

Scrutiny and Audit Committee Report to Angus Council 2023/24

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 2023 to March 2024. 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, which were updated in January 2024. It covers all the core functions of the Committee. The previous remit complied fully with best practice as set out in CIPFA’s 2018 guidance. The revised remit complies fully with CIPFA’s 2022 guidance.

During 2023/24 the Committee meetings moved to a hybrid format, with some members and presenters physically present in the Chamber, and others 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. The 2022 guidance recommends having two non-elected members on the committee. The committee considered this recommendation in March 2024 and again in April 2024 and concluded that they did not think this was necessary and that ad hoc specialist input could be sought when required.

The Committee met formally on eight occasions during 2023/24 and all meetings were quorate (at least five members in attendance). Seven meetings were scheduled but the August 2023 meeting was carried over to a second meeting due to the volume of business.

Scrutiny & Audit Committee Attendance 2023/24

Member	Expected attendances	No. of meetings attended	Nominated substitute attended
Cllr Fotheringham (convener)	8	8	
Cllr G. Nicol (vice-convener)	8	6	Nov Cllr McLaren
Cllr Beattie	8	8	
Cllr Bell	8	6	Oct Cllr Boyd
Cllr Devine	8	8	
Cllr Doran	8	7	Oct Cllr Scott
Cllr Gall	8	8	
Cllr Greig	8	6	
Cllr L. Nicol	8	6	
Cllr Proctor MBE	8	5	April and March Cllr McLaren
Cllr Shepherd	8	4	Jan Cllr Durno Nov Cllr Meechan March Cllr Boyd
Cllr Speed	8	8	
Cllr Wann	8	5	Oct and Jan Cllr McLaren

The Chief Executive, Depute Chief Executive, Director Legal, Governance & Change (or their nominated substitute), Director of Finance (or their nominated substitute), other Directors, Service Leader Governance, Change & Strategic Policy, and Service Leader Internal Audit attended all Committee meetings and other senior officers also routinely attended. Representatives from external bodies, including External Audit, Police Scotland, Scottish Fire & Rescue Services, Angus Alive, AHSCP, and Tayside Contracts attended meetings and spoke to their reports.

Training

A wide range of briefings and other training was offered to elected members during 2023/24. A training record is kept by Committee Services. In addition to several service-related and subject briefings and training that help with understanding risk, topics of particular relevance to the Scrutiny & Audit committee, that several members attended, included:

- * Standing orders
- * 2024/25 Revenue and Capital Budget briefings
- * Treasury Management
- * Customer complaints
- * Following the ethical standards in public life when engaging with the public
- * EIA/FSD/Children's Rights assessment

Internal Audit

There was a reduction in resource capacity within the Internal Audit team during 2023/24. This was due primarily to vacant posts, and continuation and extension of the 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. To manage the impact on delivery of the plan some audits were removed and carried forward to 2024/25, where appropriate, alternative sources of assurance were identified, and the audit support contract with Azets was used to undertake some general audit work for 2023/24. One vacant post was filled in May 2024 and the second is expected to be filled in June.

The arrangement with Dundee City Council was reviewed in September 2023 and the decision made to continue. The time split was amended to 50:50 from 1 January 2024. It was previously 40:60 Dundee City and Angus per week.

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 2023/24 provided substantial assurance with four exceptions where Limited Assurance was provided:

- Two audits within schools (Random Cash Counts and Cash Handling, and IT Asset Hardware Inventory). In both audits the actions centred around making sure there were up to date, consistent accessible procedures and that all staff involved were aware of the procedures.
- The Risk Management audit identified detailed actions to help take forward areas of improvement that have previously been noted in Corporate and Service risk management arrangements.
- The IT Business Continuity audit identified actions to undertake Business Impact Assessments and use these to renew Business Continuity Plans and set up testing of these.

3 Priority 1 actions open at June 2024 related to the Schools Limited Assurance reports. Priority 1 and 2 outstanding actions from previous years' limited or no assurance reports have all been closed. (2022/23 six outstanding actions from previous years).

Progress is monitored by Internal Audit and reported to the Scrutiny & Audit Committee throughout the year. Good progress has been made during 2024/25 to close actions and address weaknesses identified in systems.

