

Appendix 1

Annual Governance Statement 2023/24 (DRAFT)

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 2024. 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.

Unforeseen Events

During this reporting period, the Council has continued to adapt and respond to unforeseen events and disruptions that have occurred, including Storms Babet and Gerrit. As a result, some services have come under increased pressure due to additional demands and the associated resource issues which have been compounded by recruitment challenges.

The Council has continued to respond well to the challenges raised by the exceptional circumstances, 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 2023/24:

- Children and Learning Committee (until 31 December 2023);
- Civic Licensing;
- Communities;
- Development Management Review;
- Development Standards;
- Family, Education and Justice (Formerly Children and Learning (from 1 January 2024));
- Policy and Resources; and
- Scrutiny and Audit.

The core constitutional documents of the Council are referred to as the Scheme of Governance and include:

- Part 1 - [Standing Orders](#), which regulate the proceedings at Council meetings;
- Part 2 – [Committee Terms of Reference](#), which details the Council's committees, sub committees and their associated remits;
- Part 3 - [Scheme of Delegation to Officers](#), which details the delegation to a range of appropriate officers;
- Part 4 – [Protocol for Relations between Councillors and Employees](#), which outlines the way in which councillors and employees should behave towards one another; and
- Part 5 – [Procurement Standing Orders](#), which ensure the Council uses uniform contracting procedures, secures compliance with the law, obtains best value in its procurement activity, provides a framework for a more detailed procurement manual and protects the Council and its staff.

A comprehensive review of the Scheme of Governance was completed in 2023/24 and approved by Angus Council on 14 December 2023.

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 - September 2021 \(revised March 2023\)](#) were updated during the 2022/2023 financial year. Ad-hoc updates of a more minor nature are also made under delegated authority.

As referenced above, the Council's new Procurement Standing Orders were approved by Council at its meeting on 14 December 2023. These replace the provisions in the Council's Financial Regulations relating to Contracts and Procurement and come into effect on 1st April 2024.

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 (2023/24), 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 2022/23. Three actions were identified relating to the CFO role in the updated CIPFA guidance. The Financial Resilience assessment was completed and reported to Council in September 2023 (Report [241/23](#), [Appendix 1](#)). The stakeholder engagement strategy on the Council's budget remains as work 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 deputy arrangement was enacted during the period January to March 2024.

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 2023/24 annual report will be brought to the Council in Autumn 2024. 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 latest Integration Scheme is 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 resource, including IT audit input from a professional firm. The service is led by the Service Leader Internal Audit. This post is shared with Dundee City Council and suitable staffing arrangements have been put in place during 2023/24 to support this approach. The Service Leader Internal Audit reports on a functional basis to the Scrutiny & Audit Committee and 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.

The internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment undertaken in May 2024 confirmed that the internal audit service conforms with PSIAS.

The Internal Audit annual report 2023/24 (para 20 refers) also states that self-assessment against the CIPFA statement on the Role of the Head of Internal Audit in public service organisations confirmed compliance with requirements for both the Head of Internal Audit and the Council.

The Counter-Fraud Team (CFT) is a specialist resource which reports to the Service Leader Internal Audit. The 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 2023/24 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 190/24 considered by the Scrutiny & Audit Committee at its meeting on 13 June 2024, contains further detail on the work of the Counter Fraud Team.

Organisational Changes during 2023/24

Changes were made to the Council's Corporate Leadership Team and Directorate structures following the retiral of the Director of Strategic Policy, Transformation and Public Sector Reform on 1 September 2023 ([Report 244/23](#) and [Appendix](#) refers). In seeking to streamline the Corporate Leadership Team it was decided not to replace the post of Director and to reallocate the roles and functions of that directorate to other directorates within the Council.

The Council also appointed a new Chief Executive from 1 January 2024, following the retiral of the previous incumbent on 31 December 2023. The new Chief Executive formerly held the post of Director of Children, Families and Justice (with Chief Social Work Officer statutory responsibility).

