

PERTH AND KINROSS COUNCIL

Scrutiny Committee

21 June 2017

ANNUAL GOVERNANCE STATEMENT 2016/17

Report by Head of Legal & Governance Services

PURPOSE OF REPORT

The purpose of the report is to seek approval of the Annual Governance Statement for the financial year 2016/17 which provides assurance as to the effectiveness of the Council's governance framework and in particular the system of internal control.

1. INTRODUCTION

- 1.1 The purpose of the Annual Governance Statement (AGS) is to give assurance to our stakeholders that we have effective arrangements in place to ensure that, as a Council, we are doing the right things for the right people at the right time in an open, honest and accountable way.
- 1.2 The AGS provides an opportunity to review our rules, resources, systems, processes, culture and values to make sure that our governance framework and in particular our system of internal control is:
 - legally compliant;
 - ethically sound; and
 - fit for purpose

thereby enabling the Council to achieve its strategic objectives and provide high quality services that meet the needs of our communities, in an appropriate, efficient and affordable way. It is important therefore, that governance issues are identified systematically and comprehensively and reported in an open and transparent manner.

- 1.3 The Annual Governance Statement for 2016/17 is attached as Appendix 1 to this report. It has been prepared in accordance with the CIPFA Framework: Delivering Good Governance in Local Government and is required to be published as part of the Annual Accounts.

2. GOVERNANCE ASSURANCE PROCESS

- 2.1 The process for reviewing the integrity and effectiveness of our governance arrangements to inform the AGS was itself reviewed and redesigned in 2015/16 as part of a wider review of corporate governance led by the Head of Legal & Governance Services. It was redesigned to better test the effectiveness of the

framework by requiring more in-depth evidence from Service Management Teams as to how well the internal controls are operating within their own service areas.

- 2.2 Evidence has been gathered by way of self-assessment from each of the Service Management Teams which was then scrutinised and reviewed through the Policy and Governance Group.
- 2.3 Directors have provided Certificates of Assurance in respect of the adequacy and effectiveness of the controls within their area.
- 2.4 Certificates of Assurance have also been provided by the following officers in respect of their assessment of key corporate controls:
 - Chief Finance Officer (S 95 Officer)
 - Head of Legal & Governance Services /Monitoring Officer
 - Head of Democratic Services
 - Chief Internal Auditor
 - Corporate Procurement Manager
 - Information Compliance Manager
 - Corporate IT Manager
 - Corporate HR Manager
 - Employee Innovation & Engagement Manager
- 2.5 Assurance has been provided from the Head of Public Sector Reform, Culture and Community Development, in her capacity as the Contract Monitoring Officer in respect of our Arms' Length External bodies (Horsecross Arts Ltd, Live Active Leisure and Culture Perth & Kinross).
- 2.6 The Assurance process is designed to test the continuing effectiveness of our governance arrangements and to identify current, emerging and potential future risks to enable the organisation to adjust and improve their internal controls to mitigate and manage these effectively.

3 EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS

- 3.1 The Assurance process demonstrated that the Council has in place adequate internal controls that are considered fit for purpose in accordance with the governance framework.
- 3.2 The process also identified that significant work has been undertaken to improve the controls in areas identified through the Assurance Process for financial year 2015/16. Improvements include:-
 - Development of a new Risk Strategy and Risk Appetite Statement
 - Implementation of the Procurement Strategy and improved governance arrangements in respect of procurement and commissioning across the organisation
 - Implementation of the Council 's Workforce Plan
 - Improved assurance arrangements in respect of Arm's Length External Bodies

- Close working with the Chief Officer and Chief Finance Officer of the Integrated Joint Board to define and develop governance arrangements

3.3 The process has also been successful in identifying the following areas which would benefit from continuing work or further development to ensure that they can manage and mitigate current and emerging risks more effectively.

- Implementation and roll out of the new risk strategy to ensure a consistent approach is taken to risk management across the organisation
- further review of contract management arrangements to ensure compliance and value for money
- ongoing monitoring of procurement / commissioning arrangements to ensure ongoing compliance
- a holistic review of information governance to ensure successful implementation of the new General Data Protection Regulation, ongoing compliance with information management requirements and to maximise the benefits of information as a corporate asset
- further development of the scrutiny and accountability arrangements for Arm's Length External bodies
- further development of the governance arrangements in respect of the Integrated Joint Board

3.4 It should be reassuring to Elected Members, Senior Management and our stakeholders however, that these areas are already the subject of ongoing work or planned reviews. This demonstrates that as an organisation we recognise and have a good understanding of our changing risk landscape, and are committed to continuously improving the effectiveness of our governance framework, to ensure that it is robust and fit for purpose in these challenging times.

4. RECOMMENDATION

4.1 It is recommended that the Committee:

- (i) Note the content of this report; and
- (ii) Scrutinise and comment on the draft Annual Governance Statement for the financial year 2016/17 attached as Appendix 1 to the report.

Author(s)

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Approved

Name	Designation	Date
Jim Valentine	Depute Chief Executive (Chief Operating Officer)	7 June 2016

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	
Community Plan / Single Outcome Agreement	None
Corporate Plan	None
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	Yes
Risk	None
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	None

1. **Strategic Implications N/A**

2. **Resource Implications N/A**

3. **Assessments N/A**

4. **Consultation**

Internal

- Service Management Teams
- Executive Officer Team
- Corporate Management Group
- Policy & Governance Group
- Chief Internal Auditor

External

Staff from external organisations have been consulted as part of the Assurance process in the preparation of the Annual Governance Statement

5. **Communication**

- 5.1 The Annual Governance Statement will be published with the Council's Final Accounts for 2016/17.

2. BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing the above report.

3. APPENDICES

Annual Governance Statement 2016/17