
Annual Governance Statement

Introduction

Angus 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. The council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of Angus Council's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the council, effective operation of corporate systems, processes and internal controls, engaging with communities, monitoring whether strategic objectives have been achieved and services delivered cost effectively and ensuring that appropriate arrangements are in place for the management of risk.

To this end, the council has approved and adopted a Code of Corporate Governance which is consistent with the principles and recommendations of the CIPFA/SOLACE framework Delivering Good Governance in Local Government and the supporting guidance notes for Scottish authorities. A copy of our Local Code of Corporate Governance is available on the Council's website at www.angus.gov.uk.

This annual governance statement explains how the council has complied with the terms of the local code for the year ended 31 March 2014. The statement also covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts, reliance having been based on their respective governance statement/statement of internal financial control.

The Governance Framework

The Council's Local Code of Corporate Governance provides the framework against which compliance is measured. This Code sets out the key principles which require to be complied with to demonstrate effective governance.

The key elements of the council's governance arrangements as set out in the local code include:

- The council's vision is incorporated within the Community Plan and Single Outcome Agreement and Council Plan, all of which have been widely published and are available on the Council's website.
- The council seeks community views on a wide range of issues and undertakes regular consultation with citizens and service users.
- The council reports publicly on its performance and has a corporate public performance reporting framework which guides our performance reporting arrangements.
- The council responds to findings and recommendations of Audit Scotland, other statutory inspectorates and its own internal audit section.
- The council is committed to the efficient government programme and on an annual basis identifies efficiency savings achieved by implementing this initiative.
- The roles and responsibilities of elected members and officers are defined in our standing orders and scheme of delegation and in our financial regulations.
- The council's chief executive is responsible and accountable for all aspects of executive management.
- The council's standing orders, scheme of delegation and financial regulations are subject to regular review and revised where appropriate.
- The roles of senior officers are defined in agreed job descriptions. Staff performance is reviewed on an annual basis in accordance with our personal appraisal and development scheme.
- The Head of Corporate Improvement and Finance is responsible for ensuring appropriate advice is given to the council on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control under the terms of the financial regulations.
- The Head of Legal and Democratic Services is responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and statements of good practice are complied with.
- The scheme of councillors' salaries and expenses sets out the terms of councillors' remuneration. Details of all councillors' expenses and remuneration are published on an annual basis.

- The council's performance management arrangements enable progress against the council's priorities to be monitored.
- The council fosters relationships and partnerships with other public, private and voluntary organisations in delivering services that meet the needs of the local community.
- The council has a Single Outcome Agreement in place agreed with the Scottish Government and our community planning partners. Performance on this is reported through the Angus Community Planning Partnership and through the council's performance reporting mechanisms.
- The Scrutiny and Audit Committee is integral to our performance management and monitoring arrangements,
- The council has a risk management strategy. The main priorities within this strategy are the identification, evaluation and control of risks which threaten the council's ability to deliver objectives. Directorates have business continuity arrangements which set out the framework within which the council aims to continue to deliver critical services in the event of an emergency.
- Elected members have personal development plans which are periodically supplemented by additional training for members. Members on Scrutiny and Audit, the Civic Licensing Committee, Development Standards and Licensing Board have also received specific training related to the responsibilities on these committees.
- Codes of conduct are in place for, and define the standards of behaviour expected from, elected members and officers.
- A range of systems and procedures are in place to ensure that elected members and employees are not influenced by prejudice or conflicts of interest in discharging their duties. A register of members' interests is maintained and is available for inspection by members of the public.
- Whistleblowing policies provides for the direct reporting of problems to senior managers without fear of recrimination.
- The Local Code of Corporate Governance is also applicable in general terms to elected members and officers on external bodies.

The Council operates an internal audit service which is situated in the Chief Executive's Unit. The service operated in accordance with the Public Sector Internal Audit Standards. The service undertakes an annual programme of work approved by the Scrutiny & Audit Committee based on a formal risk assessment process which is updated on an ongoing basis to reflect evolving risks and changes within the council.

