

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 13 JUNE 2024

INTERNAL AUDIT ANNUAL REPORT AND REVIEW OF CORPORATE GOVERNANCE

REPORT BY CATHIE WYLLIE SERVICE LEADER - INTERNAL AUDIT

1. ABSTRACT

- 1.1 This report presents the Service Leader Internal Audit's Internal Audit Annual Report and independent assurance opinions in relation to the overall corporate governance arrangements, risk management and internal controls for 2023-24.

2. ALIGNMENT TO THE COUNCIL PLAN AND COMMUNITY PLAN

- 2.1 The Angus Council Plan contains a number of priorities that the 2023-24 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 are key components in underpinning delivery of corporate priorities.

3. RECOMMENDATION

- 3.1 It is recommended that the Committee notes the contents of the attached internal audit annual report for 2023-24 and provide any commentary thereon.

4. BACKGROUND

- 4.1 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."

5. 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 2023/24 financial year. This will be used to inform the production of the Council's Annual Governance Statement.

- 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 4.

The opinions and conclusions given are 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 and Scheme of Governance are adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects.
- There has been some further progress with Risk Management arrangements this year, but it remains slow and therefore there are still some key areas of risk management that need to be fully established and embedded in day-to-day practice. Responsibility for risk identification, assessment and management sits across the whole organisation. Services and risk owners need to pay more consistent attention to ensure progress is made at a faster pace.
- 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.

- Although the resources available during the year were reduced from the established capacity I am content that the internal audit resources available in 2023/24 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 staff members involved in each 2023/24 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 76% (95% in 2022/23). This is outwith the expected range of achievement of at least 95% because of the vacancies in the team during 2023/24.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications arising from the recommendations of this report.’

7. RISK MANAGEMENT

7.1 The report provides assurance about the risk management arrangements of the Council during 2023/24.

7.2 The contents of the report include a summary of the assurance provided during 2023/24 about policies, procedures and internal control systems related to mitigating controls for several risks in the corporate risk register.

8. ENVIRONMENTAL IMPLICATIONS

8.1 There are no direct environmental implications arising from the recommendations of this report”.

9. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

9.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason(s): - The report provides reflective information for 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.

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List of Appendices:

Internal Audit Annual Report 2023/24