ITEM No …12……..

REPORT TO: **SCRUTINY AND AUDIT COMMITTEE - 24 JUNE 2026**

REPORT ON: **ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2026**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **139-2026**

1. PURPOSE OF REPORT

To present the Annual Governance Statement for approval and inclusion into the unaudited Annual Accounts for the year ended 31 March 2026.

2. RECOMMENDATIONS

It is recommended that the Committee:

(i) notes the contents of this covering report;

(ii) approves the Annual Governance Statement which is included as an Appendix to this report;

(iii) instructs the Executive Director of Corporate Services to include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2026; and

(iv) notes that a copy of the approved Annual Governance Statement will be submitted to the Dundee Health and Social Care Partnership for assurance purposes.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the agreement of this report.

4. BACKGROUND

4.1 The relevant statutory provisions regarding the preparation of the Council's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 5 of these regulations require "…an annual review of the effectiveness of a local authority's system of internal control. The findings of that review are to be considered at a meeting of elected members, and following that review, members must approve an Annual Governance Statement. There is no requirement to have separate meetings for the consideration of the findings and then the approval of the Annual Governance Statement. Both may be undertaken at the same meeting."

4.2 As in previous years the Annual Accounts (including the Annual Governance Statement) will be prepared in accordance with the Code of Practice on Local Authority Accounting (the Code) which stipulates that the following information should be included in the Annual Governance Statement: -

(i) An acknowledgement of responsibility for ensuring there is a sound system of governance;

(ii) An indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide;

(iii) A brief description of the key elements of the governance framework;

(iv) A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of the Council, internal audit and other explicit reviews/assurance mechanisms;

(v) An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan;

(vi) A specific statement on whether the Council's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* (2016) as set out in the CIPFA's *Delivering Good Governance in Local Government: Framework (2016)* and where they do not, an explanation of how they deliver the same impact; and

(vii) A specific statement on whether the Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019). Compliance or reasons for non-compliance with the FM Code must be reported in the Council's Annual Governance Statement.

4.3 The Annual Governance Statement for the year ended 31 March 2026 is included on Appendix A.

5. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6. CONSULTATIONS

The Council Leadership Team were consulted in the preparation of this report.

7. BACKGROUND PAPERS

None.

PAUL THOMSON
EXECUTIVE DIRECTOR OF CORPORATE SERVICE

DATE: 9 JUNE 2026

APPENDIX A

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Dundee City Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these duties Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Council has approved and adopted a Local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) framework Delivering Good Governance in Local Government. The Local Code of Corporate Governance explains how Dundee City Council delivers good governance and this Annual Governance Statement reviews the effectiveness of these arrangements.

In addition, the Council is responsible for confirming effective corporate governance arrangements exist within its other group entities. In line with Accounts Commission guidance, including Safeguarding Public Money: are you getting it right?, Following the Public Pound and Arm’s Length External Organisations (ALEOs): are you getting it right?, part of that responsibility is about ensuring that public money is being used appropriately and achieving Best Value.

The Council's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It also describes the way it engages with, accounts to and leads the local community. It enables the Council to monitor the achievement of its planned objectives and outcomes and to consider whether those objectives and outcomes have led to the delivery of appropriate, cost-effective services.

The Local Code of Corporate Governance is supported by detailed evidence of compliance which is regularly reviewed by a working group of senior officers.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented altogether or detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision and checking.

The overall control arrangements include:-

- Identifying the Council's objectives in the Council Plan, Community Plan and Local Outcomes Improvement Plan (City Plan).
- Monitoring of achievement of those objectives and outcomes by the Council and senior officers.
- A systematic approach to monitoring service performance at Elected Member, senior officer and project level.
- Reporting performance regularly to Council committees.
- Three-year service plans for all service areas. Regular performance reports in relation to the service plans began to be reported to relevant Committees from November 2021.
- Performance Management Framework.
- Clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers.
- A Monitoring Officer to ensure compliance with laws and regulations.

