

REPORT TO: SCRUTINY COMMITTEE – 26 JUNE 2024

REPORT ON: 2023/24 SCRUTINY COMMITTEE SELF-ASSESSMENT AND ANNUAL REPORT

REPORT BY CHIEF INTERNAL AUDITOR

REPORT NO: 173-2024

1. PURPOSE OF REPORT

This report provides a draft annual report to Council on the work undertaken by the Scrutiny and Audit Committee during 2023/24.

2. RECOMMENDATIONS

It is recommended that the Committee:

- (i) reviews the draft annual report for the year to 31 March 2024 and provide any comment;
- (ii) determines whether any amendments are required in the light of issues discussed at this meeting; and
- (iii) approves the annual report and agrees to submit it to the next City Governance Committee.

4. BACKGROUND

- 4.1 Guidance published by CIPFA is accepted as best practice for local authority audit committees. The Guidance was updated in 2022 and 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 2022).
- 4.2 The Committee agreed at the meeting on 24 April to undertake a self-assessment using the Cipfa checklist supplemented with questions about knowledge and skills and to prepare an annual report following the Cipfa guidance.

5. CURRENT POSITION

- 5.1 The annual report at Appendix 1 has been prepared to inform Dundee City Council of the work carried out by the Scrutiny Committee during 2023/24. It notes that an action plan will be prepared following a review of the self-assessment questionnaire results. The report concludes:
- 5.2 “As Convener of the Scrutiny Committee, I am satisfied that the Committee complies significantly with the Cipfa Position Statement, and this will be improved following the update of the Committee remit planned for after the recess. The work undertaken by the Committee during 2023/24 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 2023/24. 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.”

6. POLICY IMPLICATIONS

- 6.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7. CONSULTATIONS

7.1. The Council's Leadership Team have been consulted in the preparation of this report.

8. BACKGROUND PAPERS

8.1. None.

CATHIE WYLLIE, CHIEF INTERNAL; AUDITOR

DATE: 13 JUNE 2023

Scrutiny Committee Report to Dundee City 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 Dundee City Council of the work carried out by, and the impact of, the Scrutiny Committee during the period April 2023 to March 2024 and for the year to 31 March 2024. It also provides details of the Committee’s membership and attendance.

Scrutiny & Audit Committee remit

The Scrutiny 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 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 Dundee City 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 Dundee City Council’s Standing Orders. It covers all the core functions of the Committee. The remit has been reviewed and is in the process of being updated to ensure it complies with CIPFA’s 2022 guidance. It is planned to bring the revised Standing Orders to committee after the recess.

During 2023/24 the Committee meetings remained on-line.

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. Assurances about and from internal and external audit are summarised below. Other sources of information provided good assurance over the areas in the remit. Minutes of the Committee meetings were presented to Council. One report on Cyber Security was referred to the City Governance Committee and the Policy and Resources and City Governance Committees referred several reports to the Scrutiny Committee during the year.

Membership and Attendance

Membership of the Committee is set out in Standing Orders at 8. The Committee size is in line with the 2022 guidance recommendation. There are currently no non-elected members of the Committee.

The Committee met formally on six occasions during 2023/24 and all meetings were quorate (at least three members in attendance including a representative from the Administration and the Major Opposition Group).

Scrutiny Committee Attendance 2023/24

Member	Expected attendances	No. meetings attended	of Nominated substitute attended
Depute Lord Provost Kevin Cordell	6	6	
Bailie Kevin Keenan	6	6	
Bailie Helen Wright	6	5	Councillor Charlie Malone
Bailie Willie Sawers	2	2	
Bailie Christina Roberts	4	4	
Bailie Fraser Macpherson	6	6	
Bailie Derek Scott	6	5	
Councillor Nadia El-Nakla	6	5	Councillor Ken Lynn
Councillor Lynne Short	6	5	

At the meeting of the Recess Sub Committee held on 10th July 2023 it was agreed that Bailie Christina Roberts be appointed as a member of the Committee as replacement for Bailie Willie Sawers.

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance, Head of Democratic and Legal Services and the Chief Internal Auditor (or their nominated substitutes) attended all Committee meetings. Other Executive Directors and senior officers also attended when required. Representatives from External Audit, Police Scotland, Scottish Fire & Rescue Services attended meetings and spoke to their reports.

Training

A range of briefings and other training was offered to elected members during 2023/24. A training record is kept by Committee Services.

