

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Lead - Resources****Audit Committee: 17 June 2020**

Subject: Code of Good Governance and Annual Governance Statement 2019/20**1. Purpose****1.1** The purpose of this report is to:

- Advise Committee of the outcome of the annual self-evaluation undertaken of the Council's compliance with its Code of Good Governance; and
- Invite Committee to consider the Annual Governance Statement that will be published in the Council's Abstract of Accounts.

2. Recommendations**2.1** The Committee is asked to:

- i) Note the outcome of the recent self-evaluation process in considering how the Council currently meets the agreed Code of Good Governance, together with the issues identified and improvement actions; and
- ii) Consider the detail of the Annual Governance Statement and approve the actions identified by management to improve the internal control environment.

3. Background

3.1 *Delivering Good Governance in Local Government: Framework*, published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. CIPFA and Solace reviewed the Framework in 2015 to ensure it remained 'fit for purpose' and published a revised edition in spring 2016. The current *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016) has applied to annual governance statements prepared for the financial year 2016/17 onwards.

3.2 The concept underpinning the revised Framework is that it assists local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. This Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making; and
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3.3 In order to demonstrate a commitment to sound governance, local authorities are encouraged to publish a governance statement on an annual basis.

3.4 The annual governance statement is the formal statement that recognises, records and publishes a Council's governance arrangements as defined in the CIPFA/SOLACE Framework. The statement requires to be signed off by the most senior officer [Chief Executive] and the most senior member [Council Leader]. Clearly the signatories must be satisfied that the document is supported by reliable evidence.

3.5 Following the review of the Audit Committee, carried out in accordance with the contents of the CIPFA publication "*Audit Committees: Practical Guidance for Local Authorities and Police*" (2018 Edition)" a report was submitted to the Audit Committee meeting on 12 December 2018. One of the actions arising was to submit the draft Annual Governance Statement to the Audit Committee as a stand-alone document for consideration.

4. Main Issues

4.1 A revised local code was developed for the Council and agreed at the Audit and Performance Review Committee on 8 March 2017.

4.2 A Governance Report is produced annually and is based on an annual self-evaluation of compliance against the Council's Code of Good Governance.

4.3 The annual self-evaluation review for 2019/20 has been carried out and has identified that current practice is mainly compliant against our revised Code of Governance, while identifying some areas for improvement. Areas for improvement are detailed within Appendix 1 as attached.

4.4 The draft Annual Governance Statement, attached as Appendix 2, details the key elements of the Council's governance framework, annual review process, improvement areas and overall opinion.

4.5 In terms of the Council's overall corporate governance arrangements, it is considered that, although there are some areas of work to be completed to ensure full compliance with the Local Code of Good Governance, the overall governance arrangements of the Council are considered to be sound. The Annual Governance Statement 2019/20 is informed by the self-assessment of compliance against the Local Code of Good Governance by Strategic Leads, the work of Internal Audit, External Audit and external inspection agencies and the Annual Assurance Statements provided by the Chief Executive/Strategic Directors (HSCP: Chief Officer).

- 4.6** In relation to Procurement, an Internal Audit report provided to Audit Committee in December 2018 highlighted that a number of procurement processes had been completed without following the Council's Financial regulations. This was confirmed by an Audit Scotland review. Improvement plans from both audits were agreed by management to increase compliance and management processes and included within the 2018/19 Annual Governance Statement. As part of the 19/20 review, the relevant action plans have now been completed.
- 4.7** The significant incident in late March 2020 and the Council's responses as a Category 1 responder during the COVID-19 pandemic tested how well the Council's risk management, governance and internal controls framework is operating. There were examples of innovations, new business processes and solutions, and new technology being embraced in order to deliver services in the community in its role as a Category 1 responder to carry out the following three essential functions: Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. This was achieved using amended governance arrangements, new ways of decision-making, leadership and implementation including virtual meetings, conference calls, and systems remote access. It will be important for the Council, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.
- 4.8** The Council's Annual Governance Statement will be published within the Annual Accounts for the year ended 31 March 2020.

5. People Implications

- 5.1** There are no personnel issues.

6. Financial and Procurement Implications

- 6.1** There are no direct financial or procurement implications arising from this report as all improvement actions will be managed from within existing resources.

7. Risk Analysis

- 7.1** There is a risk that a failure to maintain a local code and develop a framework to support the gathering and updating of the necessary evidence will leave the Council unable to produce a Governance Statement. The current approach to ongoing annual assessment of compliance and reporting to this Committee ensures that the Council can produce a meaningful Governance Statement.

8. Equalities Impact Assessment (EIA)

- 8.1** There are no issues identified.

9. Consultation

- 9.1** This report has been subject to consultation with appropriate Strategic Leads.

10. Strategic Assessment

10.1 This report relates to all five of the Council's Strategic Priorities.

.....
Stephen West
Strategic Lead - Resources
Date: 11 June 2020

Person to Contact: Andi Priestman, Shared Service Manager – Audit & Fraud
Telephone (01389) 737436
E-mail: andi.priestman@west-dunbarton.gov.uk

Appendices: 1 – Code of Good Governance - Improvement Action Plan;
and
2 – Draft Annual Governance Statement

Background Papers: Report to Audit and Performance Review Committee (8 March 2017) – Revised Local Code of Good Governance;
and

Wards Affected: All Wards