader] 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 also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."

4. CURRENT POSITION

This report provides the Service Leader Internal Audit's overall opinion on the internal control and internal financial control environment within the Council for the 2022-23 financial year. This will be used to inform the production of the Council's Annual Governance Statement.

5. CONCLUSIONS

- 5.1 The Internal Audit Annual Report (attached at Appendix 1) provides the detailed information and assurances in relation to the matters discussed in section 3.

Members are invited to note the opinions and conclusions given as follows:

- “In my opinion 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.
- The internal audit service conforms to the PSIAS.”

5.2 In addition to the key conclusions noted above the report at Appendix 1 also includes detail on the following areas that PSIAS requires the Chief Audit Executive to report on.

- “I am content that the internal audit resources available in 2022/23 were sufficient to allow me to discharge my responsibilities as the Council’s Chief Audit Executive as described in the PSIAS and other relevant guidance. The resources available were reduced from the established capacity during the year for a number of reasons. Going forward there are two things to be considered to maintain the position that resources are sufficient:
 - Internal secondments within the Council resulted in a reduction in available auditor time. Resources in 2020/21 and 2021/22 were also reduced due to internal secondments. Reduction in resources, and therefore completed work, is manageable when taking a longer - term cumulative view of assurance, but on a prolonged basis could compromise that position. Any further internal secondments from the audit team in 2023/24 will need to be replaced by alternative equivalent input to ensure sufficient audit work is undertaken.”
 - From October 2022 the Council agreed to provide two days per week of the Service Leader Internal Audit’s time to Dundee City Council. To ensure the Council continues to comply with PSIAS the Team Leader Internal Audit has been acting up one day per week into the Service Leader’s role. The arrangement is in place as a pilot until October 2023, at which time it will be reviewed.” The composition of the internal audit team will also be reviewed to ensure it supports any permanent reduction in Service Leader time.
- the staff members involved in each 2022/23 internal audit review were independent of the area under review and their objectivity was not compromised in any way.
- Performance indicators showed compliance with various good practice guidance relating to Internal Audit in addition to the PSIAS. The CIPFA Directors Of Finance efficiency indicator is 95% (100% in 2021/22) which is within the expected range of achievement of at least 95%.

6. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

7. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required, as this report is providing reflective information for elected members.

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, Service leader – Internal Audit
EMAIL DETAILS: ChiefExec@angus.gov.uk

List of Appendices:

Internal Audit Annual Report 2022/23