The appointment of the new Chief Executive also led to, following due process, the post holder of Service Leader – Justice being promoted to Interim Director of Children, Families and Justice (with Chief Social Work Officer statutory responsibility). Council subsequently agreed to amend the Scheme of Governance: Part 3 – Scheme of Delegation to Officers ([Report 101/24](#) refers), by adding a delegation to the Chief Social Work Officer to appoint a Depute Chief Social Work Officer to be selected from the Service Leaders within Children Families & Justice or the Heads of Service from within the Angus Health and Social Care Partnership, following consultation with the Director of Children, Families and Justice. This replaced the previous approach which defined the designated Depute Chief Social Work Officer as being the Service Leader – Justice.

Best Value Arrangements

Making best use of resources is a key objective for the Council. The adequacy and effectiveness of arrangements to secure Best Value are inherent to the Council's operations.

The Best Value Audit report published by the Accounts Commission on 5 July 2022 provides supporting evidence ([Report 301/22](#) and [Appendix](#) refer).

A Best Value Thematic Audit report in relation to: *'Angus Council Leadership of the development of new local strategic priorities'* was finalised by Audit Scotland in September 2023. The findings in the report provide further evidence that Angus Council is working in a manner that is well aligned with the Best Value principles which were under review as part of this thematic audit ([Report 280/23](#) and [Appendix](#) refer).

Progress with the improvement actions emerging from the recommendations in these Best Value audit reports is reported to the Council's Scrutiny & Audit Committee at the January and June meetings.

Compliance with Best Value guidance is also now reviewed annually as part of the annual assurances from Directors which informs the Annual review of the governance framework.

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 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 2023/24 (Report 191/24, Appendix 1).

Their review of 2023/24, includes the opinion that:

"4. In my professional judgement as Service Leader Internal Audit, notwithstanding the reduction in audit resources during the reporting period 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 and scheme of governance are adequate and effective, and although some areas for improvement have been identified, the code is complied with in all material respects.

8. There has been some further progress with Risk Management arrangements this year, but it remains slow and therefore there are still some key areas of risk management that need to be fully established and embedded in day-to-day practice. Responsibility

for risk identification, assessment and management sits across the whole organisation. Services and risk owners need to pay more consistent attention to ensure progress is made at a faster pace.”

The conclusion from the review activity outlined above is that in 2023/24 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 unforeseen events highlighted above.

Improvement Areas

The annual review process identified the following areas where improvements have been made during 2023/24, or where further improvements are planned for 2024/25 to enhance the Council’s governance framework. Progress will be reported to the Scrutiny & Audit Committee. An update on the improvement actions identified in previous Annual Governance Statements, along with new actions emerging from this year’s review, was reported to the Scrutiny & Audit committee in June 2024 (Report 193/24, Appendix 1, Appendix 2 refer).

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

- The Council’s Housing Service identified in the ‘Housing Services Performance Update - Annual Assurance Statement’ report to the Communities Committee meeting on 26 September 2023 ([Report 259/23](#), [Appendix 1](#) and [Appendix 2](#) refer), that a review of Housing’s Performance Management Framework (PMF) was underway which would also consider the relationship with the service’s governance arrangements. The report highlighted particular areas of concern and that a number of short-term service priority projects had been established to take forward improvements. It also identified that some of these projects crossover with the existing PMF and others have identified gaps in governance which need to be addressed. The Annual Assurance Statement also identified three areas of non-compliance with legal obligations in relation to fire alarms, electrical safety testing and Scottish Housing Quality Standards. An overall Housing Improvement Action Plan has been prepared in order to address these and other relevant matters ([Report 185/24](#), [Appendix 1](#) and [Appendix 2](#) refer).
- There is an area for improvement action required in relation to monitoring of policies and their timetable for review. In addition, new policies require to follow a process to ensure they include peer review, consultation and engagement, and cross referencing to the Local Code of Corporate Governance, along with Internal Audit assurance mapping.
- Risk management continues to be a high corporate priority as an area for improvement. The pace of progress has been slower than desired over the last few years, mainly due to the staff resources leading this work being diverted to support the unforeseen events highlighted above. Actions in relation to Risk Appetite and Service Risk Registers which are recorded on the Scrutiny & Audit Committee self-evaluation action plan have been extended on a number of occasions. While some good progress has been made on developing Service Risk Registers and risk awareness generally, there requires to be a clear focus to conclude this work and therefore a new corporate improvement action has been raised as part of this year’s annual review (note: this new action will supersede the two actions noted above). This action will encompass all the relevant components that have need identified including an update to the overall [Risk Management Strategy](#).

