

Scrutiny and Audit Committee Report to Angus Council 2022/23

Introduction

CIPFA guidance recommends that all audit committees should “prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact”. (Audit Committees Practical Guidance for Local Authorities and Police, published by CIPFA in 2022.)

This report has been prepared to inform Angus Council of the work carried out by, and the impact of, the Scrutiny and Audit Committee during the period April 2022 to March 2023 and for the year to 31 March 2023. 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 Angus Council’s Standing Orders. It covers all the core functions of the Committee and complies fully with best practice as set out in CIPFA’s 2018 guidance. The 2022 guidance is in the process of being assessed and implemented and the remit is being reviewed as part of the overall governance review in the Council.

During 2022/23 the Committee continued to meet using virtual meeting technology.

All elements of the Committee’s remit, as detailed in the Standing Orders, have been fulfilled if applicable during the year. This has been achieved through information received from internal audit, external audit, other external scrutiny and inspection agencies, and assurances from management and partner organisations.

Assurances about and from internal and external audit are summarised below. Other sources of information, including the programme of detailed risk reporting provided good assurance over the areas in the remit. Minutes of the Committee meetings were presented to Council. No items were referred to or from other

committees in the year although a number of reports were also considered by other committees.

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 size is larger than the 8 members that the 2022 guidance recommends, however the Committee is content that this does not impede its work. There are currently no non-elected members of the Committee and an action to further research the possibility of appointing a non-elected member has been included in the action plan at appendix A.

The Committee met formally on six occasions during 2022/23 and all meetings were quorate (at least five members in attendance).

Scrutiny & Audit Committee Attendance 2022/23

Member	Expected attendances	No. of meetings attended	Nominated substitute attended
Cllr Fotheringham (convener)	6	6	
Cllr G. Nicol (vice-convener)	6	6	
Cllr Beattie	6	6	
Cllr Bell	6	6	
Cllr Devine	6	6	
Cllr Doran	6	6	
Cllr Gall	6	6	
Cllr Greig	6	6	
Cllr L. Nicol	6	6	
Cllr Proctor MBE	6	4	Cllr McLaren Jan 2023
Cllr Shepherd	6	5	
Cllr Speed	6	6	
Cllr Wann	6	5	Cllr McLaren March 2023

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 & Change, and 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, AHSCP, Tayside Contracts attended meetings and spoke to their reports.

Training

A wide range of briefings and other training was offered to elected members during 2022/23. A training record is kept by Committee Services. Topics of particular relevance to the Scrutiny & Audit committee included:

- * A wide-ranging induction programme
- * The Procurement System
- * Equalities & Fairer Scotland Duty incl. Human Rights
- * Resilience
- * Partnerships and funding requests
- * 2023/24 Revenue and Capital Budget briefings
- * Treasury Management

Internal Audit

There was a small reduction in resource capacity within the Internal Audit team during 2022/23. This was primarily due to internal secondment of staff, illness and an arrangement to share the time of the Service Leader Internal Audit with Dundee City Council. The Committee has accepted assurances from the Service Leader that this has been manageable to date. The arrangement with Dundee City Council will be reviewed later in 2023.

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. Completed audit reports for 2022/23 provided substantial or comprehensive assurance with two exceptions.

- The Adults With Incapacity follow up audit, reported in April 2023, concluded with No Assurance. The audit reviewed the arrangements in place to ensure compliance with legal, Office of Public Guardian (OPG) and Mental Welfare Commission for Scotland (MWC) requirements. There was one Priority 1 recommendation to review the whole system taking into account the issues identified in the audit, and one Priority 2 recommendation about developing key performance indicators and arrangements for their reporting. At the meeting to present the report the service confirmed that significant work had already been undertaken to address the issues identified. The Committee requested that the Internal Audit service report back specifically on progress with implementation of the actions.
- The audit of procedures for Procurement - Exemptions from the Tendering Process concluded with Limited Assurance and contained nine recommendations, three of which were Priority 1 and five of which were

Priority 2, with one Priority 3. Two recommendations (Priority 2 & 3) remain outstanding, with one scheduled to be completed by the end of June 23, and the other by the end of December 2023.