Housing, particularly Housing Voids, is an area that the committee has expressed concern about during the year and asked the Service Leader Internal Audit to undertake audit work on. An audit of Voids is planned for 2024/25. In the meantime, Internal Audit has confirmed that the guidance issued to staff about the use of "fit to let" and "not fit to let" codes aligns with the Scottish Housing Regulator's guidance. They also reviewed the Housing Improvement Plan presented to the Communities committee in Report 185/24 In June 2024 and concluded the plan is SMART, includes baseline information and interdependencies, and monitoring arrangements are in place.

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. An Audit Scotland team was appointed as the Council's new external auditors for a five-year period beginning with 2022/23.

The results from external audit reports during 2023/24 have been positive.

- The 2022 Best Value review (Report 301/22) identified embedding a council-wide performance management framework as an area requiring further work. In October 2023 the external auditor's 2022/23 Annual Audit Report (Appendix B Report 278/23) concluded "the Council has made satisfactory progress on recommendations reported in the 2022 BVAR" and "has identified performance measures to monitor progress with its priorities".

- The 2022/23 Annual Audit Report made positive conclusions in all areas. An action plan for areas related to the accounts preparation was agreed, along with actions from the new Best Value thematic review process. The Best Value actions mostly covered areas where work was already in progress e.g., workforce planning, and some actions are already closed.
- Their plan for 2023/24, presented to the Committee in April 2024, did not identify any unusual or high risks or additional work beyond the expected standard audit procedures.

Assurances

Assurance is received from a number of sources in addition to internal and external audit.

- Although all organisations are addressing the impact of financial pressures, good assurances were provided from the external bodies noted above as reporting to the committee.
- Good assurance was received from reports from the Care Inspectorate and Education Scotland throughout the year, with no indicator results below “adequate” (Care Inspectorate) and only two below “satisfactory” (Education Scotland). The majority of reports concluded areas inspected were “good” or “very good” (both agencies).

Self-assessment and action plan

The self-assessment for 2022/23 was undertaken at an online meeting on 28 March 2024 and concluded on 23 April. Cipfa guidance for Audit Committees, revised in 2022, was used to facilitate the sessions. The questionnaire provided in the revised guidance was completed by members prior to the April 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 2023/24 was 185 (2022/23 173) 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
	Number of Questions with score				
Operation of committee	0 (1)	1 (1)	0 (3)	10 (12)	27 (21)
Skills and Knowledge average	-	-	-	2 (2)	-
Total Score (Score x number)	0 (1)	2 (2)	0 (9)	48 (56)	135 (105)
Grand total	185 (173)				

Figures in brackets relate to 2022/23 questionnaire.

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. The scores ranged from 3 to 5 which is an improvement on the 2022/23 range of 1 to 5. Overall the average scores in both areas increased slightly this year but rounded to 4 in both years. The specific topics where further training needs were identified will be covered by the outstanding action in the action plan.

Results from the self-assessment questionnaire confirmed a very good level of effectiveness and compliance with the principles set out in the Cipfa guidance. No actions were identified from the discussions this year, and all but one of the previous actions have been completed. These are detailed in Annex A.

The one area scored below 4 relates to the decision not to include non-elected members on the committee and to seek expert input on an ad hoc basis when required, thereby not fully complying with this element of the guidance.

External attendees' feedback

15 people from seven organisations (2022/23 15 people from eight organisations) were asked for anonymous feedback on their interaction with the Committee during the year. Five responses (2022/23 five) were received and are presented below. The figures in brackets are the 2023 responses.

Rating*	Fair %	Good %	Very Good %	Excellent %	Not Applicable %
Pre-meeting communication	20 (20)	0 (40)	80 (0)	0 (0)	0 (40)
Pre-meeting timing	20 (0)	20 (60)	60 (20)	0 (0)	0 (20)
Documentation preparation & submission	0 (40)	40 (40)	60 (0)	0 (0)	0 (20)
Joining instructions & ease of accessing remotely	0 (0)	0 (40)	60 (60)	40 (0)	0 (0)
Interaction during meeting	0 (20)	0 (40)	60 (40)	40 (0)	0 (0)
Post meeting Communication & Documentation	20 (40)	40 (20)	40 (20)	0 (0)	0 (20)
Follow-up Request	0 (0)	20 (60)	60 (20)	0 (0)	20 (20)

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

No points for action were identified in the feedback. Several positive comments reflected that meeting worked well, with good preparation and structure, access and interaction of members during the meeting. The hybrid nature of the meetings was also commended. Lead times for providing papers prior to the meetings were noted as sometimes being tight in relation to the external provider's own timetables.

