

REPORT TO: TAYSIDE VALUATION JOINT BOARD – 24 JUNE 2019

REPORT ON: ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2019

REPORT BY: TREASURER

REPORT NO: TVJB 6-2019

1 PURPOSE OF REPORT

To present to the Board the Annual Governance Statement for approval and inclusion in the unaudited Annual Accounts for the year ended 31 March 2019 which is also being submitted to the Board.

2 RECOMMENDATIONS

It is recommended that the Board:

- i notes the contents of this covering report;
- ii approves the Annual Governance Statement which is included as an Appendix to this report; and
- iii instructs the Treasurer to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2019.

3 FINANCIAL IMPLICATIONS

None.

4 BACKGROUND

4.1 The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 5 of these regulations require that "...the local authority must conduct a review at least once in each financial year of the effectiveness of its system of internal control. The findings of the review... must be considered at a meeting of the local authority... (and) following consideration of the findings of the review... that authority must approve an annual governance statement." There is no requirement to have separate meetings for the consideration of the findings and then the approval of the annual governance statement. Both may be undertaken at the same meeting.

4.2 As in previous years the Annual Accounts (including the Annual Governance Statement) have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code) which stipulates that the following information should be included in the Annual Governance Statement:

- i. An acknowledgement of responsibility for ensuring there is a sound system of governance;
- ii. An indication of the level of assurance that the systems and processes that comprise the board's governance arrangements can provide;
- iii. A brief description of the key elements of the governance framework;
- iv. A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of the board, internal audit and other explicit reviews/assurance mechanisms;
- v. An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan; and

- vi. A specific statement on whether the Board's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2016) as set out in the CIPFA's *Delivering Good Governance in Local Government: Framework* (2016); and where they do not, an explanation of how they deliver the same impact.

4.3 The Annual Governance Statement for the year ended 31 March 2019 is included on Appendix A.

5 **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management. There are no major issues identified.

6 **CONSULTATIONS**

The Assessor and Clerk to the Board have been consulted on the content of this report and are in agreement with the contents.

7 **BACKGROUND PAPERS**

CIPFA: Code of Practice on Local Authority Accounting in the UK 2018/2019;
CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016); and
CIPFA's Application Note to Delivering Good Governance in Local Government: Framework.

GREGORY COLGAN
TREASURER
TAYSIDE VALUATION JOINT BOARD

13TH JUNE 2018

TAYSIDE VALUATION JOINT BOARD
ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Tayside Valuation Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Joint Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these responsibilities elected members and senior officers are responsible for implementing effective arrangements for governing the Joint Board's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Joint Board will approve and adopt a local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government (2016)*. This statement explains how Tayside Valuation Joint Board delivers good governance and reviews the effectiveness of these arrangements.

The Joint Board's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Joint Board is directed and controlled. It also describes the way it engages with its stakeholders. It enables the Joint Board to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Within the overall control arrangements the system of internal financial control is intended to ensure 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 regular management information, financial regulations, administrative procedures and management supervision.

The framework reflects the arrangements in place to meet the seven supporting principles of effective corporate governance. These are as follows:

- behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- ensuring openness and comprehensive stakeholder engagement;
- defining outcomes in terms of sustainable economic, social, and environmental benefits;
- determining the interventions necessary to optimise the achievement of intended outcomes;
- developing the entity's capacity, including the capability of its leadership and the individuals within it;
- managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The overall control arrangements include:

- identifying the Joint Board's objectives in the Service Plan.
- monitoring of objectives by the Joint Board and senior officers.
- reporting performance regularly to Joint Board meetings.
- clearly defined Standing Orders, Financial Regulations, Tender Procedures and Delegation of Powers.
- approved anti-fraud and corruption strategies including "whistle-blowing" arrangements.
- setting targets to measure financial and service performance.
- formal revenue and capital budgetary control systems and procedures.
- the assurances provided by Internal Audit through their independent review work of the Joint Board's internal control systems.

Additionally, in order to support Chief Financial Officers in the fulfilment of their duties and to ensure that local authority organisations have access to effective financial advice of the highest level, CIPFA's *Role of the Chief Financial Officer* has introduced a "comply or explain" requirement in the Annual Accounts. The Treasurer complies with the principles set out in CIPFA's *Role of the Chief Financial Officer (2016)*.