There are six (2021/22 six) outstanding actions from previously reported areas with limited assurance.

- Two Priority 2 actions from audit report 20-13 IT Interfaces. The target dates for completion of these have been extended to 31 December 2023. Three actions from this audit have been completed this year.
- Four actions are from audit report 21-09 User Access I-Dox. There are two Priority 1 and two Priority 2 actions outstanding, all with revised completion dates of June 2023.

Progress is monitored by Internal Audit and reported to the Scrutiny & Audit Committee throughout the year.

External Audit

External Audit is another key provider of assurance to the Committee. The external auditors are appointed by the Accounts Commission, who also monitor audit quality. The results from external audit reports during 2022/23 have been positive.

- The auditors for 2021/22 were an Audit Scotland Team. 2021/22 was their last year of appointment and their report on the 2021/22 audit, received in November 2022, whilst including an action plan, did not highlight any critical issues.
- A Best Value review was also reported to the Council in September 2022 (Report 301/22). The overall conclusion was “Angus Council serves its communities well, has made impressive improvements to services in recent years and benefits from effective leadership and a clear vision. There is strong partnership working and collaboration to help deliver services that benefit local people”. The report identified embedding a council-wide performance management framework as an area requiring further work.
- A different Audit Scotland team was appointed as the Council’s new external auditors for a five-year period beginning with 2022/23. Their plan for this first year, presented to the Committee in April 2023, did not identify any unusual or high risks or additional work beyond the expected standard audit procedures.

Self-assessment and action plan

The self-assessment for 2022/23 was undertaken at an online meeting on 28 March 2023. Cipfa guidance for Audit Committees, revised in 2022, was used to facilitate the session. The questionnaire provided in the revised guidance was completed by members prior to the meeting and the results were discussed.

The questionnaire contained 40 questions, 38 about the running of the Committee and two about Committee members' knowledge and skills. Scoring was from 1 to 5 as follows, allowing for a maximum score of 200. The result for 2022/23 was 173 out of 200.

Operation of the committee

- 1 Does not comply - Major improvement required
- 2 Partially complies - Significant improvement required
- 3 Partially complies - Moderate improvement required
- 4 Partially complies - Minor improvement required
- 5 Fully complies - No further improvement required
- Don't know

Skills and Knowledge

1 = little knowledge and 5 = expert knowledge

Score	1	2	3	4	5
Operation of committee (number of questions with score)	1	1	3	12	21
Skills and Knowledge average (number of questions with score)				2	
Total Score (Score x number)	1	2	9	56	105
Grand total	173				

The two questions about knowledge and skills covered 17 topics about core and specialist areas of knowledge and skills required by members of the Committee. Scores for these ranged from 1 to 5 and averaged out at 4 for each area. The specific topics where further training needs were identified are included in the action plan.

Results from the self-assessment questionnaire confirmed a good level of effectiveness and compliance with the principles set out in the Cipfa guidance. A number of actions were identified from the discussions at the meeting. These are detailed in Annex A and include all areas scored 1 to 3.

In 2021/22, following previous guidance, the Committee self-assessed against the Cipfa Evaluation of Effectiveness checklist. Due to changes to the guidance, it is not possible to make a direct comparison between the scoring this year and last year and therefore this information has not been included in this report.

Progress with the action plan agreed last year is included at Annex A to this report.

External attendees' feedback

Fifteen people from eight organisations were asked for anonymous feedback on their interaction with the Committee during the year. Five responses were received and are presented below. The figures in brackets are the 2022 responses.

Rating*	Fair %	Good %	Very Good %	Excellent %	Not Applicable %
Pre-meeting communication	20	40 (37.5)	0 (12.5)	0 (25)	40 (25)
Pre-meeting timing	-	60 (14.3)	20 (14.3)		20 (71.4)
Documentation preparation & submission	40	40 (50)	0 (12.5)	0 (25)	20 (12.5)
Joining instructions & ease of accessing remotely	-	40 (12.5)	60 (50)	0 (37.5)	
Interaction during meeting	20	40 (25)	40 (50)	0 (25)	
Post meeting Communication & Documentation	40 (12.5)	20	20 (12.5)	0	20 (75)
Follow-up Request	-	60	20 (12.5)		20 (87.5)

* "Very Poor" and "Poor" were also available as rating options but no one chose them.

