

ANNUAL GOVERNANCE STATEMENT**STATEMENT 2**

Overall, the audit conclusions were positive. No areas were identified where control was considered to be unsound. Findings from audit and inspection reports ranked as of high importance are entered into the council's risk management system as risk actions. They are followed up formally by Internal Audit. Medium importance findings are followed up informally. Risk actions of high importance which remain outstanding after their target dates are reported to the Governance & Risk Board during the year and to the Audit Committee twice yearly. The up-to-date position for this reporting year was confirmed at Audit Committee in June 2024. Internal Audit also carried out unplanned work at the request of senior officers. This year, that concerned financial control over the Housing Need Homelessness budget and the invoicing system in Fleet Management. All of those feed into the annual review of the system of internal control, which in turn informs this statement.

9.4 The committee also deals with reports from the council's external auditor. It considers the External Audit Annual Plan in March each year which informs the council of the audit work to be undertaken in the course of the year by the external auditor. The external auditor's annual reports on the council's accounts, financial statements and best value arrangements are considered by full council in September each year. They are referred to the Governance & Risk Committee and Audit Committee for further scrutiny. Any actions identified are noted and are followed up through periodic reporting to committee on progress or completion. Satisfactory progress on the four actions identified in the external audit report for 2022/23 was reported to Audit Committee in June 2024.

9.5 The committee also considers reports issued by the Accounts Commission and/or Audit Scotland in relation to the council or local government as a whole. Examples are the Local Government in Scotland Overview and the Local Government in Scotland Financial Bulletin. It can consider those reports from the councillors' perspective and recommend any action which it considers should be taken in response.

10. Governance & Risk Committee

10.1 The committee takes a corporate overview of the council's corporate governance and risk management arrangements. It develops a culture of good corporate governance and risk awareness. It reviews the council's strategy and systems for the management of risk. It considers regular reports from the Governance Manager and the Audit, Risk & Counter Fraud Manager. Other reports are brought forward by other senior officers as requested by the committee through its work plan. It can consider external reports relevant to its remit.

10.2 The committee meets at least four times each year. It operates through a work plan presented to and updated after every meeting. The Chair of the committee must be drawn from members who are not in the ruling administration political group. The majority of members are from outwith that group. In March 2020 its membership was formally expanded to include a non-councillor member to bring different expertise, experience and perspective to the work of the committee. The appointment was renewed for three years at full council in May 2024, until September 2027.

10.3 The committee carries out an annual self-assessment exercise to identify improvements that might be made to the way it operates. It receives reports from services on their risk management arrangements. It considers reports at every meeting on the council's high risks and on health and safety incident reporting. It considers strategic risks bi-annually. It examines ad hoc risk and governance issues, such as information governance, business continuity, and compliance with the Councillors' Code of Conduct. It considers annual reports on themed groups of risks, such as fire, asbestos and legionella in operational buildings, and insurance risks and arrangements. It considers risk reports from the council's external risk advisers. It is responsible for approving the annual governance statement after considering the findings of the annual review of the system of internal control. It monitors progress against governance areas of concern through bi-annual monitoring reports.

11. Other internal scrutiny arrangements

11.1 The council deals with the remainder of its scrutiny function by members in four other places – Policy Development & Scrutiny Panels (PDSPs), Performance Committee, Education (Quality Assurance) Committee and West Lothian Leisure Advisory Committee. Except for the last of those, the majority of members on each of these bodies is from outwith the ruling administration political group.

11.2 PDSPs are working groups of members and representatives from external community bodies and the recognised trade unions. Their remits were updated and realigned following the local government elections in May 2022. Their scrutiny role involves considering quarterly performance reports from the service areas included in their remit. Members and external representatives are able to question officers on service performance and failures and make recommendations to them about improvement actions. Members receive information on both service and financial performance measured against agreed indicators and outcomes. In 2022/23 and 2023/24 PDSPs also considered fresh revenue budget savings measures being reported to council at its February budget-setting meetings and the responses to public consultation on those savings measures. They also consider Service Improvement Plans for each service, which are replacements for the Management Plans produced under the previous Corporate Plan. Corporate Policy & Resources PDSP and Education PDSP will in autumn 2024 receive annual reports on performance against the outcome and indicators contained in the suite of corporate strategies approved in November 2023 to support the Corporate Plan.