- While the Scheme of Governance was updated during 2023/24, there continues to be improvement activity required in relation to the Angus Health & Social Care Partnership and the Infrastructure and Environment Services Directorate's operational Schemes of Delegation. This work will continue to progress and be linked to a further phase of operational Scheme of Governance improvement work to standardise the approach to operational Schemes of Delegation across the organisation. This work has been included in the corporate action plan to monitor progress.
- Procurement processing and training was identified as an area for corporate improvement in the 2022/23 annual review. It has similarly been highlighted as an area for improvement in this year's annual review process. A 3-tier training programme has been designed and Phase 1, the baseline 'introduction to procurement' sessions is about to be rolled out to all appropriate staff on a Service-by-Service basis. This will be supported by a refreshed suite of document templates and Procurement Guidance Notes. Mandatory e-learning forms Phase 2 with training commensurate with the style of procurement to be undertaken being a prerequisite to any tenders etc. Phase 3 is a rolling programme of monthly drop-in sessions providing more detail on individual aspects of procurement to support best practice.
- The 2021/2022 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 which were completed during 2023/24.
 - IT Interfaces as an area where limited assurance was provided. Actions to address the weakness identified two Priority 2 actions which were completed during 2023/24.

Last year's (2022/23) governance review of the internal audit report identified the following:

- Adults With Incapacity Follow-up audit 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. The Priority 1 action from this report, which was to undertake a full review of the systems in place, was completed in September 2023. A further follow-up audit of this service area is planned as part of work to be completed on the 2023/24 internal audit plan.
- 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 is one action still outstanding, a Priority 3 action with a 30 June 2024 deadline, to review all procurement training and support materials – this is noted earlier as an area for improvement activity focus from the 2023/24 annual review of the governance framework. The Procurement team are currently finalising this piece of work as part of a wider training strategy. A follow-up audit on the contract exemptions process will be carried out as part

of the 2024/25 internal audit plan, once all the actions have been implemented and the revised process has become fully established.

This action compliments the wider strategy of the Procurement & Commissioning function in terms of strengthening the education of all those with Delegated Procurement Authority across the Council. These revised Procurement Guidance Notes and support materials/ templates etc all form part of a three-tiered training approach across all Services.

This year's (2023/24) governance review of the internal audit report and counter fraud activity have identified the following:

- Internal audit reports relating to Cash Counts and Cash Handling – Schools, and IT Asset Hardware Inventory – Schools have been assessed as having Limited Assurance. Both audit findings require improvements to guidance, along with training and implementation of proper procedures which have been included in specific action plans.
 - The internal audit of IT Business Continuity also identified Limited Assurance, with the main areas for improvement relating to Business Impact Assessments and the requirement to review Business Continuity Plans.
 - A consultancy review of Organisational Resilience identified a number of areas of good practice. It also identified areas for improvement/ further development. While most of these areas are being addressed, it is highlighted that the identification of business-critical activities is a key area requiring improvement action focus – this links with the IT Business Continuity findings.
 - A Risk Management internal audit concluded there was Limited Assurance in this area and stated that *“Some satisfactory elements are evident within the control framework. However, some significant weaknesses have been identified which are likely to undermine the achievement of objectives, and/or the level of non-compliance with controls puts the system objectives at risk”*. This area for improvement has also been highlighted in the key matters specified above.
 - Counter fraud testing has identified potential overtime/ additional hours overpayments. Specific investigations and remedial action is ongoing, along with improvement action to avoid recurrence.
- An ongoing improvement action in relation to the process for assessing, billing and collection of payments for adult social care was previously identified. Work to conclude this is now at an advanced stage, with a target completion date of 30 June 2024. An Internal Audit review has also been carried out and reached a “substantial assurance” conclusion on the progress of the action plan.
 - The Managing Director of Tayside Contracts has confirmed that the items in last year's governance statement relating to Tayside Contracts areas for improvement have all now been addressed, other than the implementation of a new financial system (which has been subject to supplier delays) which has been rescheduled for implementation in July 2024.

- Improvement actions emerging from the Council's Best Value audit recommendations continue to be reported to the Scrutiny & Audit Committee in January and June each year.

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. These are captured in the latest **Action Plan**.

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.

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| | | |
| Kathryn Lindsay | | Councillor Beth Whiteside |
| Chief Executive | | Leader of the Council |