

Report To: Corporate Governance Committee

Date of Meeting: 3 September 2014

Lead Member / Officer: Julian Thompson-Hill, Leader Member for Finance & Assets

Report Author: Ivan Butler, Head of Internal Audit

Title: Governance in Arms-Length Organisations

1. What is the report about?

This report provides the Committee with details of the Head of Internal Audit's preliminary work and report on an assessment framework for the Council to gain assurance on governance and performance from its 'arms-length' organisations.

2. What is the reason for making this report?

Performance Scrutiny initially requested a report on how it could gain assurance on the performance of 'arms-length organisations', which the Head of Internal Audit agreed to develop into his project for CIPFA's Certificate in Corporate Governance. It was later agreed that the report should be presented to the Corporate Governance Committee as it covers a wider remit than performance.

3. What are the Recommendations?

Committee considers and comments on the Head of Internal Audit's report.

4. Report details.

The Head of Internal Audit's report is included in Appendix 1 and forms the first phase of a project to develop a robust framework to monitor governance arrangements in 'arms-length organisations' or, as the report refers to them, Council funded service providers' (CFSPs). The report provides examples of good practice and guidance from Scotland and suggests a way forward for the Council to develop a simple but effective framework that is hopefully not too bureaucratic.

At this stage, the recommendations are generic, but the next phase is to develop a specific framework for the Council for implementation by 1 April 2015, consulting with services, CFSPs and elected members along the way. The framework could also be developed for use in partnerships and large third party contract arrangements, where the Council relies heavily on third parties to deliver key services.

The new framework for monitoring CFSPs will contribute significantly to the Council's own governance arrangements and address a significant governance weakness highlighted in its 'annual governance statement' so that its stakeholders are assured

that public money is fully accounted for and used for its intended purpose in delivering DCC's corporate priorities and statutory duties.

Further reports will be made to this Committee as phase two progresses.

How does the decision contribute to the Corporate Priorities?

There is no decision required for this report.

5. What will it cost and how will it affect other services?

There are no costs attached to this report.

6. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

7. What consultations have been carried out with Scrutiny and others?

Corporate Executive Team discussed the report on 28 July 2014, agreeing continuation to phase two.

8. Chief Finance Officer Statement

Not applicable – information report only

9. What risks are there and is there anything we can do to reduce them?

Not applicable – information report only

10. Power to make the Decision

Not applicable – information report only