

Appendix 1

Draft Annual Governance Statement 2022/23

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, 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; and
- 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 Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives (SOLACE) framework, Delivering Good Governance in Local Government and the supporting guidance notes for Scottish Local 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.

This annual governance statement explains how the Council has complied with the terms of the Local Code for the year ended 31 March 2023. It also meets the requirements of the Local Authority Accounts (Scotland) Regulations 2014, which requires 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 and internal audit annual reports.

Guidance published by CIPFA in 2022 is accepted as best practice for local authority audit committees. CIPFA guidance recommends that all audit committees should *"report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance"*. (CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022).

The first annual report from the Scrutiny & Audit Committee was submitted to Council in September 2018 and has continued in September annually thereafter.

Exceptional Events / Concurrent Risks

During this reporting period, the Council has continued to adapt and respond to a variety of disruptions that have occurred, including the Ukraine and Cost of Living Crises. As a result, some services have come under increased pressure due to additional demands, recruitment and resource issues.

Governance arrangements relating to Council and Committee decision-making have continued via remote meetings with the re-introduction of in person meetings taking place and a hybrid approach being adopted from March 2023 onwards. These meetings continue to include live-streaming and recordings via the Council's YouTube channel.

The Council has continued to respond well to the challenges raised by the exceptional circumstances that have arisen, and in a manner that has been well planned, proportionate and responsive to the circumstances. Each response has been delivered in a controlled environment, with appropriate governance arrangements deployed to provide robust assurance aligned to the circumstances.

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 2022/23:

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

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; and
- 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 and the latest version is available via the Council's website: [Standing Orders of the Council](#).

Following the Local Government Elections in May 2022, a Governance Member/ Officer Working Group (MOWG) has been re-established to review several key documents that make up part of the governance framework for the Council, including the Standing Orders, the Order of Reference of Committees, the Scheme of Delegation to Officers and the Protocol for Relations between Councillors and Employees.

At present, officers are undertaking an extensive re-write of the above documents, ensuring they reflect good practice and are compliant with relevant legislation.

The Governance MOWG have met on several occasions and have so far thoroughly reviewed and scrutinised the Standing Orders and the Protocol for Relations between Councillors and Employees. The Governance MOWG will continue to meet to review and scrutinise the rest of the key documents.

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.

The Council's [Financial Regulations](#) were updated during the 2021/22 financial year. Ad-hoc updates of a more minor nature are also made under delegated authority.

Statutory Roles

Head of Paid Services (The Chief Executive) is responsible and accountable for all aspects of executive management. They are responsible to councillors for the staffing of the council and ensuring the work in different departments is co-ordinated.

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)*. A self assessment using the latest updated guidance will be conducted once it has been published.

The Council's Chief Financial Officer (CFO) / Section 95 Officer (Director of Finance) is involved in the development of all strategic and financial policy matters and has direct access to all elected members. They report directly to the Chief Executive on all matters including their statutory role. For the year under review (2022/23), the Chief Financial Officer was able to fulfil the requirements of the role through the arrangements which existed. The Director of Finance has carried out a self assessment against the CIPFA Financial Management Code during 2021/22. Three actions were identified relating to the CFO role in the updated CIPFA guidance; stakeholder engagement on the Council's long term financial strategy and undertaking a financial resilience assessment, which are all in progress.

The Monitoring Officer is a statutory appointment by the Council by virtue of section 5 of the Local Government and Housing Act 1989. The Council's Monitoring Officer is the Director of Legal & Democratic Services.

By virtue of section 5(7) of the 1989 Act, the duties of the Monitoring Officer must be carried out personally by them or, where they are unable to act owing to absence or illness, personally by such member of their staff nominated by them as their deputy.

The post of a Monitoring officer is designated as a politically restricted post, in accordance with section 2(1)e of the 1989 Act.

The Monitoring Officer is responsible for ensuring that appropriate training is given to elected members on the Ethical Standards Framework, the Councillors' Code of Conduct and any guidance and advice notes issued by the Standards Commission. This includes ensuring that training is provided on induction, and on a regular basis thereafter.

The Monitoring Officer should contribute to the promotion and maintenance of high standards of conduct by providing advice and support to elected members on the interpretation and application of the Councillors' Code of Conduct.

The Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Amendment Regulations 2003 (Scottish Statutory Instrument 2003/135) requires all councils to appoint a proper officer who is responsible for ensuring the Council keeps a Register of Interests, which is open to the public to inspect. The Monitoring Officer should ensure that a proper officer is appointed under the Council's Scheme of Delegation and that such a Register of Interests is maintained.

