ITEM No …15………..

REPORT TO: **SCRUTINY AND AUDIT COMMITTEE – 24 JUNE 2026**

REPORT ON: **2025/26 SCRUTINY AND AUDIT COMMITTEE SELF-ASSESSMENT AND ANNUAL REPORT**

REPORT BY: **CHIEF INTERNAL AUDITOR**

REPORT NO: **111-2026**

1. PURPOSE OF REPORT

This report provides a draft annual report to Council on the work undertaken by the Scrutiny and Audit Committee during 2025/26.

2. RECOMMENDATIONS

It is recommended that the Committee:

i. reviews the draft annual report for the year to 31 March 2026 and provide any comment;

ii. determines whether any amendments are required in the light of issues discussed at this meeting;

iii. agrees the items for inclusion in an action plan, and

iv. approves the annual report and agrees to submit it to the next City Governance Committee.

3. BACKGROUND

3.1. 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).

3.2. A self-assessment workshop attended by members of the Committee was held on 15 May 2026 using checklists from the CIPFA guidance as the basis for discussion. The questionnaire responses and discussions confirmed a high level of compliance with the guidance and a good level of impact and effectiveness for the committee. Actions identified from the discussion have been included in the action plan in the report in the Appendix 1.

4. CURRENT POSITION

4.1. The annual report at Appendix 1 has been prepared to inform Dundee City Council of the work carried out by the Scrutiny and Audit Committee during 2025/26.

4.2. The report concludes:

“The Scrutiny and Audit Committee is satisfied that the Committee complies with the CIPFA Position Statement. The work undertaken by the Committee during 2025/26 fulfils the Committee remit and provides reasonable assurance that, with a few noted exceptions, the Council’s control environment, risk management arrangements, and governance framework operated effectively and efficiently during 2025/26. 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.”

5. POLICY IMPLICATIONS

5.1. 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.

6. CONSULTATIONS

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

7. BACKGROUND PAPERS

None.

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR **DATE: 3 JUNE 2026**

Appendix 1

Scrutiny and Audit Committee Report to Dundee City Council 2025/26

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 and Audit Committee during the period April 2025 to March 2026 for the year to 31 March 2026. It also provides details of the Committee's membership and attendance.

Scrutiny and 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 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 which were revised and approved in September 2025 by the City Governance Committee. It covers all the core functions of the Committee. The Committee's remit was reviewed and updated as part of the Standing Orders review to ensure it complies with CIPFA's 2022 guidance.

During 2025/26 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. No reports other than the Committee's Annual Report were referred to other Committees. The City Governance Committee referred four reports to the Scrutiny and Audit 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 five occasions during 2025/26, 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 2025/26

Member	Expected attendances	No. of meetings attended	Nominated substitute attended
Depute Lord Provost Nadia El-Nakla	5	1	Bailie Willie Sawers (3 times) Councillor Lee Mills once
Bailie Kevin Keenan	5	5	
Bailie Helen Wright	5	2	Councillor Georgia Cruickshank (3 times)
Bailie Christina Roberts	3	0	Councillor Lee Mills (3 times)
Bailie Fraser Macpherson	5	5	
Bailie Derek Scott	5	4	
Councillor Lynne Short	5	5	
Councillor Jimmy Black	5	5	
Councillor Stewart Hunter	2	2	

At the 22nd September 2025 City Council meeting it was noted that Bailie Christina Roberts had resigned from the Scrutiny and Audit Committee and that Councillor Stewart Hunter would replace her from the next meeting. Depute Lord Provost Nadia El-Nakla's resignation from the Scrutiny and Audit Committee was noted at the City Council meeting on 16th February 2026 and she would be replaced by Bailie Dawson from the next meeting.

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, and Scottish Fire & Rescue Service attended meetings and spoke to their reports, where appropriate. Following the review of the Standings Orders in September 2025, reports from Police Scotland and Scottish Fire and Rescue Services were considered by the Neighbourhood, Housing and Communities Committee instead of the Scrutiny and Audit Committee from December 2025.

Training

A range of briefings and other training was offered to elected members during 2025/26. A training record is kept by Committee Services.

Internal Audit

The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government requires the committee to satisfy itself on the effectiveness of internal audit. This was reviewed at the meeting on 15 May. Following the departure of the Internal Audit representative, Scrutiny & Audit Committee members reviewed the service's effectiveness and expressed strong overall confidence in it. Internal Audit was viewed as independent, risk-focused, and providing clear, valuable assurance through effective engagement. Members noted capacity pressures and supported a prioritised audit programme alongside continued progress towards full compliance with the revised Internal Audit Standards.

The Service was fully staffed during 2025/26 with the Service Leader Internal Audit from Angus Council continuing to be seconded to Dundee City Council as Chief Internal Auditor on a 50:50 basis throughout the period.

The Scrutiny and Audit 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. Audits reported from the 2025/26 plan, and those carried forward at June 2025, provided substantial or comprehensive assurance with seven exceptions where no or limited assurance was provided. Action plans are being implemented and monitored with several actions closed. Three critical audit actions were outstanding at June 2026 and are noted below.

One report on Cash Handling at Claverhouse concluded with "No Assurance". The actions agreed were addressed immediately and are now all implemented.