- A Scrutiny and Audit Committee and individual Service Committees.
- Approved Corporate Fraud and Corruption Policy including "whistleblowing" arrangements under the Public Interest Disclosure Act 1998.
- Ethical Values Framework.
- A Corporate Integrity Group.
- A Serious Organised Crime Group.
- Senior Officer Resilience Group.
- Council Leadership Team and each Service's Senior Management Teams.
- Participating in the National Fraud Initiative for sharing and cross-matching data with regular reports to Committee.
- Formal project appraisal techniques and project management disciplines.
- Setting targets to measure financial and service performance.
- Long-term Financial Outlook and Financial Strategy 2020-2030.
- Medium-term Financial Strategy.
- Longer-term Revenue Budget Model.
- Formal revenue and capital budgetary control systems and procedures.
- Clearly defined capital expenditure guidelines.
- A Capital Governance Group consisting of senior officers from across Council services and chaired by the Executive Director of Corporate Services.
- The Council, together with NHS Tayside have established an Integrated Health and Social Care Partnership (HSCP). The HSCP has established a governance structure and an integrated senior management structure to support delivery of its key objectives and outcomes.
- An Our People Strategy is in place to support delivery of the Council Plan and its strategic priorities.
- A Risk Management Policy and Strategy, Strategic and Service Risk Registers.
- Corporate Risk and Assurance Board, chaired by the Executive Director of Corporate Services as Senior Responsible Officer for risk.
- Corporate Governance Assurance Statement Group.
- Strategic Information Governance Group.
- Data Protection Policy and Data Breach Management Procedure.
- The assurances provided by internal audit through their independent review work of the Council's governance, risk management and control framework.
- Chief Social Work Officer governance arrangements.

Review of Effectiveness

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services and take into account comments made by external and internal auditors and other review agencies and inspectorates and prepare actions plans as appropriate.

The effectiveness of the governance framework is reviewed annually by a working group of senior officers. The 2025/2026 review of governance arrangements against the Local Code of Corporate Governance has identified the Council as being 99% (2024/2025: 99%) compliant with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government.

In addition, Executive Directors from each service have made a self-assessment, in conjunction with their senior management teams, of their own governance, risk management and internal control arrangements. This involved the completion of a 78-point checklist covering eight key governance areas of Service Planning and Performance Management; Internal Control Environment; Fraud Prevention and Detection; Budgeting, Accounting and Financial Control; Risk Management and Business Continuity; Asset Management; Partnerships; and Information Governance. This again indicated a high level of compliance, with an overall score above 94% for 2025/2026 (2024/2025: 93%).

The Internal Audit service provides independent and objective assurance on the adequacy and effectiveness of the Council's governance, risk management and control processes. The service operates in accordance with the Global Internal Audit Standards as applicable to the UK public sector and reports functionally to the Scrutiny and Audit Committee.

The Chief Internal Auditor provides an annual conclusion encompassing the Council's governance, risk management and control, drawing on audit work undertaken during the year. This conclusion informs the annual review of governance and supports the assurance provided in this Statement.

The Corporate Fraud Team investigates allegations of fraud and corruption and reports outcomes and trends to the Scrutiny and Audit Committee. No fraud identified during 2025/2026 was material to the Council's financial position.

The Council has undertaken a comprehensive self-assessment of its internal audit arrangements against the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (2025), and concludes that it generally conforms with the requirements of the Code, with robust governance, oversight and organisational arrangements in place to support effective internal audit. The Scrutiny and Audit Committee operates under Terms of Reference that align with CIPFA best practice. Internal audit operates under a formally approved mandate and charter aligned to regulatory requirements. There are clear reporting lines to the Scrutiny and Audit Committee, which provides effective oversight through approval of audit plans, monitoring of performance, and review of the Chief Audit Executive's annual conclusion and Global Internal Audit (UK Public Sector) conformance assessment. Arrangements are in place to safeguard independence, including unrestricted access to information and direct engagement with elected members, supported by appropriately qualified leadership and defined quality assurance processes, including external review.

Overall, the Council is satisfied that internal audit is operating effectively and continues to provide independent and objective assurance on governance, risk management and internal control, in line with the principles of the Global Internal Audit Standards as applicable in UK Local Authorities, which include the Code.