Although it is the responsibility of elected members to ensure that all relevant interests are recorded, the Monitoring Officer should try to ensure that elected members are aware of what constitutes a registrable interest under the Code and, further, that they are aware that any changes must be recorded within one month. The Monitoring Officer should also ensure reminders incorporating a note to the effect that the statutory requirement is to update entries on the Register of Interests within one month of any change are issued to elected members at least once a year.

The Monitoring Officer should also ensure that elected members are aware that they have an obligation under the Councillors' Code of Conduct to ensure gifts and hospitality are registered within one month.

The Monitoring Officer should ensure that there are procedures in place to provide for a consistent approach in respect of seeking and recording declarations of interest at the start of all meetings of the Council (and any committee or sub-committee thereof).

The Monitoring Officer may be required to report to their Council from time to time on matters relating to the ethical standards framework that may require review. The Monitoring Officer should report any concerns about compliance with the Code to the Chief Executive.

The Council's Chief Social Work Officer (CSWO) (Director of Children, Families & Justice) is responsible for providing effective professional advice to elected members and officers in the authority's provision of statutory social work duties. The CSWO also provides professional governance and leadership in the delivery of social work and social care services. The role of the CSWO complies with revised guidance issued by [Scottish Ministers](#). 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 which have been delegated to the Angus Integration Joint Board (IJB). The CSWO 2022/23

annual report will be brought to the Council in Autumn 2023. The latest National Chief Social Work Officers [Annual Report](#) is also available on the Institute for Research and Innovation in Social Services (IRISS) Website.

Adult social work services are delivered under the direction of the Angus Integration Joint Board, established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The work of the Angus Health & Social Care Partnership is overseen by the Angus 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 review of the Angus Integration Scheme was completed during 2022/23, with notification of Scottish Ministerial approval for the new scheme received by the Council on 21 November 2022 and published on the [Council Website](#).

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 contractor. The service is led by the Service Leader Internal Audit, who reports on a functional basis to the Scrutiny & Audit Committee. The Service Leader Internal Audit reports in their 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 October 2022, the Service Leader post was shared with Dundee City Council (3 / 2 days per week), with the Team Leader of Internal Audit Team acting up partially to Service Leader.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment undertaken in March/April 2022 confirmed that the internal audit service conforms with PSIAS.

The Internal Audit annual report 2022/23 (para 20 refers) also states that self assessment against the CIPFA statement on the Role of the Head of Internal Audit confirmed compliance.

The Counter-Fraud Team (CFT) is a specialist resource which reports to the Service Leader Internal Audit and operates within Strategic Policy, Transformation & Public Sector Reform Directorate.

Angus Council acknowledges its responsibility for ensuring the risks and negative impacts associated with fraud are managed effectively and any allegations of fraud and corruption are investigated by CFT staff in partnership with Council colleagues where appropriate. The continued work of CFT plays a key role in the Council's response to the risk of fraud and corruption.

The team has overall responsibility for assessing and investigating allegations of fraud and corruption and for reporting findings. An annual 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. This is reported to the Scrutiny & Audit Committee in June each year.

The allegations investigated during 2022/23 were non-cash related or were of sufficiently low financial value not to have had a material impact on the Council's financial standing. Report 172/23 considered by the Scrutiny & Audit Committee at its meeting on 15 June 2023, contains further detail on the work of the Counter Fraud Team.

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 directorate;
- 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; and
- assurance letters received from the Chair of the IJB Audit Committee and the Chair of the AngusAlive Board.

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 as part of their Internal Audit Annual Report 2022/23 (Report 173/23, Appendix 1).

Their review of 2022/23, includes the opinion that:

"4. In my professional judgement as Service Leader Internal Audit, notwithstanding the reduction in audit resources and the impact to completing work due to delays in receiving information from services, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.

5. 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.

6. *The majority of control objectives in internal audit work were assessed as having been achieved, with a number of areas of good practice noted. Where necessary actions were agreed to improve the control environment or tighten up the operation of the existing controls. The more material findings are highlighted later in this report.*

7. *I have concluded that the Local Code of Corporate Governance is adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects. Although the pace of some change has been slow, positive continuous improvement in arrangements has taken place during 2022/23 to address the items in the corporate governance action plan, including to enhance overall governance arrangements and improve performance management information and risk management.*
8. *Risk Management arrangements within the council are reasonable. There has been further progress in strengthening risk management arrangements during 2022/23 and evidence of active risk management and risk awareness is available. The pace of implementing planned actions relating to Service Risk Registers and defining risk appetite is however slow, with the latter contributing to the scheduled review of the Risk Management Strategy being overdue.”*

The conclusion from the review activity outlined above is that in 2022/23 the Council continued to demonstrate that the governance arrangements and framework within which the Council operates are sound and operating effectively, notwithstanding the ongoing challenges in relation to the Ukraine and Cost of Living Crises.