Internal Audit

There was a reduction in resource capacity within the Internal Audit team during 2023/24. This was due primarily to vacant posts in the Internal Audit Team, and reduced capacity within the Risk and Insurance teams which impacted on the time available for audit work of the Principal Auditor.

The arrangement to share the time of the Service Leader Internal Audit from Angus Council with Dundee City Council was in place throughout 2023/24. The arrangement 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.

The Scrutiny Committee takes assurance from Internal Audit on a wide range of issues and an update report from the Chief Internal Auditor is considered at every Committee meeting. Completed audit reports for 2023/24 provided substantial or comprehensive assurance with three exceptions. There were no critical audit actions outstanding at May 2024, and three agreed in June 2024. Reports concluded with Limited Assurance were:

- General Ledger. At May 2024 five actions were in progress. One medium priority action that is past its original due date is estimated to be 25% complete. Four other actions (two High Priority and two Low Priority) have not yet reached their implementation dates.

- Adaptations for People with Disabilities. This was agreed in June 2024 and has seven High priority actions and two Low priority actions addressing client safety, reputational and compliance risks.
- Financial Sustainability LACD. This was agreed in June 2024. There are three critical, four high and one medium priority recommendations covering the Council and LACD and addressing completion of a review of the Service Agreement between the Council and LACD, and development thereafter of plans to deliver this and monitor results.

Last year three audits fell into Limited and no assurance categories. Only one still has open actions at May 2024. School Funds income collection and reconciliations (no assurance). At May 2024 there were two low priority recommendations still in progress, both estimated by management to be 80% complete.

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

External Audit

External Audit is another key provider of assurance to the Committee. The external auditors, Audit Scotland, are appointed by the Accounts Commission, who also monitor audit quality. The results from external audit reports during 2022/23 have been positive, including the results from the 2022/23 audit (Article II Report 313-2023 Scrutiny Committee 27 September 2023 refers), and the thematic Best Value report for 2022/23 (Article IX, Report 241-2023 Scrutiny Committee 6 December 2023 refers), and the Accounts Commission comments thereon reported to City Governance Committee (Article IX, Report 37-2024 19 February 2024 meeting refers). Audit Scotland recognised several areas of strength and the Accounts Commission commended the Council for progress since the last Best Value audit and sound financial management and planning.

Assurances

Good assurance was received throughout the year from a number of sources in addition to internal and external audit, including the Care Inspectorate and Education Scotland. The majority of areas covered by these inspection agencies were assessed as “good,” “very good” or “very effective.” One school was assessed as having weak and unsatisfactory areas in an inspection published in June 2023 (Article III, Report 280-2023 from June 2023 Scrutiny committee refers). Follow up work published in March 2024 and reported to Scrutiny committee in April 2024 recognised progress in implementing agreed improvement actions. (Report 126-2024 refers). Scrutiny Committee members visited the school and were pleased to see the progress that has been made.

Self-assessment and action plan

A self-assessment for 2023/24 was undertaken using the questionnaire provided in Cipfa’s 2022 Guidance for Audit Committees, supplemented with questions about Committee members’ knowledge and skills. Scoring was from 0 to 4 as follows, allowing for a maximum score of 224 per person.

Score	Operation of the Committee	Skills and Knowledge
0	Does not comply - Major improvement require	Little Knowledge

1	Partially complies - Significant improvement required	Some Knowledge
2	Partially complies - Moderate improvement required	Good Knowledge
3	Partially complies - Minor improvement required	Advanced Knowledge
4	Fully complies - No further improvement required	Expert Knowledge

Results from the self-assessment questionnaire showed an average score of 77% in terms of effectiveness and compliance with the principles set out in the Cipfa guidance. As this is the first time this self-assessment has taken place the areas scored 0 to 2 will be considered by officers and further action proposed as required. Undertaking the self-assessment and preparing this report address some of the low scores. Planned updates to the committee's terms of reference to comply with the 2022 Cipfa guidance will also address some of these.

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 2 to 4. The specific topics where further training needs were identified will be addressed by officers in the coming year and included in the action plan to be developed.

The committee does not currently seek feedback from external presenters to meetings.

Conclusion

The Scrutiny Committee is satisfied that the Committee complies significantly with the Cipfa Position Statement and this will be improved following the update of the Committee remit planned for after the recess. The work undertaken by the Committee during 2023/24 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 2023/24. 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.