

REPORT TO: TAYSIDE VALUATION JOINT BOARD

REPORT ON: ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2020

REPORT BY: TREASURER

REPORT NO: TVJB5-2020

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 2020 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 notes the impact of the coronavirus pandemic on the Joint Board's corporate governance as detailed in the Annual Governance Statement.
- iii approves the Annual Governance Statement which is included as an Appendix to this report; and
- iv instructs the Treasurer to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2020.

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 2020 is included on Appendix A. The Annual Governance Statement includes reference to the revised governance arrangements that have been in place since the outbreak of Covid 19 and the implementation of lock-down on 23rd March 2020.

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 2019/2020;
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

4TH JUNE 2020

In view of the timescales involved this report was approved by the Assessor in consultation with the Treasurer, Clerk and Convener of Tayside Valuation Joint Board.

Alastair Kirkwood

Assessor

19th June 2020

Date

Gregory Colgan

Treasurer

19th June 2020

Date

Roger Mennie

Clerk

19th June 2020

Date

Gavin Nicol

Convener of Tayside Valuation Joint Board

23rd June 2020

Date

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 approved and adopted a local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/ Society of Local Authority Chief Executives) 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.

Impact of Coronavirus Pandemic on Corporate Governance

The UK Government announced a lockdown on 23 March 2020 in response to the Covid 19 pandemic. This has had a major impact on the management and operations of the Joint Board. Management took immediate action to safeguard employees. These actions were taken to maintain resilience and ensured the continued safety of employees during this challenging and unprecedented time. Business Continuity Planning / Incident Response meetings were held between key personnel and guidance issued to all staff on a regular basis.

The Annual Governance Statement assesses governance in place during 2019/2020 so the majority of the year will be unaffected by coronavirus. The conclusion on whether or not governance is fit for purpose should reflect the normal operations. However, coronavirus has impacted on governance since March 2020 and the Annual Governance Statement has to reflect the circumstances at the time of publication and the impact on governance.

The impact on governance has affected the Joint Board, for example changes to decision making arrangements whereby the following procedures have been implemented for Board business with immediate effect and until further notice:

- All non-essential Board business has been deferred to ensure that all Board Members and all Officers can concentrate the maximum possible time and effort on supporting the Board through the Coronavirus period;
- Referring to the Board's existing Scheme of Delegation of Powers to Officers in order to ensure that Officers act in accordance with the powers which the Board has already delegated; and
- All essential Board business which is not covered by the Scheme of Delegation of Powers to Officers will be dealt with as urgent matters arising between meetings (i.e. by the Clerk, in consultation with the Chair and Vice-Chair of the Tayside Valuation Joint Board).

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 2019/2020 are detailed in Table 1.

TABLE 1

| 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 | Scheme of Delegation reviewed and approved in August 2019. |
| 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 | Corporate and Service Plan covering period 2019 – 22 was approved by the board on 24 June 2019. An amended organisational structure to reflect changed service requirements introduced by the Non-Domestic Rates (Scotland) Act 2020 was approved in June 2019. |
| 3 Review NDR Systems taking cognisance of Barclay Review Recommendations | 2 | 2.5 | Assessor | 31/03/2022 | The NDR systems are under review and further development to ensure suitability for the new duties imposed by the Non-Domestic Rates (Scotland) Act 2020. |

The Principles and References included in the above table refer to the Local Code of Corporate Governance.

During 2019/20, Internal Audit have conducted audits in the areas of Performance Reporting, Staff Recruitment & Retention, IT Network Arrangements and Follow up Reviews. Reports for Performance Reporting and Staff Recruitment & Retention have been completed and no significant weaknesses were identified. Overall, the level of assurance was concluded to be good and the systems and procedures implemented meet their control objectives. Due to the current COVID 19 pandemic, the reports on IT Network Arrangements and Follow up Reviews, together with the Annual Report, are still in progress and will be presented to the Board when these have been finalised.

It is proposed that during 2020/21 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 2020/2021 | Principle | Code Reference | Responsible Officer(s) | Target Completion Date | Progress Updates |
|---|-----------|----------------------|------------------------|------------------------|--|
| 1 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 | 30/09/2020 | Progress carried forward from 2019/2020 Further consideration of medium term financial planning required. |
| 2 Review NDR Systems taking cognisance of Barclay Review Recommendations | 2 | 2.5 | Assessor | 31/03/2022 | The NDR systems are under review and further development to ensure suitability for the new duties imposed by the Non-Domestic Rates (Scotland) Act 2020. |

The Principles and References included in the above table refer to the Local Code of Corporate Governance.

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
24 August 2020

Alastair Kirkwood BSc, MRICS, IRRV, AEA
Assessor and ERO
Tayside Valuation Joint Board
24 August 2020