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## **ANNUAL GOVERNANCE STATEMENT 2018/19**

**Report by Chief Executive**

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### **AUDIT AND SCRUTINY COMMITTEE**

**13 May 2019**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report proposes that the Audit and Scrutiny Committee considers and approves the Annual Governance Statement that will be published in the Council's Statement of Accounts 2018/19.**
- 1.2 The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance, and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 1.3 Part of the Audit and Scrutiny Committee's remit (Audit function) is to assess the effectiveness of internal controls, risk management, and governance arrangements.
- 1.4 The Annual Governance Statement 2018/19 at Appendix 1, in compliance with the CIPFA/SOLACE Framework, provides details of the Council's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and overall opinion.
- 1.5 In terms of overall corporate governance it is the Chief Executive's opinion that, although there are a few areas of work to be completed for full compliance with the Local Code, the overall governance arrangements of the Council are considered sound.

#### **2 RECOMMENDATIONS**

##### **2.1 I recommend that the Audit and Scrutiny Committee:**

- a) Considers the details of the Annual Governance Statement 2018/19 at Appendix 1, and acknowledges the actions identified by Management to improve internal controls and governance arrangements; and**
- b) Approves that it be published in the Council's Statement of Accounts 2018/19.**

### **3 BACKGROUND**

- 3.1 Scottish Borders Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 3.2 The Council approved a revised Local Code of Corporate Governance on 28 June 2018, on recommendation by this Committee, consistent with the principles and requirements of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) which helps to ensure proper arrangements continue to be in place to meet these responsibilities.
- 3.3 Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
- 3.4 The CIPFA/SOLACE Framework urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 3.5 Part of the Audit and Scrutiny Committee's remit (Audit function) is to assess the effectiveness of internal controls, risk management, and governance arrangements in place. This includes to 'Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives'<sup>1</sup>.

### **4 ANNUAL GOVERNANCE STATEMENT 2018/19**

- 4.1 In February and March 2019 the officer Governance Self-Assessment Working Group (the 'Group') undertook the annual self-assessment of the effectiveness of internal control and governance arrangements and compliance against the Local Code for the year ended 31 March 2019. The Chief Officer Audit & Risk led on this process as part of HIA<sup>2</sup> role to be champion for sound governance.
- 4.2 The Group has considered examples of evidence such as systems, processes and documentation to demonstrate compliance with the Framework's seven core principles of good governance, supporting principles and a range of specific requirements as set out in the Local Code. The Group has evaluated progress with implementation of actions regarding previously identified improvement areas of governance.
- 4.3 The Annual Governance Statement 2018/19 at Appendix 1, in compliance with the CIPFA/SOLACE Framework, provides details of the Council's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and overall opinion.
- 4.4 In terms of overall corporate governance it is the Chief Executive's opinion that, although there are a few areas of work to be completed for full compliance with the Local Code, the overall governance arrangements of the Council are considered sound. The Annual Governance Statement 2018/19 is informed by the self-assessment of compliance against the Local Code by the officer Governance Self-Assessment Working Group, the work of Internal Audit, External Audit and Inspection agencies, and by Executive / Service Directors' assurance statements.

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<sup>1</sup> CIPFA guidance note for local authorities 'Audit Committees' (2013)

<sup>2</sup> CIPFA 'the role of the head of internal audit in public service organisations' (2010)  
*Audit and Scrutiny Committee 13 May 2019*

## 5 IMPLICATIONS

### 5.1 Financial

There are no direct financial implications arising from this report.

### 5.2 Risk and Mitigations

The Annual Governance Statement 2018/19 details areas where additional work would further enhance the internal control environment, or improve risk management, and corporate governance arrangements. The review of the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements are improved through the implementation of that framework.

### 5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religious/belief arising from the work contained in this report.

### 5.4 Acting Sustainably

Core principle of good governance "C. Defining outcomes in terms of sustainable economic, social, and environmental benefits" is included within the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016). The officer Governance Self-Assessment Working Group considered examples of evidence such as systems, processes and documentation to demonstrate local compliance with all the Framework's seven core principles of good governance, supporting principles and a range of specific requirements.

### 5.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

### 5.6 Rural Proofing

This report does not relate to a new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

### 5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

## 6 CONSULTATION

6.1 The Corporate Management Team has been engaged in the governance annual assurance process 2018/19 and has been consulted on this report and any comments received have been incorporated.

6.2 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director HR, the Clerk to the Council and the Communications team have been consulted on this report and any comments received have been incorporated.

### Approved by

**Chief Executive, Tracey Logan**

**Signature .....**

### Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit & Risk Tel: 01835 825036

**Background Papers:** CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'; Scottish Borders Council Local Code of Corporate Governance  
**Previous Minute Reference:** Audit and Scrutiny Committee 14 May 2018

**Note** – You can get this document on tape, in Braille, large print and various computer formats by using the contact details below. Information on other language translations can also be given as well as provision of additional copies.

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