

Statement of Governance and Internal Control 2012/13

BACKGROUND

Argyll and Bute Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the economic, efficient and effective use of public money.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework Note for Scottish Authorities – Delivering Good Governance in Local Government (2007).

A copy of the Code may be obtained from the Head of Governance and Law, Kilmory, Lochgilphead, PA31 8RT.

THE GOVERNANCE FRAMEWORK

The Code of Corporate Governance details how the Council will demonstrate compliance with the fundamental principles of Corporate Governance for public sector bodies to the following six headings:

- Focusing on the purpose of the Authority and on outcomes for the community, and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

GOVERNANCE ROLES AND RESPONSIBILITIES

Argyll and Bute Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The Director of Customer Services as Monitoring Officer has responsibility for:

- Overseeing the implementation of the Code of Corporate Governance and monitoring its operation; and
- Reporting annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness

Account has been taken of the results of reviews of internal control that have been carried out within each Council Service. Specific responsibilities are assigned to the Head of Strategic Finance to ensure that public funds are properly accounted for.

INTERNAL FINANCIAL CONTROL

In ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned, this statement also covers the other bodies whose activities are incorporated into our Group Accounts, i.e.

- Strathclyde Joint Police Board;
- Strathclyde Fire and Rescue Joint Board;
- Dunbartonshire and Argyll & Bute Valuation Board;
- Strathclyde Partnership for Transport; and
- Strathclyde Concessionary Travel Scheme Joint Committee.

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

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. Development and maintenance of the system is undertaken by officers within the Council and the above named bodies. In particular the system includes:

- Comprehensive budgeting systems;
- Regular reviews by the Council and the above named bodies of periodic and annual financial reports which indicate financial performance against forecast;
- Setting targets to measure financial and other performance;
- The preparation of regular financial reports which indicate actual expenditure against forecast;
- Clearly-defined capital expenditure guidelines;
- Project management disciplines;
- Guidance relating to financial processes, procedures and regulations; and
- An effective Internal Audit Section.

RISK MANAGEMENT

The Council's Risk Management and Business Continuity Strategies continued to be developed in 2012/13. Throughout the year the Audit Committee received regular reporting from the Head of Strategic Finance to assist them in their assessment of internal control and risk. The Audit Committee also received and reviewed reports on both business continuity and governance arrangements from the Head of Governance and Law.

INTERNAL AUDIT

Argyll and Bute Council and the above named bodies have an internal audit function, which operate to standards defined in the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom. The work of internal audit is informed by an analysis of the risk to which the Council and the above named bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's and the named bodies' Audit Committees endorse the analysis of risk and internal audit plans.

The Chief Internal Auditor provides the Audit Committee with an annual report on internal audit activity in the Council. The report includes an independent opinion on the adequacy and effectiveness of the Council's systems of governance and internal control and concludes that systems for internal control were effective during 2012/13 with no identified material weaknesses.

ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for further development the following areas for consideration during 2013/14, particularly in the context of the continuous improvement within the Council:-

- The continued development and support of the corporate improvement plan;
- Continued development of performance management throughout the Authority by means of Pyramid, the Council Performance Management System;
- The implementation of performance self-assessment using the Public Service Improvement Framework (PSIF);
- Risk management and business continuity will continue to be developed and embedded within the Department;
- To maintain the quality of services in a time of budget constraints and continued implementation of agreed budget savings; and
- Ensure delivery of key objectives through continued close working with Community Planning Partners (CPP).

ASSURANCE

The review of the effectiveness of the system of governance and internal financial control is informed by:

- The work of Officers within the Council;
- The work of Internal Audit as described above;
- The work of External Audit;
- The Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts;
- External review and inspection reports; and
- Recommendations from the Audit Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2012/13 and that there are no significant weaknesses. This assurance is limited, however, to the work undertaken during the year and the evidence available at the time of preparing this statement.

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Leader

Sally Loudon
Chief Executive

Bruce West
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