Improvement Areas

The annual review process identified the following areas where improvements have been made during 2022/23, or where further improvements are planned for 2023/24 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 2021/22 Annual Governance Statement, along with new actions emerging from the 2022/23 review, was reported to the Scrutiny & Audit committee in June 2023 (Report 180/23, Appendix 2 refers).

Key matters to highlight from the annual review process are as follows:

- The [Risk Management Strategy](#) bi-annual review was commenced in March 2023 by the Corporate Risk Monitoring Group. This will include improvement work in relation to identifying the Council risk appetite and developing service risk registers.
- Further work was undertaken during 2021/22 to review and update all the operational sub-delegations required to ensure that across the Council these reflect the current management structure and operational arrangements. The Angus Health & Social Care Partnership scheme, which has been delayed, has been progressed during the year and is due to be completed during 2023. A further review of the Infrastructure and Environment Services Directorate's Scheme of Delegation has commenced following the recent organisational change.
- Last year's governance review of the internal audit report identified the following:
 - limited or no assurance that controls are adequate in relation to IT User Access Administration (IDOX). Actions to address the weakness identified two Priority 1 and two Priority 2 actions remain incomplete as at April 2023, all with revised due dates of 30 June 2023.
 - IT Interfaces as an area where limited assurance was provided. Actions to address the weakness identified two Priority 2 actions which have a revised date for

completion of December 2023. These actions relate to Resourcelink and are to prepare and manage a register for system changes and interfaces, and to adopt a formal and documented change process for all parts of the system.

- A review of the processes and arrangements for the authorisation of contract exemptions to comply with the Council's Financial Regulations and legal compliance concluded that the level of assurance was limited. Significant progress has been made in completing the actions from this audit, with seven now complete and only two outstanding. A follow-up audit on the contract exemptions process will be carried out as part of the 2024/25 internal audit plan, once all of the actions have been implemented and the revised process has become fully established.
- This year's governance review of the internal audit report identified the following:
 - This year Adults With Incapacity Follow-up was assessed as providing "No Assurance". The audit reviewed procedures in place to ensure compliance with legal, OPG and MWC requirements, including the implementation of an improvement plan from 2019. The service began taking action to address the weaknesses identified as soon as these were brought to their attention and before the report and action plan were finalised. At June 2023 significant work has been undertaken to address the Priority 1 action from this report, which was to undertake a full review of the systems in place.
 - Procurement – Exemptions from Tendering was assessed as providing "Limited Assurance". Good progress has already been made to address the agreed actions from this audit, with three Priority 1 and four Priority 2 actions already completed. There are 2 actions still outstanding; a Priority 2 action to check all exemption paperwork is fully authorised which is expected to be complete by 30 June 2023, and a Priority 3 action with a December 2023 deadline, to review all procurement training and support materials.
- An improvement action in relation to the process for assessing, billing and collection of payments for adult social care was previously identified. Work to progress this continues with the process mapping of all aspects of adult social care that incur charging. Training needs have been identified and operational instructions/ guidance are being reviewed.
- Last year's governance review highlighted improvements required to Tayside Contracts procurement and procurement strategy, along with areas of weakness in relation to financial processes and systems. Tayside Contract's internal auditors (Wylie & Bisset) have since carried out a review of procurement and are now able to provide Tayside Contracts with a strong level of assurance relating to the procurement arrangements in place at the organisation. Wylie & Bisset also undertook a follow up of their Management Assurance review which included the financial management arrangements and are now able to provide Tayside Contracts with a substantial level of assurance, identifying 6 medium and low finance related actions yet to be completed.
- Last year's governance review also highlighted that Angus Alive's Business Planning and performance monitoring and reporting priority 1 actions from previous years

remained outstanding. These matters have now been addressed and completed by Angus Alive.

- The Council's latest Best Value Audit Action Plan contains four recommendations. Progress with the actions relating to these recommendations is being reported to the June Scrutiny & Audit Committee.
- Procurement processing and training has been identified as an area for corporate improvement from the annual review of the governance framework. Actions to address this are already covered through the internal audit actions identified above and due for completion by December 2023.

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

Progress with the actions to address the ongoing and new improvement areas included in this annual governance statement will be reported to the Scrutiny & Audit Committee at its meetings in January and June.

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; and
- 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 Beth Whiteside
Chief Executive		Leader of the Council