
DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

Report by Chief Executive

AUDIT AND SCRUTINY COMMITTEE

27 June 2022

1 PURPOSE AND SUMMARY

- 1.1 This report proposes that the Audit and Scrutiny Committee considers and approves the draft Annual Governance Statement 2021/22 for inclusion in the Council's unaudited Statement of Accounts 2021/22.**
- 1.2 Part of the Audit and Scrutiny Committee's remit (Audit function) is to assess the effectiveness of internal controls, risk management, and governance arrangements.
- 1.3 The draft Annual Governance Statement 2021/22 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.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Audit and Scrutiny Committee:**
 - a) Considers the details of the draft Annual Governance Statement 2021/22 (Appendix 1) to ensure it reflects the risk environment and governance in place to achieve objectives, and acknowledges the actions identified by Management to improve internal controls and governance arrangements; and**
 - b) Approves that the draft Annual Governance Statement 2021/22 (Appendix 1) be published in the Council's unaudited Statement of Accounts 2021/22.**

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 functions) 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'¹.

4 DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22

- 4.1 In the period February to April 2022, 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 2022. The Chief Officer Audit & Risk led on this process as part of HIA² role to be champion for sound governance.
- 4.2 The Group has evaluated progress with implementation of prior year improvement actions, which included the recommended improvements within the Best Value audit report.
- 4.3 The Annual Governance Statement 2021/22 (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 The Annual Governance Statement 2021/22 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 annual assurance statements received from the Directors and the Monitoring Officer.

¹ CIPFA guidance note for local authorities 'Audit Committees' (2018)

² CIPFA 'the role of the head of internal audit in public service organisations' (2019)

5 IMPLICATIONS

5.1 Financial

There are no direct financial implications associated with this report.

5.2 Risk and Mitigations

The Annual Governance Statement 2021/22 details areas where additional work would further enhance the internal control environment, or improve risk management, and corporate governance arrangements.

5.3 Integrated Impact Assessment

This is a routine good governance report for assurance purposes, required under the Local Authority Accounts (Scotland) Regulations 2014. This report does not relate to new or amended policy or strategy and as a result an integrated impact assessment is not an applicable consideration.

5.4 Sustainable Development Goals

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals. 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 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 Climate Change

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration.

5.6 Rural Proofing

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

5.7 Data Protection Impact Statement

There are no personal data implications arising from content of this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

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

6 CONSULTATION

6.1 The Strategic Leadership Team has been engaged in the governance annual assurance process 2021/22 and has been consulted on this report to ensure their knowledge of its content.

6.2 The Director Finance & Corporate Governance, Chief Legal Officer (and Monitoring Officer), Director People, Performance & Change, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been incorporated.

Chief Executive **Approved by**
Signature

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit and 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 10 May 2021

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.

Contact us at Internal Audit intaudit@scotborders.gov.uk