There were positive comments about the information and initial feedback provided during the preparation for the committee and the committee's engagement with the presenter. Responses also commented that presentation of some items could be shorter, asked for earlier communication of requests for reports to allow more time for preparation, and noted it would be helpful to have notice of questions in advance.

The overall rating for interaction with the Scrutiny & Audit Committee meetings in 2022/23 was 7.2 out of 10. (2021/22 - 7.88 out of 10).

Conclusion

As Convener of the Scrutiny & Audit Committee, I am satisfied that the Committee complies with the Cipfa Position Statement. The work undertaken by the Committee during 2022/23 fulfils the Committee remit and provides reasonable assurance that the Council's control environment, risk management arrangements, and governance framework operated effectively and efficiently during 2022/23. Actions have been put in place to address any weaknesses identified and the Committee will continue to monitor completion of these actions. Significant weaknesses identified have been included in the Annual Governance Statement and Corporate Governance action plan as appropriate.

Signed Cllr Craig Fotheringham **Date** 20 July 2023
Convener of the Scrutiny & Audit Committee

Annex A – Committee Action Plan

Ten actions were agreed last year. Seven are complete and three are in progress. The areas in progress to be carried forward relate to:

- Development of risk appetite
- Implementation of risk registers, and
- Assurance mapping

A further 6 actions were identified at the meeting on 28 March 2023. These will be added to Pentana and monitored going forward


	Actions from 2023 S&A self-assessment -	Responsible Officer	Date
	Split Committee agenda between audit and scrutiny items	TBC	August 2023
	Review the Committee Terms of Reference and update re 2022 Cipfa guidance	TBC	TBC
	Explore appointing independent, non-elected Committee member further	Service Leader Governance & Change and Service Leader Internal Audit	December 2023
	Arrange for Committee to meet privately with internal and external auditors (before April and September meetings)	TBC	September 2023

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	Actions from 2023 S&A self-assessment -	Responsible Officer	Date
	Training to be arranged re areas identified from self-assessment: <ul style="list-style-type: none"> • Internal Audit and Counter Fraud (incl. assurance mapping and materiality) • Treasury Management • Financial statements and accounting • Risk management • Value of good governance 	TBC TBC Director of Finance Director of Finance TBC TBC	TBC TBC 31 October 2023 31 August 2023 TBC TBC


2021/22 Update Committee Action Plan

Actions In Progress

Action Code	GC-S&A-00016		<div style="border: 1px solid black; background-color: #e0e0e0; padding: 2px; display: inline-block;">50%</div>	Start Date	16-Dec-2021	
Action Title	Risk Appetite					
Description	<p>Risk appetite – members want to see this developed as soon as possible. This development should consider how legislation/statutory obligations impact on the level of risk the Council can take, and how this can be better communicated to Members and the public.</p> <p>Work is already in progress to include risk appetite in finalising the Risk Strategy Review. Communication will also be considered.</p>				Due Date	30-Jun-2023
Latest Note	<p>Still working on risk appetite definition and guidance. Meeting arranged on 16th May 2023 with colleague from NHS to discuss how they developed their risk appetite.</p> <p>Extension of due date to 30 June 2023 agreed at S&A Committee on 31 January 2023.</p>					


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Action Code	GC-S&A-00017		<input type="text" value="50%"/>	Start Date	16-Dec-2021
Action Title	Service Risk Registers				
Description	Following finalisation of Risk Strategy, review development of Service Risk Registers - will include relevant training on risk appetite			Due Date	30-Jun-2023
Latest Note	<p>Work with directorates is ongoing. Some directorates have their risk registers recorded in Pentana and are monitoring these as a standing item at management meetings. Others are close to that position but some are still at an earlier stage of identifying what their registers should contain.</p> <p>Extension of due date to 30 June 2023 agreed at S&A Committee on 31 January 2023.</p>				

Action Code	GC-S&A-00028		<input type="text" value="20%"/>	Start Date	
Action Title	Develop Clear Terminology Assurance Mapping				
Description	Develop clear terminology on Assurance Mapping to help members understand this			Due Date	30-Jun-2023 Extended to June 2024
Latest Note	Further information was provided in the Audit Plan for 2023/24 in March 2023. Cipfa guidance is due to be updated and this will be used to finalise this action when it is published. The extension to June 2024 was reported to Scrutiny & Audit Committee in June 2023.				


