

## 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. This means that it must plan to continuously improve its performance performance, while maintaining an appropriate balance between quality and cost. It must do this with regard to economy, efficiency and effectiveness.

To fulfil this duty, elected members and senior officers are responsible for putting in place arrangements to ensure that Angus Council has proper governance and that it delivers its functions. These include:

- setting the strategic direction, vision, culture and values of the council
- effective operation of corporate systems, processes and internal controls
- engaging with communities
- monitoring progress against strategic objectives
- delivering services cost effectively
- ensuring that appropriate arrangements are in place for the management of risk.

To this end, the council has approved and adopted a Local Code of Corporate Governance (the Local Code). This 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.

The Local Code sets out the core principles of good governance and the key policies, procedures and structures which demonstrate Angus Council's compliance. It is also applicable in general terms to elected members and officers on external bodies. A copy of our [Local Code of Corporate Governance](#) is available on the council's website at [www.angus.gov.uk](http://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 2019. It also meets the requirements of the Local Authority Accounts (Scotland) Regulations 2014, which require all relevant bodies to prepare an annual governance statement. The statement 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 statements. \*\*To be done\*\*](#)

## The Governance Framework

The governance framework comprises the systems, processes, values and culture by which the council is governed. It enables the council to monitor progress against the outcomes set out in the [Council Plan](#).

The governing body of Angus Council is the full council. Some functions, including setting the annual budget and council tax, can only be discharged by the full council. The following standing committees were in place during 2018/19:

- Children and Learning
- Civic Licensing
- Communities
- Development Standards
- Policy and Resources
- Scrutiny and Audit

The core constitutional documents of the council are:

- Standing Orders, which regulate the proceedings at council meetings
- Order of Reference of Committees, which details the council's committees, sub committees and their associated remits
- Scheme of Delegation to Officers, which details the delegation to a range of appropriate officers.

All are reviewed on a regular basis to ensure they are fit for purpose. The most recent update, approved by full council in May 2019, reflects changes to the council's management structure and recent legislative changes. ([Report 146/19.](#))

The final stage of the current management restructure, which commenced during 2017, has now been implemented. Full details can be found in [report 379/18](#), approved by full council in December 2018.

#### Internal Financial Control

Within the council's overall governance framework there are specific arrangements 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.

It is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision, delegation and accountability. Development and maintenance of the system is undertaken by managers within the council. Controls cannot eliminate the risk of failure to achieve strategic priorities and outcomes, but the system is designed to manage risk to a reasonable level.

#### Statutory Roles

The council's Chief Executive is responsible and accountable for all aspects of executive management.

The council's financial management arrangements comply in all material respects with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2016)*. The Head of Finance & Legal, the council's Chief Financial Officer, is involved in the development of all strategic and financial policy matters and has direct access to all elected members. He reports directly to the Chief Executive on all matters concerning his statutory role. For the year under review the Chief Financial Officer was able to fulfil the requirements of the role through the arrangements which existed.

The council's Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. A new post of Director of Legal & Democratic Services was created in the final stage of the current management restructure ([report 379/18](#) refers). The Director has been in post since 23 April 2019 and is the council's Monitoring Officer. From 1 April 2018 to 22 April 2019, the Monitoring Officer was the Service Leader Legal & Democratic Services.

Adult social work services are delivered under the direction of the Angus Health & Social Care Partnership, established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The work of the partnership is overseen by the Integration Joint Board (IJB). Agendas, reports and minutes of the IJB are published on the Council website. The IJB Chief Officer is a member of the Council's Corporate Leadership Team.

The council's Chief Social Work Officer (CSWO) is responsible for providing effective professional advice to elected members and officers in the authority's provision of statutory social work duties. She also provides professional governance and leadership in the delivery of social work and social care services. The role of CSWO complies with revised guidance issued by Scottish Ministers in July 2016. The CSWO's annual report details the arrangements that are in place within Angus to allow the CSWO to fulfil this role and provides assurance to elected members as to the governance of statutory social work services in Angus. The CSWO assurances cover all social work services, including those that come under the responsibility of the IJB.

#### Internal Audit Service

The council operates an internal audit service which reports directly to the Chief Executive. The in-house team is supplemented by additional IT audit input from a co-source contractor. Since 16 July 2018, the service has been led by the full time Service Leader Internal Audit, who reports on a functional basis to the Scrutiny & Audit Committee. She reports in her own name, retains final edit rights over all audit reports and provides the Scrutiny & Audit committee with an annual report on governance, risk and internal control. From 1 May 2018 to 15 July 2018, the Internal Audit team was managed by the Senior Auditor, with support from the Manager Governance, Risk & Scrutiny, who has an internal audit background. Previously, the internal audit service was led by an Audit Manager, provided on a part-time basis through an internal audit co-source contract, which came to an end on 30 April 2018.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards. As required by the Standards, an external quality assessment will be undertaken before the end of 2019. The results will be reported to the Scrutiny & Audit Committee.