Review of Effectiveness

Members and officers of the Joint Board are committed to the concept of sound governance and the effective delivery of Joint Board services and take into account comments made by internal and external auditors.

In addition the Joint Board have made a self-assessment of their own arrangements. This involved the completion of a 94-point checklist, by the Assessor, covering seven supporting principles defined in CIPFA/SOLACE's *Delivering Good Governance in Local Government (2016)*. This indicated a high level of compliance.

The Joint Board's Internal Audit Service provider conforms to the Public Sector Internal Audit Standards (PSIAS), and reports to the Joint Board. Internal Audit undertakes an annual programme of work, which is reported to the Joint Board. The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

Continuous Improvement Agenda

The self-assessment checklist completed by the Assessor as part of the Joint Board's assurance gathering process highlights that the Joint Board is fully compliant in the seven key governance areas covered.

The Joint Board's progress against the Continuous Improvement Agenda items for 2017/2018 are detailed in Table 1. One item is still in progress and has been carried forward to be actioned in 2018/2019.

Improvements 2018/2019	Principle	Code Reference	Responsible Officer(s)	Target Completion Date	Actual Completion Date	Progress Updates
1 Revise Data Protection Policy in light of introduction of GDPR Regulations	3	2.2, 4.1,4.2	Assessor	30/09/2019	31/03/2019	Source: Annual Governance Statement Checklist
2 Review the Scheme of Delegation of Powers	3	2.2, 4.1	Treasurer, Assessor	30/09/2019	Ongoing	Source: Annual Governance Statement Checklist
3 Investigate options for ensuring that the medium term financial strategy integrates with service priorities and resource constraints.	4	2.8,3.1,3.2,3.3,3.4,	Treasurer	30/09/2019	Ongoing	Progress carried forward from 2017/18

During 2018/2019, Internal Audit have conducted audits in the areas of Risk Management/ Business Continuity Planning, Council Tax and Maintenance of the Accuracy of the Electoral Register Non Domestic Rates, Corporate Governance and Follow up Reviews. No significant weaknesses were identified. In the follow up reviews, the only outstanding item that currently capable of being progressed relates to the Review of the Scheme of Delegation, which is planned for completion in 2019. Overall, the level of assurance was concluded to be good and the systems and procedures implemented meet their control objectives. The Internal Auditor Annual Report 2018/2019 concludes that, in the opinion of the Internal Auditor, the Joint Board operates adequate and effective control procedures, as defined in the Audit Needs Assessment,

It is proposed that during 2019/2020 steps are taken to address the items identified in the Continuous Improvement Agenda (see Table 2) to further enhance the Joint Boards governing arrangements.

Table 2: Improvements 2019/2020	Principle	Code Reference	Responsible Officer(s)	Target Completion Date	Progress Updates
1 Review the Scheme of Delegation of Powers	3	2.2, 4.1	Treasurer, Assessor	30/09/2019	Source: Annual Governance Statement Checklist
2 Investigate options for ensuring that the medium term financial strategy integrates with service priorities and resource constraints.	4	2.8,3.1,3.2,3.3,3.4,	Treasurer	30/09/2019	Progress carried forward from 2018/19
3 Review NDR Systems taking cognisance of barclay Review Recommendations	2	2.5	Assessor	31/03/2022	Source: Annual Governance Checklist
4 Review Staffing Structure taking cognisance of NDR changes	1	1.2	Assessor	31/12/2019	Source: Annual Governance Checklist

The annual review demonstrates sufficient evidence that the Codes principles of delivering good governance in local government operated effectively and the Joint Board complies with the Local Code of Corporate Governance in all significant respects. Future actions will be taken as necessary to maintain and further enhance the Joint Board's governance arrangements.

Councillor Gavin Nicol
Convener
Tayside Valuation Joint Board
26th August 2019

Alastair Kirkwood BSc, MRICS, IRRV, AEA
Assessor and ERO
Tayside Valuation Joint Board
26th August 2019