

**PERTH AND KINROSS COUNCIL****Scrutiny Committee****15 June 2015****ANNUAL GOVERNANCE STATEMENT****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 2015/16 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 2015/16 is attached as Appendix 1 to this report.

**2. GOVERNANCE ASSURANCE PROCESS**

2.1 The process for reviewing the integrity and effectiveness of our governance arrangements to inform the AGS has itself been reviewed and redesigned as part of a wider review of corporate governance led by the Head of Legal & Governance Services.

- 2.2 The assurance process has been 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. Evidence has been gathered by way of self-assessment which has been quality assured by way of review through the Policy and Governance Group. The findings have been scrutinised by Senior Management through the Corporate Management Group and the Executive Officer Team.
- 2.3 Corporate assurance has also been provided as regards the adequacy of the internal controls from the following Officers:
- 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
- 2.4 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 GOVERNANCE ISSUES**

- 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 has also been successful in identifying areas and controls that would benefit from further development to ensure that they can manage and mitigate current and emerging risks more effectively.
- 3.3 The assurance process has identified that some controls in respect of the following areas would benefit from further review and/or continuing development :-
- corporate risk management
  - contract management
  - procurement / commissioning
  - information management
  - workforce planning
  - funding external bodies
  - operation and governance in respect of the Integrated Joint Board
- 3.4 It should be reassuring to Elected Members, Senior Management and our stakeholders however, that these control areas are already the subject of

ongoing or planned reviews by virtue of audit recommendations or transformation projects. 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) Discuss and approve the 2015-2016 Annual Governance Statement

#### Author(s)

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#### Approved

Name	Designation	Date
John Fyffe	Senior Depute Chief Executive (Equality, Community Planning & Public Service Reform)	7 June 2016

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 1. Strategic Implications N/A

### 2. Resource Implications N/A

### 3. Assessments N/A

### 4. Consultation

#### Internal

- Service Management Teams
- Policy & Governance Group
- Head of Finance
- Head of Democratic Services
- 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 2015/16.

## **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 2015/16