A new edition of CIPFA's guidance on the *Role of the Head of Internal Audit in Public Sector Organisations* was published in April 2019. An initial review of the guidance confirms that the role of Service Leader Internal Audit is broadly compliant. **Work is underway to fully confirm this and to identify any actions required to strengthen the profile of internal audit within the organisation. The results will be reported to the Scrutiny & Audit Committee.**

The Counter-Fraud Team is a specialist resource which reports to the Service Leader Internal Audit. The team has overall responsibility for assessing and investigating allegations of fraud and corruption and for reporting findings. A self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption confirms that the council has adopted a response that is appropriate for its fraud and corruption risks. During 2018/19, there has been an increase in the number of referrals to the Counter-Fraud Team, resulting in an increased level of reactive work. All of the allegations investigated were of low financial value or non-cash related and none has had a material impact on the council's financial standing. Report 194/19 to the Scrutiny & Audit committee in June 2019 has further detail on the work of the Counter Fraud Team.

The council recognises that there is an increased risk of fraud during a period of extensive change. In response to this, an additional member of staff has been appointed to the Counter-Fraud team on a temporary basis, from 20 May 2019 to 31 March 2021. In addition, the Internal Audit plan for 2019/20 includes a review of cash handling procedures and controls across the council.

#### Local Code of Corporate Governance

Further details of the governance framework, including developments which have taken place during 2018/19, can be found in the **Local Code of Corporate Governance 2019**, which can be accessed from the council website. The governance framework has been in place for the year ended 31 March 2019 **and up to the date of approval of the council's Annual Accounts (24 September 2019).**

## Annual Review of the Governance Framework

The council conducts an annual review of the effectiveness of its overall governance framework. The review is undertaken on behalf of the Chief Executive by the Corporate Governance Officers Group. This group is responsible for monitoring compliance with the principles of good governance. It also makes recommendations for additions and/or improvements to the governance framework to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The annual review of the governance framework is informed by:

- annual assurances from service directors, who are responsible for the development, maintenance and improvement of the governance arrangements within their own service
- an annual assurance statement and questionnaire completed by the Chief Officer, Angus IJB
- annual assurances from the S95 Officer, Monitoring Officer and Chief Social Work Officer
- consideration of governance issues by the Scrutiny & Audit committee, including internal and external audit reports, counter-fraud updates, corporate risk register updates and complaints summary reports
- reports from other scrutiny bodies and inspectorates
- a review of the governance statements prepared by subsidiaries and associates included in the council's Group Accounts
- **an assurance letter received from the Chair of the IJB Audit Committee.**

In addition to the above, the council's Service Leader Internal Audit conducts an independent review of the council's risk management processes, systems of internal control and corporate governance processes. Her review of 2018/19 concluded:

"In my opinion the council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money."

**(Internal Audit Annual report 2018/19)**

The conclusion from the review activity outlined above is that in 2018/19 the Council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

## Improvement Areas

The review process identified the following areas where improvements have been made during 2018/19, or where further improvements are planned for 2019/20 to enhance the council's governance framework. Progress will be reported to the Scrutiny & Audit committee. An update on the improvement actions identified in the 2017/18 Annual Governance Statement was reported to the Scrutiny & Audit Committee in June 2019 (R198/19 Appendix 1).

- Following the publication of the Programme for Government 2017-18 the Scottish Government set out the intention to "decentralise power to a more local level in Scotland and launch a comprehensive review of local governance". In December 2017, the Scottish Government and COSLA jointly launched the Local Governance Review. The initiation of this work complements the work that has been ongoing in Angus since 2015 to better engage local communities in determining priorities and decisions about what is needed in their areas and how to achieve it. Angus Community Planning Partnership submitted a comprehensive response to the Local Governance Review and have been working with the Improvement Service through the Community Planning Improvement Board to explore new ways of working with communities.

