

Report

Report to:	Clyde Valley Learning and Development Joint Committee
Date:	10 June 2024
Report by:	Treasurer to Clyde Valley Learning and Development Joint Committee

Subject:	Annual Governance Statement 2023/2024
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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 2023/2024 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 2023/2024 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 2023/2024 considered guidance detailed within the Delivering Good Governance in Local Government Framework.

4. Annual Governance Statement for 2023/2024

4.1. The Annual Governance Statement for 2023/2024 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 procedure (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 the 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 2023/2024, the Treasurer's opinion is that reasonable assurance can be placed on the adequacy and effectiveness of the Joint 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 this report.

Jackie Taylor

Treasurer to Clyde Valley Learning and Development Joint Committee

9 May 2024

Previous References

- ◆ None

List of Background Papers

- ◆ Clyde Valley Learning and Development Joint Committee Annual Accounts 2023/2024.

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 FM Code was carried out previously. The principles are incorporated 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 most recently updated and approved in 2023.
- Meetings of the Joint Committee are held three times a year chaired by the Convener of the Joint Committee. For 2023/2024, this was Councillor Lynsey Hamilton (South Lanarkshire).
- Scheme of Delegation allows for Clyde Valley Project Steering Group to manage, direct and prioritise the work programme.
- The previous Minute of Agreement approved by each of the participating Councils, reflecting the changes in membership and fee structure for 2019/2020 onwards still stands.
- 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.
- Employees adhere to the range of policies including the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures operated by South Lanarkshire Council. These continue to be updated to reflect best practice and support a culture of ethical behaviour amongst employees and Councillors.

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 were 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.

It was acknowledged that 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 2024, the 2024/2025 Membership and Funding 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 (2024/2025) 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 2023/2024 and I will continue to review these as appropriate during 2024/2025.

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 seventeenth year of the Clyde Valley Learning and Development Joint Committee (financial year 2023/2024), 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

Councillor Lynsey Hamilton

Convener - Clyde Valley Learning and Development Joint Committee