

Report

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| Report to: | Clyde Valley Learning and Development Joint Committee |
| Approval requested by: | 20 June 2022 |
| Report by: | Treasurer to Clyde Valley Learning and Development Joint Committee |

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| Subject: | Annual Governance Statement 2021/2022 |
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1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ provide an overview of the Annual Governance Statement for inclusion in the 2021/2022 Clyde Valley Learning and Development Joint Committee Annual Accounts

2. Recommendation(s)

2.1. The Joint Committee is asked to approve the following recommendation(s):-

- (1) that the Annual Governance Statement, attached at Appendix 1, be approved for inclusion in the Clyde Valley Learning and Development Joint Committee 2021/2022 Annual Accounts.

3. Background

3.1. Each year the Clyde Valley Learning and Development Joint Committee undertakes a review of the governance arrangements that are required to support Clyde Valley Learning and Development Joint Committee's preparation of the Annual Governance Statement which is included in the Clyde Valley Learning and Development's Annual Accounts.

3.2. The annual review for 2021/2022 considered guidance detailed within the Delivering Good Governance in Local Government Framework.

4. Annual Governance Statement for 2021/2022

4.1. The Annual Governance Statement for 2021/2022 is attached at Appendix 1.

4.2. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. These arrangements follow the systems of financial management in place within the lead authority, South Lanarkshire Council.

- 4.3. The Clyde Valley Learning and Development Joint Committee shares financial management systems with South Lanarkshire Council (the lead authority) and is subject to the relevant controls in place which are reviewed by Internal/External Audit through a programme of audit work. The overall audit opinion for the year is informed by the assurances obtained from any system audits carried out by the Council's Internal Audit section on these shared systems.
- 4.4. Although Internal Audit do not carry out specific audit work on Clyde Valley Learning and Development Joint Committee, the sharing of systems means that the assurances obtained in the Internal Audit Manager's annual assurance report to South Lanarkshire Council can be applied to those of Clyde Valley Learning and Development Joint Committee.
- 4.5. For 2021/2022, the Treasurer's opinion is that reasonable assurance can be placed on the adequacy and effectiveness of the Committee's framework of governance, risk management and control arrangements.

5. Employee Implications

- 5.1. None.

6. Financial Implications

- 6.1. There are no financial implications directly associated with this report.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

8. Other Implications

- 8.1. The statement will be subject to review by Audit Scotland as part of their audit of Clyde Valley Learning and Development Joint Committee's Annual Accounts.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 9.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

Jackie Taylor
Treasurer

23 May 2022

Previous References

- ♦ None

List of Background Papers

- ♦ Clyde Valley Learning and Development Joint Committee Annual Accounts Annual Governance Statement and Annual Accounts 2021/2022

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:

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Annual Governance Statement

The Joint Committee is responsible for putting in place proper arrangements for the governance of its activities in order to facilitate the effective operation of its functions. This includes ensuring that there are appropriate arrangements in place for the management of risk and that appropriate systems of internal control are in place. While the Joint Committee's governance arrangements have not been consolidated in a formal Code of Corporate Governance, the Annual Governance Statement has been prepared within the context of the Joint Committee's governance framework and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts. A self-assessment of compliance with CIPFA's new FM Code has been carried out as appropriate with the results feeding into the Annual Governance Statement.

Scope of Responsibility

In delivering its aims and objectives, the Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Joint Committee also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this responsibility, the Joint Committee's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Governance Framework

The Joint Committee operates a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised.

The main features of our governance arrangements are:

- All full member Councils continue to be represented on the Joint Committee.
- The scheme of delegation, terms of reference, financial regulations and stakeholder roles and responsibilities defined in 2007/2008 remain in place and have been reviewed for relevance and to determine if they are still appropriate. The standing orders were updated and approved in 2019/2020.
- Meetings of the Joint Committee are held three times a year chaired by the elected Convener of the Joint Committee. For 2021/2022, this was Councillor Katy Loudon (South Lanarkshire Council).
- Scheme of delegation allows for Clyde Valley Implementation Steering Group to manage, direct and prioritise the work programme.
- Minute of agreement has been produced and signed by each of the participating Councils, with a revised Minute of Agreement being approved to reflect the changes in membership and fee structure for 2019/2020 onwards.
- Effective risk management arrangements are embedded within the Member Councils.