The Executive Director of Corporate Services complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance. The Council's financial management arrangements conform with the requirements of the CIPFA Financial Management (FM) Code (2019).

Continuous Improvement Agenda

The Council's progress against the Continuous Improvement Agenda items for 2025/2026 is detailed at Appendix 1. One item is still in progress and have been carried forward to be actioned in 2026/2027. Additional areas for improvement have also been identified by the Council's Corporate Governance Assurance Statement Group, and these are included, along with the areas for improvement carried forward, at Appendix 2 and form the Continuous Improvement Action Plan for 2026/2027. These were identified by Executive Directors and Heads of Services in the self-assessment checklists that were completed as part of the Council's assurance gathering process. The Council's Governance structure is shown at Appendix 3.

Group Entities

In respect of the Joint Boards, Joint Committee, Charities and Companies that fall within the Council's group boundary, the review of their governance, risk management and control framework is informed by: -

- Annual Governance Statements included in the respective financial statements of the Joint Boards and Tayside Contracts Joint Committee.

- Assurances from company directors and/or the other senior company officials.

- The work of the relevant bodies' respective external auditors (and where relevant internal audit function) and other interim reports.

- Completion of self-assessment checklists.

The Dundee City Integration Joint Board (DCIJB) and Dundee Health and Social Care Partnership (DHSCP) were formed in April 2016, at which time an approved Strategic and Commissioning Plan was in place and proper due diligence had been carried out in respect of the financial contributions transferred to the DCIJB at the outset. The Scottish Government, Integrated Resources Advisory Group, Finance Guidance includes a section on Following the Public Pound which details the requirement to put in place arrangements to maintain control and clear public accountability over public funds. More specifically, these arrangements should cover the resources delegated to the DCIJB by the Council and NHS Tayside as well as the resources allocated to the Council and NHS Tayside by the DCIJB to be used as directed and set out in the Strategic and Commissioning Plan. In terms of Council resources, projected outturns against budgets have been and will continue to be monitored and reviewed on a continuous basis with corresponding reports being presented to the DCIJB at regular intervals. In addition, the Council's City Governance Committee is responsible for the scrutiny of integrated health and social care. The Section 95 Officers from the Council and the DCIJB have worked, and will continue to work, together closely. Over time, the format and focus of monitoring will change as budgets and services become more integrated and aligned with the priorities set out in the Strategic and Commissioning Plan.

DCIJB comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the DCIJB. During 2025/2026 financial year, formal DCIJB meetings have moved from online-only to hybrid with option to attend either in-person or online.

Conclusion

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Council complies with the Local Code of Corporate Governance in all significant respects for 2025/2026. It is proposed over 2026/2027 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Council's governance arrangements.

Gregory Colgan **Chief Executive, Dundee City Council** **24 June 2026**	**Mark Flynn** **Leader of the Council** **24 June 2026**

APPENDIX 1

CONTINUOUS IMPROVEMENT AGENDA FOR 2025/2026 - WITH PROGRESS UPDATES

The Council's Corporate Governance working group identified the following areas for improvement to be taken forward during 2025/2026. Full details are included in the Council's Local Code of Corporate Governance (168-2025) and the 2024/2025 Annual Governance Statement (181-2025) updated for final version in 2024/2025 Audited Accounts to Scrutiny and Audit Committee on 24 September 2025 (274-2025).

	Improvement	Source	Details	Responsible Officer	Target Completion Date
1	Continue to develop Business Continuity Strategy.	Local Code of Corporate Governance 2017/2018. (Principle F: Managing Risk). Report 223-2017	Completed	Service Manager - Community Safety and Resilience	31/03/2026
2	Replace Construction Services' Costing System.		Carried forward from 2024/2025. In progress.	Head of Construction and Head of Customer Services and IT	30/06/2026
3	Implementation of Corporate Property Management system.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Carried forward from 2024/2025. In progress.	Head of Design and Property Services	31/03/2027
4	Review the Council's Standing Orders.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Completed	Head of Democratic and Legal Services	30/06/2025
5	Roll-out advanced risk management training module for senior officers.	Corporate Governance Assurance Statement Group.	Completed	Head of Corporate Finance	31/10/2025
6	Ensure basic financial ledger mandatory training for all budget holders.	Annual Governance Statement 2024/2025. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	Completed	Head of Corporate Finance	31/03/2026
7	Procurement Strategy - Implementation of Sourcing Strategies in respect of procurement thresholds and any other changes includes in the review of Standing Orders.	Annual Governance Statement 2024/2025. (Self-Assessment Checklist (SAC): Budgeting, Accounting and Financial Control section).	Completed	Head of Corporate Finance	31/03/2026

