



REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 29 JUNE 2023

SUBJECT: LOCAL CODE OF CORPORATE GOVERNANCE – UPDATE & AUDIT COMMITTEE SELF ASSESSMENT OF GOOD PRACTICE

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1. To provide the Committee with an opportunity to comment on the updated sources of assurance for informing the governance principles as set out in the Chartered Institute of Public Finance (CIPFA) /Society of Local Authority Chief Executives (SOLACE) 'Delivering Good Governance in Local Government Framework' document. Also for information the self assessment of good practice as set out in the CIPFA "Audit Committee Member in Local Authority" 2022.

2. RECOMMENDATION

2.1. It is recommended that the Committee:

- i) consider and note the content of this report;
- ii) consider and note the sources of assurance utilised in reviewing and assessing the effectiveness of the MIJB's governance arrangements;
- iii) approve the updated Local Code of Corporate Governance which supports the Annual Governance Statement, in APPENDIX 1; and
- iv) approve the self assessment of good practice, in APPENDIX 2

3. BACKGROUND

- 3.1 The MIJB is responsible for ensuring that its business is conducted in accordance with the law and relevant standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 3.2 The MIJB has a statutory duty to conduct a review at least once in each financial year of the effectiveness of its system and to include a statement reporting the review within its Statement of Accounts. The MIJB does this

through its Annual Governance Statement which is published as part of its Annual Accounts.

- 3.3 The MIJB has established arrangements and continues to develop its governance framework which includes the system of internal control. This system is intended to manage risk and support the achievement of the MIJB's policies, aims and objectives. Reliance is placed on the NHS Grampian and Moray Council systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives; to the extent that these are complementary to those of the MIJB.

4. KEY MATTERS RELEVANT TO RECOMMENDATION

- 4.1 In April 2016 an updated CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' was published. The framework, whilst written in a local authority context, is applicable to integration authorities particularly as legislation recognises an IJB as a local government body under part VII of the Local Government (Scotland) Act 1973.
- 4.2 The Framework defines the principles that should underpin the governance arrangements and provides a structured approach. On 24 June 2021, the MIJB approved an updated Local Code of Corporate Governance based on the Framework and adopting the principles by which to evaluate performance (para 8 of the minute refers). The principles as set out in the CIPFA/SOLACE Framework are:
- a. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law,
 - b. Ensuring openness and comprehensive stakeholder engagement,
 - c. Defining outcomes in terms of sustainable economic, social and environmental benefits,
 - d. Determining the interventions necessary to optimise the achievement of intended outcomes,
 - e. Developing the entity's capacity, including the capability of its leadership and the individuals within it,
 - f. Managing risk and performance through robust internal control and strong public financial management; and
 - g. Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 4.3 The term 'Local Code' refers to the governance structure in place and is a statement of the policies and procedures by which functions are directed and controlled and how engagement with service users, the local community and other stakeholders is carried out. The collective policies and procedures of the MIJB constitute a Local Code of Corporate Governance.
- 4.4 The MIJB can achieve good governance by demonstrating that its governance structures comply with the principles as set out in the Framework. Regular review is carried out to assess the MIJB's performance against the principles, identify areas for development and inform the Annual Governance Statement.
- 4.5 In response to Covid-19, the Chartered Institute of Public Finance and Accountancy (CIPFA) has produced additional guidance in relation to the

impact of the pandemic on governance arrangements with particular relevance to the annual review of the system of internal control and the publication of the Annual Governance Statement (AGS). **APPENDIX 1** displays the sources utilised in assessing MIJB's compliance against each governance principle. With regard to the partnership model of operation, reliance is also placed on the systems and procedures of Moray Council and NHS Grampian and so for completeness, assurance sources are listed for these organisations.

- 4.6 Under the CIPFA Position Statement and "the audit committee member in a local authority", recommends that audit committees report annually on their performance to those charged with governance. CIPFA's good practice guide includes a checklist for audit committees to use as part of their assessment of performance. The checklist provides a high level review and a regular self assessment is used to support the planning of the audit committee work programme and training plans as well as help inform the annual report. The first assessment is attached at **APPENDIX 2**.

5. SUMMARY OF IMPLICATIONS

- (a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Plan "Partners in Care 2022 – 2032"**
Good governance arrangements are fundamental to the effective delivery of the Strategic Plan.
- (b) Policy and Legal**
MIJB is subject to the audit and accounts provisions of a body under Section 106 of the Local Government (Scotland) Act 1973. The production and publication of the Annual Governance Statement is integral to this process.
- (c) Financial implications**
None arising directly from this report.
- (d) Risk Implications and Mitigation**
Effective governance is essential in providing the framework for the MIJB to conduct its business. The annual review of governance arrangements aims to ensure that internal controls, risk management and associated governance arrangements are being constantly developed with the aim of providing reasonable assurance on the framework as a whole. Regular review and application of a Local Code of Corporate Governance supports this process as well as the self assessment checklist.
- (e) Staffing Implications**
None arising directly from this report.
- (f) Property**
None arising directly from this report.
- (g) Equalities/Socio Economic Impact**
None arising directly from this report as there has been no change to policy.

(h) Climate Change and Biodiversity Impacts

None arising directly from this report.

(i) Directions

None arising directly from this report.

(j) Consultations

Consultation on this report has taken place with the MIJB Chief Internal Auditor and Internal Audit Manager to the Moray Council, the Financial Governance Manager, NHS Grampian, the MIJB Corporate Manager, the Head of Legal and Democratic Services in the Moray Council who are in agreement with the contents of this report as regards their respective responsibilities.

6. CONCLUSION

6.1. The Committee are asked to approve the updated Local Code of Corporate Governance to support the effective governance processes and the Annual Governance Statement of the MIJB.

6.2. The Committee are asked to approve the draft self assessment checklist of the audit committee.

Author of Report: Deborah O'Shea, Interim Chief Financial Officer & Sonya Duncan, Corporate Manager.

Background Papers: with author

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