

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 27 AUGUST 2024

ANNUAL GOVERNANCE STATEMENT ASSURANCES

REPORT BY KATHRYN LINDSAY, CHIEF EXECUTIVE

1. ABSTRACT

- 1.1 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.

2. ALIGNMENT TO THE COUNCIL PLAN AND POLICIES

- 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. RECOMMENDATIONS

- 3.1 It is recommended that the Committee:

- (i) notes 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 193/24 Appendix 1](#) refers);
- (ii) notes the required improvement in relation to Tayside Contracts Physical Security arrangements and agree to add this to Council's draft Annual Governance Statement, subject to the Tayside Contracts Internal Audit Annual Report being considered at Tayside Contracts Joint Committee meeting on 26 August 2024;
- (iii) notes that assurances from Angus Alive's Internal Audit Annual Report, along with the assurance letter from the chair of their Finance & Audit Sub-Committee, will not be authorised until after the Angus Alive Board meeting on 13 September 2024;
- (iv) delegates authority, as a result of the timing of (iii) above, to the Director of Legal, Governance & Change, following consultation with the Convener of this Scrutiny & Audit Committee, to update the Council's draft Annual Governance Statement if required, once the relevant information is available from Angus Alive; and
- (v) authorises 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.

4. BACKGROUND

- 4.1 Reference is made to [Report 193/24](#) considered by this Committee on 13 June 2024, 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 2024, 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 193/24.

5. ASSURANCES FROM PARTNER ORGANISATIONS

5.1 The following sections 5.2 to 5.5 of this report summarise the current position with assurances in respect of those organisations included in the Council's group accounts.

5.2 ANGUS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD (IJB)

5.2.1 The IJB's Annual Governance Statement concludes:

"While there remain a number of challenging areas of governance it is the opinion of the IJB Chairperson and Chief Officer that at 31st March 2024, 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."

5.2.2 The IJB's [Internal Audit Annual Report](#) from J Lyall BAcc (Hons) CPFA, Chief Internal Auditor (FTF Internal Audit Service), has the following conclusions:

"16. 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 2023/24.

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

- Reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2023/24.*

18. 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."*

5.2.3 The Convener of this Committee has received a letter from the Chair of the IJB Audit Committee (dated 1 July 2024), confirming that "adequate and effective governance arrangements were in place throughout Angus IJB during the year 2023/24".

5.2.4 The IJB Annual Performance Report for 2023/24 will be submitted to the October meeting of the Scrutiny & Audit Committee.

5.3 TAYSIDE CONTRACTS

5.3.1 Tayside Contract's Annual Governance Statement 2023/24 concludes:

"In conclusion it is our opinion that the annual review of governance together with the work of internal and external auditors and the governance checklist 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 2024/25 that steps are taken to address the areas identified for improvement to further enhance the Joint Committee's governance arrangements."

5.3.2 Tayside Contract's Internal Audit Annual Report, prepared by Henderson Loggie, will be considered by the Tayside Contract Joint Committee at its meeting on 26 August 2024. The

report has been made available in advance of that meeting and includes the auditor's opinion that:

"In our opinion, with the exception of the issues highlighted in paragraph 1.9 above, Tayside Contracts 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 2023/24."

Section 1.9 referenced in the auditor's opinion states:

"Internal audit report 2024/04 – Physical Security (issued in July 2024), had an overall grading of Requires Improvement. During a series of unannounced site visits, undertaken as part of the audit, we noted a number of instances where security controls were not in place or were not operating as expected. The Property Officer, in conjunction with the operational managers, has since progressed an action plan, with some actions already complete. A follow-up exercise will be carried out by the Property Officer to ensure that the specific remedial actions have been implemented, and this will be subject to review as part of the internal audit follow-up activity in 2024/25."

5.3.3 Accordingly, it is proposed that this area requiring improvement in Tayside Contract's Internal Audit Annual Report will be added to the Council's draft Annual Governance Statement.

5.3.4 It is also planned that the Tayside Contracts Annual Performance Report for 2023/24 will be submitted to the January meeting of the Scrutiny & Audit Committee once the report is considered by the Tayside Contracts Joint Committee later this year.

5.4 TAYSIDE VALUATION JOINT BOARD (TVJB)

5.4.1 TVJB's Annual Governance Statement 2023/24, concludes:

"The annual review demonstrates sufficient evidence that the Code's 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."

5.4.2 TVJB's Internal Audit Annual Report, prepared by Henderson Loggie, 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 2023/24, and in previous years since our initial appointment."

5.5 ANGUSALIVE

5.5.1 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.

5.5.2 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 13 September 2024. A request to share the report, once approved, with the Council beyond that date has been made.

5.5.3 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 2023/24.

5.5.4 Angus Alive's Annual Performance Report for 2023/24 will be submitted to the October meeting of the Scrutiny & Audit Committee.

6. ASSURANCES PROVIDED TO PARTNER ORGANISATIONS

- 6.1 The 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 2023/24. 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 2023/24 in relation to the support services provided to the Angus Health & Social Care Integration Joint Board (IJB)/ Angus Alive.”

- 6.2 It is noted that from next year, this request will be included in the Council's 'annual review and draft annual governance statement' report which will be considered at the June Scrutiny & Audit Committee meeting. This is to support the Angus Health & Social Care Integration Joint Board (IJB) reporting timelines.

7. PROPOSALS

- 7.1 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 193/24 Appendix 1](#) refers).
- 7.2 As a result of the timing of availability of the information set out in paras 5.5.2 and 5.5.3 above, the Scrutiny & Audit Committee is asked to delegate authority to the Director of Legal, Governance & Change, 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 from Angus Alive. Any related changes would be included in the final version of the annual accounts.
- 7.3 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 6 above refers) and authorise the Convener to sign the letters.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no financial implications arising directly from this report.

9. RISK MANAGEMENT

- 9.1 There are no risks arising directly from this report.

10. ENVIRONMENTAL IMPLICATIONS

- 10.1 There are no direct environmental implications arising from the recommendations of this report.

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

- 11.1 An Equality Impact Assessment is not required. This report provides a reflective overview of areas of work covered by the Council that will each have their own Equality Impact Assessment (as applicable).

12. CONSULTATION

- 12.1 All Directors of the Council have been consulted in the preparation of this report.

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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