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**REPORT TO: MORAY INTEGRATION JOINT BOARD ON 27 JUNE 2019**

**SUBJECT: LOCAL CODE OF CORPORATE GOVERNANCE - UPDATE**

**BY: CHIEF FINANCIAL OFFICER**

## **1. REASON FOR REPORT**

- 1.1. To provide the Moray Integration Joint Board (MIJB) 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.

## **2. RECOMMENDATION**

**2.1. It is recommended that the Moray Integration Joint Board consider and:**

- i) note the content of this report**
- ii) note the sources of assurance utilised in reviewing and assessing the effectiveness of the MIJB's governance arrangements, and;**
- iii) approves the updated Local Code of Corporate Governance (Appendix 1) to continuously support the production of the Annual Governance Statement.**

## **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 by including an 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 14 December 2017, the Audit and Risk Committee approved a Local Code of Corporate Governance based on the Framework and adopting the principles by which to evaluate performance (para 7 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 will be carried out to assess the MIJB's performance against the principles, identify areas for development and inform the Annual Governance Statement.
- 4.5 **APPENDIX 1** sets out the proposed sources for assessing MIJB's compliance against each governance principle. Given the MIJB is still in the early years of

development, it should be noted that the listed sources will continue to be developed. 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.

## **5. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2016 – 2019**

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. The continuous review and application of a Local Code of Corporate Governance supports this process.

### **(e) Staffing Implications**

None arising directly from this report.

### **(f) Property**

None arising directly from this report.

### **(g) Equalities/Socio Economic Impact**

An Equalities Impact Assessment is not required because there is no change to policy as a result of this report.

### **(h) Consultations**

Consultation on this report has taken place with Legal Services Manager, the MIJB Chief Internal Auditor and Internal Audit Manager to

the Moray Council and the Assistant Director of Finance, NHS Grampian who are in agreement with the contents of this report as regards their respective responsibilities.

## **6. CONCLUSION**

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

Author of Report: Tracey Abdy, Chief Financial Officer

Background Papers: with author

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