* Carried forward items have been included in Appendix 3 with new target completion dates

APPENDIX 2

CONTINUOUS IMPROVEMENT AGENDA FOR 2026/2027

The Council's Corporate Governance working group has identified the following areas for improvement, full details are included in the Council's Local Code of Corporate Governance, to be taken forward during 2026/2027:

	Improvement	Source	Details	Responsible Officer	Target Completion Date
1	Implementation of Corporate Property Management System.	Annual Governance Statement 2022/2023. (Self-Assessment Checklist (SAC): Internal Control Environment section).	Implementation of replacement asset management database to manage the Council's physical property assets more effectively.	Head of Design and Property Services	31/03/2027
2	Mandatory Training and Development	Corporate Governance Assurance Statement Group.	Improving the rates of completion of mandatory training and development courses for all Council staff and elected members.	Head of People	31/03/2027
3	Freedom of Information Requests	Council Leadership Team	Undertake a review of the current FOISA process to ensure that services have appropriate arrangements in place to deal with these statutory requests on timeous basis.	Head of Democratic and Legal Services	31/03/2027
4	Awareness / Compliance with statutory legislation	Corporate Governance Assurance Statement Group / Risk & Assurance Board	Review current process for providing updates on regulatory and legislative matters within the Council.	Head of Democratic and Legal Services	31/03/2027
5	Implementation of an Integrated Corporate Performance Dashboard	Council Leadership Team	Establish a consolidated digital portal to enable performance to be managed effectively. This single dashboard will include all relevant financial and non-financial corporate management data including budget outturns, absence, staff training and development, quality conversations etc. The dashboard will also interface with existing databases or systems to ensure data displayed within is updated on an automated basis within minimal manual intervention. In addition, it is also intended to enable managers to interrogate data through use of software tools such as Power BI.	Head of Digital and Customer Services	30/06/2027

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APPENDIX 3

Dundee City Council's Governance Structure

Council

- Consists of 29 elected councillors, 3 or 4 for each of the 8 wards
- Appoints the Scrutiny & Audit Committee and other Committees
- Approves the policy framework and budget

Membership of Committees:

- Reflect the political balance of the Council
- Comprise all members of the Council (the exception being the Licensing and Scrutiny & Audit Committees)
- Convenors & Depute Convenors initially appointed in May of each election year
- Leader of the Administration Group will be the Convenor of the City Governance Committee
- Convenor of the Scrutiny & Audit Committee is elected from the opposition

Scrutiny & Audit Committee

- Meets 5 times per year and is ultimately responsible for strengthening the Council's service committee scrutiny arrangements through supplementary overview and scrutiny
- Seven other Standing Committees meet more regularly. The Scrutiny & Audit Committee has the power to refer any concerns to these committees as appropriate.

To find out more about the functions of the Scrutiny & Audit Committee, including its terms of reference and annual programme of reports please click the link to Report 274-2014

Elected Member Representation on the Boards of Outside Bodies

- Councillors are selected to represent the Council as Board Members of various outside bodies

To find out which councillors are Board Members of Outside Bodies please click the link: Outside Bodies

Standing Committees

Items of business are presented to committees to:

- Hold the Administration and Senior Officers to account for decisions taken and performance
- Examine issues in depth and make recommendations for policy development

To find out more about each committee please click the link: Committee Meetings and City Council & Committee Structure

Children and Families

Climate, Net Zero & Environment

City Growth & Infrastructure

Neighbourhood, Housing & Communities

City Governance

Planning

Licensing

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