- The [Council Plan 2019-2024](#), [Summary Financial Plan 2019/20–2021/22](#) and [Workforce Plan Update 2018-2021](#) were approved by full council in February 2019. These documents set out the council's strategic direction, vision, priorities and planned changes and demonstrate how the available resources are being targeted towards delivering the council priorities.
- The council's Change Programme has been running since June 2017. It has delivered savings of £9.632m in 2018/19 and is on target to achieve a further £10.21m savings used in setting the 2019/20 balanced budget position. The [Council Plan](#) includes a full list of future Change Programme savings and areas of specific investment which will contribute to delivery of the council's priorities. The Change Programme projects are about transforming services by finding innovative and less expensive ways of providing services and, in some cases, reorganising and reducing the workforce. Very few change projects are expected to result in a reduction in service to customers. The most recent Change Programme update was considered by the Policy & Resources Committee on 30 April 2019. ([Report 131/19](#))
- As the council changes, risk requires to be considered, addressed and reviewed continuously. A new Risk, Resilience & Safety Service has brought together all of the risk functions within the council and has strengthened the links with audit, governance and change. An updated [Risk Management Strategy](#), approved by the Policy & Resources Committee in January 2019, presents a succinct overview of risk specifically aligned to the council's priorities and plans. Review work has been undertaken in relation to the corporate risk register however more work is needed to produce a robust and comprehensive register. A creative conversation will be held with the Corporate Leadership Team in July 2019 to sense check the register and to ensure that it is fit for purpose. Work is also being undertaken to re-invigorate the council's risk management guidance documents to make them more accessible and user friendly. **The updated risk register and guidance will be submitted to the Scrutiny & Audit committee after the summer recess. Action 1**
- Internal audit reviewed risk management arrangements during 2018/19 and concluded "Whilst there is still work to be done, the new arrangements are working well towards achieving the objectives for sharing and integrating risk priorities across the Council whilst supporting services to be more accountable and responsible for all aspects of risk underpinning their business objectives. There was a potential risk during 2018/19 that the informal nature of some of the risk management arrangements, and particularly those relating to corporate risk identification, would lead to risks not being identified and addressed accordingly. Work to date in 2019/20 confirms that this risk did not occur." Internal Audit Annual Report 2018-2019
- Within the Risk, Resilience and Safety Service, the Health & Safety Compliance Team holds the legal duty to provide advice and guidance to ensure that the council complies with its statutory duties to manage the health and safety of its employees and others affected by its activities. A new online system for reporting health and safety incidents was rolled out across the council in April 2019. The online incident reporting system has the facility to generate automated reports on health and safety incidents. This data will be considered by all managers to determine whether health and safety is being adequately and appropriately managed in their area of operation/responsibility. **Internal audit are due to commence a corporate audit which will identify good practice and areas for improvement.**
- Following changes to the council's management structure, a full review of business continuity management arrangements is currently underway, which will result in an updated corporate and operational plan for 2019-2021. **This work is nearing completion.**

- The Scheme of Delegation to Officers, which forms part of Standing Orders, was updated in May 2019. During 2018/19, work was undertaken to review and update operational schemes of delegation. Further work will be undertaken in 2019/20 to ensure that operational schemes across the council reflect the current management structure and are fully updated. **Action 2**
- A series of organisational design / zero based budgeting workshops took place during 2018/19. Information from the workshops is providing a base position to progress performance management and continuous improvement work. The Pentana performance management system is being refreshed to ensure that data and performance information is recorded in a purposeful and consistent manner across the organisation.
- A self-evaluation culture is being refreshed and extended across the council, using the 'How Good Is Our Council' framework.
- As part of the Cyber Resilience Strategy for Scotland the Scottish Government directed that all Scottish Local Authorities should be Cyber Essentials accredited by October 2018. Angus Council achieved this compliance in April 2018 and was re-accredited in May 2019. The council is also PSN compliant.
- The Public Records (Scotland) Act 2011 (PRSA) requires authorities to prepare and implement a Records Management Plan (RMP). The [RMP for Angus Council and Angus Licensing Board](#) was approved by the Keeper of the Records of Scotland in March 2017. A Progress Update Review was submitted in September 2018. The [PRSA Assessment Team's report](#), issued in January 2019, concluded that "Angus Council and Angus Licensing Board continue to take their statutory obligations seriously and are working hard to bring all the elements of their records management arrangements into full compliance with the Act and fulfil the Keeper's expectations." The update review process identified that a lack of space may inhibit or prevent archive material from Angus Council being stored in the archive collection. Options to address this risk are being discussed with Angus Alive. **Action 3**
- A small number of data protection breaches were reported to the Information Commissioner's Office (ICO). No formal action was taken by the ICO. A new Data Protection Policy was approved in May 2018 and is available to all staff on the council's Intranet. All staff are provided with training in basic data protection law and practice as part of their mandatory induction training. Staff must complete the data protection training annually.
- In recent years, the council has experienced a significant increase in the number of Freedom of Information requests. This has coincided with a reduction in staff numbers. In order to counteract this trend of increasing demand and reduced resources, officers have investigated ways in which the statutory processes of recording, monitoring and reporting can be streamlined. A decision on a largely automated and transparent software solution is expected before the end of 2019/20. **Action Plan 4**
- An internal audit review of Environmental Health considered the discharge of statutory duties and arrangements to deliver services for environmental protection and food safety. The audit identified that, in line with other Scottish local authorities, some aspects of statutory duties were not being discharged fully. The service actively manages this situation to minimise the risk exposure through their risk based approach to planning work. An action plan has been agreed with management to address all of the identified issues. Progress will be monitored by internal audit and reported to the Scrutiny & Audit committee.
- An internal audit review of user access controls in the ResourceLink system provided only limited assurance that the controls are adequate. An action plan has been agreed with