The overall rating for interaction with the Scrutiny & Audit Committee meetings in 2023/24 was 8.8 out of 10. (2022/23 - 7.2 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 2023/24 fulfils the Committee remit and provides reasonable assurance that the Council's control environment, corporate risk management arrangements, and governance framework generally operated effectively and efficiently during 2023/24. Operational risk registers still need to be finalised by some Directorates. 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 _____ Date _____
Convener of the Scrutiny & Audit Committee



Annex A – Committee Action Plan



Seven actions have been closed leaving one action relating to training open from the previous action plan. No further actions were identified at the self-assessment meetings this year. Areas identified for training and the current position re delivery are:



Training area	To be provided by	Date actioned
Internal Audit and Counter Fraud (incl. assurance mapping and materiality)	Service Leader and Team Leaders IA/CF	Assurance Framework 28 March 2024 Others TBC
Treasury Management	Director of Finance	31 October 2023
Financial statements and accounting	Director of Finance	31 August 2023
Risk management	TBC	TBC
Value of good governance	TBC	TBC

Action Code	AC-CGOV-00107		<input type="text" value="50%"/>	Start Date	07-Dec-2023
Action Title	Committee Training Requests				
Description	Training to be arranged for the committee members identified through the self assessment: <ul style="list-style-type: none"> • Internal Audit and Counter Fraud (Inc Assurance Mapping and Materiality) • Treasury Management • Financial Statements and Accounting • Risk Management • Value of Good Governance 			Due Date	31-Mar-2024
Latest Note	Training in relation to Treasury Management and Financial statements and accounting was delivered to members during 2023. Information re Assurance Framework was delivered in March 2024.				



Agenda item 9 Appendix 1 to Report 192/24



Action Code	AC-CGOV-00103			Start Date	11-Dec-2023
Action Title	Split Committee Agenda				
Description	Split Committee agenda between audit and scrutiny items			Due Date	31-Aug-2023
Latest Note	The revised agenda is being implemented at the January 2024 meeting of the Scrutiny & Audit Committee.				



Action Code	AC-CGOV-00104			Start Date	07-Dec-2023
Action Title	Review Terms of Reference				
Description	Review the Committee Terms of Reference and update re 2022 Cipfa guidance			Due Date	31-Mar-2024
Latest Note	The Scrutiny & Audit Committee Terms of Reference have been updated as part of the governance review work now completed.				

Action Code	AC-CGOV-00105			Start Date	07-Dec-2023
Action Title	Explore Independent Appointment				
Description	Explore appointing independent, non-elected Committee member further			Due Date	31-Mar-2024
Latest Note	Discussed after S&A Committee on 23 April 2024 and agreed no requirement for independent member. However also agreed that specialist advice will be sought on an ad hoc basis as required.				



Agenda item 9 Appendix 1 to Report 192/24

Action Code	AC-CGOV-00106			Start Date	02-May-2024
Action Title	Private Meetings with Audit				
Description	Arrange for Committee to meet privately with internal and external auditors (before April and September meetings)			Due Date	31-Mar-2024
Latest Note	It has been agreed that this private meeting with audit (internal and external) will be planned once per year in advance of the annual accounts being signed off, normally around September.				

Action Code	GC-S&A-00016			Start Date	01-Sep-2023
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-2024
Latest Note	<p>This action has been superseded with a new composite corporate governance action, raised as part of the 2023/24 annual assurance review. This will ensure that the Corporate Leadership Team have full awareness of progress until completion.</p> <p>https://anguscouncil.pentanarpm.uk/cpmweb/actions/show/4711112#tab_fields</p>				

Action Code	GC-S&A-00017			Start Date	01-Sep-2023
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	31-Mar-2024
Latest Note	<p>This action has been superseded with a new composite corporate governance action, raised as part of the 2023/24 annual assurance review. This will ensure that the Corporate Leadership Team have full awareness of progress until completion.</p> <p>https://anguscouncil.pentanarpm.uk/cpmweb/actions/show/4711112#tab_fields</p>				

Agenda item 9 Appendix 1 to Report 192/24

Action Code	GC-S&A-00028			Start Date	01-Sep-2023
Action Title	Develop Clear Terminology Assurance Mapping				
Description	Develop clear terminology on Assurance Mapping to help members understand this			Due Date	30-Jun-2024
Latest Note	Assurance mapping has been progressed further during planning for 2024/25, taking into account the Cipfa publication on Assurance Frameworks from December 2023. The audit planning and audit universe is now more closely mapped to assurance information within the Local Code of Corporate Governance.				