Reports concluded with "Limited Assurance." were:

- SLAs with External Bodies: The five agreed actions are open at 1 June 2026.
- Capital Planning and Monitoring: One of two actions has been implemented at 1 June 2026.
- MOSAIC system payments: Seven actions have been implemented. One of the three remaining actions at 1 June 2026 is critical.
- Housing Stock (External Wall Insultation): The two actions agreed remain open.
- Cash Handling East Cash Office: All agreed actions are closed.
- Purchasing outwith Civica - Fleet Purchasing (Tranman): All five agreed actions remain open
- Purchasing outwith Civica - GVA: All six agreed actions remain open.

The following Limited Assurance reports from the prior year have outstanding actions at 1 June 2026:

- Microsoft Office 365: Six actions have been closed with one remaining open.
- User Access Management: Four actions have been closed with one remaining open.
- General Ledger: Three recommendations had been closed with four actions in progress. (May 2025 four actions in progress)
- Financial Sustainability LACD: This was agreed in June 2024 and has recommendations for both the Council and LACD. The Council has two critical and two high priority recommendations all of which remain open at 1 June 2026. The Council commissioned a strategic review of LACD through external consultants, which reported in September of 2025. Interim reviews of the LACD service agreement and management fee have been carried out, and a joint working group

established to implement the action plan arising from the consultant's report. Due dates have been updated to March 2027.

Progress is monitored by Internal Audit and reported to the Scrutiny and Audit 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 of external audit reports received during 2025/26, covering the 2024/25 annual audit, and the Thematic Best Value report on Asset Management reported in April 2026 were largely positive with action plans agreed for areas identified as requiring some improvement.

Assurances

External assurance during 2025/26 was provided through Education Scotland inspections and return visits, Care Inspectorate inspections and nationally benchmarked Scottish Government performance data.

During the reporting period, Dundee schools and early learning and childcare settings were subject to a significant programme of external scrutiny activity including full inspections, return visits and follow-through inspections. Across inspected establishments, evaluations were predominantly assessed as "Good" or "Very Good". HM Inspectors identified strengths in leadership, learning and teaching, wellbeing, inclusion and quality improvement arrangements and confirmed confidence in the capacity of inspected establishments to continue to improve. Significantly, no Dundee school inspected during the reporting period was identified for further follow-up inspection activity.

Follow-through activity also provided assurance regarding the effectiveness of improvement planning and quality assurance arrangements in establishments previously identified as requiring improvement.

Care Inspectorate inspections also provided strong external assurance across local authority nursery settings. During the reporting period, the two local authority nursery settings inspected by the Care Inspectorate, received evaluations of at least "Very Good" across all evaluated quality indicators, with no requirements or formal areas for improvement identified.

Nationally benchmarked Scottish Government data provided additional positive evidence regarding educational performance and improvement. The external scrutiny evidence, follow-through activity and nationally benchmarked performance data provide assurance regarding the effectiveness of Dundee's quality assurance, self-evaluation and continuous improvement arrangements across the Children and Families Service.

Care Inspectorate inspections of Children's Houses during 2025/26 showed improvement to "Very Good" assessments in the areas inspected in two of the houses. The third house had "weak" and "adequate" assessments, although the report acknowledged that action was already underway to address the specific cause of the issues and further work has been undertaken to improve the position.

Self-assessment and action plan

A self-assessment for 2024/25 was undertaken using the questionnaire provided in CIPFA's 2022 Guidance for Audit Committees, supplemented with questions about Committee members' knowledge and skills. A scoring mechanism from 1 to 5 was used, where 5 was full effectiveness and compliance.

Results from the self-assessment questionnaire showed an average score of 89% (2023/24 89%) in terms of effectiveness and compliance with the principles set out in the CIPFA guidance. Only two questions scored below 4, relating to having lay members on the committee and seeking feedback from attendees at the committee.

Responses about skills and knowledge indicated a good level of knowledge and understanding of areas CIPFA notes as required by audit committee members. Treasury Management was identified as one area where additional training would be helpful and this is included in an action plan for the committee,

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

Conclusion

The Scrutiny and Audit Committee is satisfied that the Committee complies with the CIPFA Position Statement The work undertaken by the Committee during 2025/26 fulfils the Committee remit and provides reasonable assurance that, with a few noted exceptions, the Council's control environment, risk management arrangements, and governance framework operated effectively and efficiently during 2025/26. 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.

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Appendix A Action plan

Year	Action	Position at June 2026	Responsibility	Date
2024/25	Update of Scrutiny Committee Terms of Reference to reflect Cipfa's 2022 Guidance	Revised Terms of Reference approved at City Governance Committee 22 September 2025 Report No 293-2025 **Complete**	Head of Democratic and Legal Services	September 2025
2025/26	Consideration of how best to facilitate the self-assessment process in 2026	Hybrid meeting facilitated by officers held 15 May 2026 to discuss Cipfa questionnaire **Complete**	Chief Internal Auditor	December 2025
2024/25	Treasury Management training	This has still to be delivered and will be incorporated into programme following the last item below. **Included below**	Head of Finance	See below TBC
2025/26	Review of Internal Audit reports style including length and use of hyper-links	**To Do**	Chief Internal Auditor	March 2027
2025/26	Further consideration of having a co-opted/lay member of committee	This would involve Committee Members facilitated by committee services. **To Do following election in 2027**	Chief Internal Auditor	October 2027
2025/26	Members to consider any training needs relating to the areas identified in the Cipfa 2022 guidance as areas of skills and knowledge for Audit Committee members. Training to be provided thereafter.	This will include Treasury Management carried forward from last year. **To Do**	Committee members Chief Internal Auditor	Identify September 2026 Delivery TBC