The system of internal controls is based on a framework of regular management information, financial regulations, administrative procedures, management and supervision and a system of delegation and accountability.

These arrangements follow the systems of financial management in place within the lead authority, South Lanarkshire Council and are subject to the relevant controls in place which are reviewed by the Internal/External Audit through a programme of audit work. The overall audit opinion for the Joint Committee is informed by the assurances obtained from systems audits carried out by Internal Audit on the Council's shared systems.

The system includes:

- Centralised invoicing and re-charging administered through South Lanarkshire Council.
- Financial Management arrangements through South Lanarkshire Council's FMS Ledger system supported by Financial Regulations.
- Risks are identified and managed by the Project Manager on an ongoing basis.
- Preparation of financial reports that compare actual expenditure and income against budgets.

During 2021/2022, 'shared system' audits and reviews were undertaken in relation to COVID 19 emerging fraud risks for areas provided to the Joint Committee under agreement with the Council, such as accounts payable and IT security. In these areas, there was reasonable assurance around the effectiveness of controls and no significant issues were identified that should be separately reported to the Joint Committee.

Statement on the Role of the Chief Financial Officer

CIPFA published the statement on the role of the Chief Financial Officer in 2010 and under the Code, the Joint Committee is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact.

The Joint Committee's financial management arrangements comply with the principles set out in CIPFA's statement on the Role of the Chief Financial Officer.

CIPFA FM Code

The Chartered Institute of Finance and Public Accountancy (CIPFA) has introduced a Financial Management Code (the FM Code). The FM Code provides "guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code, authorities will be able to demonstrate their financial sustainability". A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.

The principles of the FM Code have been reviewed as part of the Joint Committee's internal governance regime. In 2020/2021, a self-assessment was carried out during the year which identified that the Joint Committee where appropriate had fully embedded all but one of the principles of the Code in its normal business by the end of that year.

The principle to ensure there is a statement regarding the Joint Committee's adequacy of reserves in the budget strategy paper, had not been fully embedded.

In February 2022, the 2022/2023 budget paper was presented to the Joint Committee. Whilst the paper did not include a formal statement, the paper assessed the adequacy of the funding for the coming year (2022/2023), including the approved use of the accumulated reserves to assist with the costs of a contract extension in 2021/2022, and determined that the funding in-year was sufficient to operate the Project as a going concern with reserves available to help with other Project Work.

Continuous Improvement

As the work of the Clyde Valley Learning and Development Joint Committee develops, I am aware of our governance duties and will continue my commitment to transparency and openness in our governance arrangements. No issues have been identified during 2021/2022 and I will continue to review these as appropriate during 2022/2023.

COVID-19 Pandemic Governance Arrangements

While there was initial disruption to the ability to undertake training courses in-person as a result of the ongoing pandemic, the work of the Clyde Valley Learning and Development Joint Committee was able to continue to progress in a number of areas virtually during 2021/2022, with an increased demand on e-learning services. South Lanarkshire Council staff continued to have access to IT systems and have been able to provide ongoing support to the Joint Committee in the normal way.

While the Joint Committee has continued to deliver services virtually where possible during the various phases of the pandemic, there has been no changes to the governance arrangements in place except for the changes made in response to the pandemic.

Information technology has been at the forefront of the transition to home working for everyone, and the Joint Committee's e-learning infrastructure has actively assisted in delivering online services, learning and communications for the member authorities.

The membership structure and funding model agreed in recent years has been maintained with a healthy number of councils retaining their membership in each of the categories available.

Assurance

The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

It is my view that in the fifteenth year of the Clyde Valley Learning and Development Joint Committee (financial year 2021/2022), reasonable assurance can be placed on the adequacy and effectiveness of the Committee's framework of governance, risk management and control arrangements.

Jackie Taylor

Treasurer - Clyde Valley Learning and Development Joint Committee

20 June 2022