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Completed Actions

Action Code	GC-S&A-00009		<div style="background-color: #add8e6; border: 1px solid black; padding: 2px;">100%</div>	Start Date	18-Sep-2020
Action Title	Roles of CLT & Other Groups				
Description	Officers to draft a briefing paper on the roles of the Corporate Leadership Team and other groups.			Due Date	31-Mar-2023
Latest Note	<p>The group organograms have been developed, reviewed by services and are now live on the Council's intranet.</p> <p>https://anguscouncil.sharepoint.com/SitePages/Council-structure.aspx</p> <p>Terms of Reference for groups will be developed as part of business as usual activity.</p>				



Action Code	GC-S&A-00022		<div style="background-color: #add8e6; border: 1px solid black; padding: 2px;">100%</div>	Start Date	25-Sep-2022
Action Title	Council Organogram				
Description	Council organogram to be brought up-to-date and made available for new members on intranet/website and kept up to date			Due Date	31-May-2022
Latest Note	Council and service organograms were produced for the BVA in 2022				



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Action Code	GC-S&A-00023		<div style="background-color: #ADD8E6; width: 50px; height: 15px; display: inline-block;">100%</div>	Start Date	31-Mar-2022	
Action Title	Develop Directory of Officers Contact Details					
Description	Develop directory of officers' contact details which can be accessed alphabetically and by service, to make contacting the correct person easier for members. Target Date TBC				Due Date	31-Mar-2023
Latest Note	The full directory of officer contact details and the associated line management structure is available via the Council intranet page. This is continually updated.					


Action Code	GC-S&A-00024		<div style="background-color: #ADD8E6; width: 50px; height: 15px; display: inline-block;">100%</div>	Start Date	23-Jan-2023	
Action Title	Review EIA Committee Process					
Description	Review whether EIAs need to be provided to Committee in full, especially if there are no issues. Could a statement be included in report to say EIA has been done, summarise any key issues and/or provide link to full document? Target Date TBC				Due Date	31-Mar-2023
Latest Note	This has been considered by Legal & Democratic Services as part of the Governance Review, following consultation with the Equalities Officer, and it has been determined that a full EIA does not require to be provided as an Appendix to a Committee report when only a screening EIA has been undertaken provided the Committee report includes a statement saying that a screening EIA has been undertaken but a full EIA is not required and gives the reasons why.					

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Action Code	GC-S&A-00025			Start Date	23-Jun-2022
Action Title	Key Risk Presentation				
Description	Repeat some of the key risk presentation which have been made to S&A Committee, for the benefit of new members			Due Date	30-Jun-2022
Latest Note	The programme includes repetition of high scored risks from the previous programme				

Action Code	GC-S&A-00026			Start Date	20-Dec-2022
Action Title	Use Diagram and Charts for Risk				
Description	Diagrams and charts to be used to explain risk rather than lengthy spreadsheets			Due Date	31-Mar-2023
Latest Note	Risk management reports to Scrutiny & Audit include a Dashboard Summary. This shows the risk matrix diagram and highlights the direction of travel of all the risk scores in a visual format				

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Action Code	GC-S&A-00027		<div style="background-color: #add8e6; border: 1px solid black; padding: 2px;">100%</div>	Start Date	29-Sep-2022
Action Title	Scrutiny Panel Reviews				
Description	Consider the need for Scrutiny Panel Reviews, how these fit with planned change, and what capacity is available to support these			Due Date	30-Sep-2022
Latest Note	Position at end September 2022: There is very little capacity to support these. Scrutiny in general is better now than it was when these were first introduced and now there is less need for a programme of these. If specific issues were raised these could be followed up. At this time there is no resource capacity to progress a Scrutiny Panel review nor is there an identified need.				