The Audit Manager reported on a contract management basis to the Service Manager, Governance with open access to elected members and the Chief Executive. The Audit Manager reports on a functional basis to the Scrutiny & Audit Committee. The Audit Manager reports in his own name and retains final edit rights over all audit reports and provides to members an annual report on governance, risk and Internal control which specifically includes internal financial controls in support of the Head of Corporate Improvement and Finance's statutory responsibilities for the proper administration of the council's financial affairs.

The council's governance framework has been in place for the year ended 31 March 2014 and up to the date of approval of the Council's Accounting Statements.

The Council's financial management arrangements do not fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) because the Head of Corporate Improvement & Finance as Chief Financial Officer for the Council does not report directly to the Chief Executive. The Council's arrangements do however achieve the same impact and, with the exception of management reporting lines, comply in all material respects with the CIPFA Statement on the Role of the Chief Financial Officer. The Head of Corporate Improvement & Finance is a member of the Council Management Team, is the Council's most senior adviser on all financial matters, is involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. For the year under review the Head of Corporate Improvement & Finance was able to fulfil the requirements of the Chief Financial Officer's role through the arrangements which existed.

System of Internal Financial Control & Review of Effectiveness

Within the council's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council.

In particular, the system includes:-

- financial regulations and codes of financial practice
- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecast
- setting targets to measure financial and other performance

- clearly defined capital expenditure guidelines; and
- as appropriate, formal project management disciplines

In relation to the Systems of Financial Control of the council's associated companies reliance is placed on the Governance Statement or Statement of Internal Financial Controls prepared by the officers responsible for the proper administration of the financial affairs of those associated companies.

Based on the work of managers, assurance statements received from strategic directors, the work of both internal and external audit and the Governance Statement/Statement of Internal Financial Control provided by the proper officers of the council's associated companies the Head of Corporate Improvement and Finance has concluded that Angus Council has in place an adequate and effective system of internal financial controls for the Council itself, the Common Good Fund and associated companies. The review for 2013/14 also confirms that the Head of Corporate Improvement and Finance is satisfied that mechanisms are in place which would identify, and address, any material areas of weaknesses on a timeous basis.

Review of Framework

The council conducts an annual review of the effectiveness of its overall governance framework.

This review is informed by the work of an officer working group on corporate governance. This group has responsibility for monitoring compliance with the local code and making recommendations for additions and/or improvements to the code to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The group undertakes an annual self- assessment against the Local Code of Corporate Governance. That self- assessment is in turn informed by assurances from strategic directors who have responsibility for the development and maintenance of the governance environment within their department and who in turn identify actions to improve governance at a departmental level, the Audit Manager's annual review of corporate governance and by comments made by external auditors and other scrutiny bodies and inspectorates.

The conclusion from the review activity outlined above is that in 2013/14 the council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

In particular the review noted that in 2013/14 the council improved its governance arrangements by:

- Establishing a process of scrutiny reviews by elected members through scrutiny panels
- Updating the medium term financial strategy
- Further developing the management restructure and aligning the committee structure, with related work around revising directorate schemes of delegation and re-casting budgets
- Consulting with the community in relation to budgetary savings
- Updating the council's standing orders and financial regulations to match the new structural arrangements
- Developing a new risk management strategy for implementation in 2014-15
- Reviewing the schemes of delegation
- Established a Transforming Angus Board
- Continuing Elected Members development through training and briefings

The corporate review has identified areas for improvement to be delivered in 2014/15 including:

- The need for corporate governance and risk management training to be embedded in our new risk management strategy
- The need for testing and validation of business continuity plans.
- Delivery of the information governance action plan
- Developing the framework for programme and project management
- Developing a grading framework and policy for posts on the Chief Officer scale below Executive director level
- Developing complaints reporting procedures to directorates and Scrutiny and Audit Committee
- Improving our Equalities compliance processes
- Now the restructure is largely complete, reviewing our overall internal governance arrangements and our Local Code.

Strategic Directors have identified improvements to governance arrangements within their own directorates but these are not considered material enough to affect the overall assessment of the Council being generally compliant with the requirements of our Local Code of Corporate Governance.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Angus Council's systems of governance and that the annual review demonstrates compliance with the council's Code of Corporate Governance.

Richard Stiff		Councillor Iain Gaul
Chief Executive		Leader of the Council
Date		Date

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