management to address all of the identified issues. Progress will be monitored by internal audit and reported to the Scrutiny & Audit committee.

- The Scrutiny & Audit committee undertook a self-assessment against the Good Practice and Evaluating the Effectiveness checklists in the Cipfa Audit Committee guidance. A summary of the outcome is included in the annual report from the committee to full Council (Report 199/19) The report includes an action plan for 2019/20; progress will be monitored by the committee and reported as part of the 2019/20 self-assessment. **Action 5**
- The Scrutiny & Audit committee's scrutiny panel undertook a review of the processes undertaken in reaching the decision to introduce parking charges. **A report on the panel's findings is currently being drafted.**
- The IJB's 2018/19 Annual Governance Statement concludes:  
**To be added if there are governance issues that need to be disclosed here**
- During 2018/19, two elected members were referred to the Standards Commission for Scotland for alleged contravention of the Councillors Code of Conduct. Additional training on the Code's requirements has been provided for elected members.
- The council's Equalities Mainstreaming Report 2019 was submitted to the Policy & Resources committee on 30 April 2019, together with the Equality Outcomes (2019-21) and an update on the outcomes from 2017-19. A working group has been set up to review Equality Impact Assessments and the associated guidance and to ensure that the process incorporates the Fairer Scotland duty assessment.
- A judicial review will take place at the Court of Session in respect of the decision of Council at its meeting on 7 February 2019 to demolish the former Lochside Leisure Centre in Forfar. **An update will be provided in due course.** ([report 93/19](#))
- The Heads of Terms for the Tay Cities deal was signed in November 2018. Governance arrangements for the Tay Cities Region Joint Committee were approved by Council in March 2019. Internal governance arrangements are in place to support this and the 2019/20 internal audit plan includes a review of the Tay Cities Deal, which will be undertaken in conjunction with the internal auditors of the partner councils. ([report 89/19](#) and [report 117/19 sch 2](#))
- A Brexit officer group was established in December 2017 and update reports have been submitted to the Policy and Resources committee. (Reports [147/18](#) and [22/19](#).) The [Brexit information page](#) on the council website signposts information available from other organisations, including the Scottish Government. The [Business Angus website](#) also provides information aimed at local businesses.

Some Directors have identified improvements to governance arrangements within their own service, 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.

Actions to address the improvement areas highlighted in this annual governance statement are detailed below.

## Action Plan

Area for improvement	Lead Officer	Planned completion date
1. The refreshed Corporate Risk Register and revised risk management guidance will be submitted to the Scrutiny and Audit Committee.	Manager Risk, Resilience & Safety	September 2019
2. Operational schemes of delegation across the council will be further reviewed and updated during 2019	Manager Governance, Risk & Scrutiny	December 2019
3. We will work with AngusAlive to ensure adequate storage for archived documents.	Senior Practitioner Strategic Commissioning	March 2020
4. We will introduce an automated system to record, monitor and report Freedom of Information requests.		March 2020
5. We will monitor progress in completing the Scrutiny & Audit Committee action plan.	Manager Governance, Risk & Scrutiny	March 2020

## Conclusion

Angus Council is committed to achieving good standards of corporate governance to ensure that:

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

The Corporate Governance Officers Group, on behalf of the Chief Executive, maintains an overview of all aspects of the council's governance framework and is focussed on ensuring that good standards of governance are maintained as the council works to fulfil its ambitions as set out in the Council Plan.

The council recognises the contribution effective governance makes to the stewardship of resources and the achievement of outcomes. The maintenance of effective governance arrangements is particularly important during times of change, as the organisation becomes leaner and adopts new ways of delivering services.

## 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 core principles of good governance.

Margo Williamson		Councillor David Fairweather
Chief Executive		Leader of the Council