

Agenda Item 8

**Annual Accounts - Related Party
Transactions and Registers of
Gifts & Hospitality and Extra
Mural Employments**



Falkirk Integration Joint Board Audit Committee

25 September 2020

Annual Accounts - Related Party Transactions and Registers of Gifts & Hospitality and Extra Mural Employments

For Decision

1. Executive Summary

- 1.1 This paper describes a request by Falkirk Council to provide information in respect of related party transactions for Chief Officers and Senior Managers as part of the 2019/20 annual accounts process.

2. Recommendations

The Audit Committee is asked to:

- 2.1 Note the request by Falkirk Council.
- 2.2 Agree that the existing IJB register of interests is expanded to include the Senior Leadership Team.
- 2.3 Agree that the new expanded register of interests will be reviewed on an annual basis by the Senior Leadership Team.
- 2.4 Agree that the new expanded IJB register of interests is shared with Falkirk Council on an annual basis in order to support disclosure requirements in respect of related party transactions as part of their annual accounts process.

3. Background

- 3.1 Falkirk Council has requested that a “Statement of Assurance” is completed on behalf of Adult Social Work Services to record related party transactions in respect of IJB members and/or senior management during financial year 2019/20 (see appendix 1).
- 3.2 The statement of assurance is effectively an annual declaration of interests which forms part of the Local Authority annual accounts process. This reflects the requirements of the “Code of Practice on Local Authority Accounting” whereby all related party transactions must be disclosed as part of the notes to the accounts in a bid to improve corporate governance and transparency in terms of potential conflicts of interest and to maintain public confidence in local government processes.

3.3 Examples of related party transactions include, but are not limited to:

- The Council buying goods or services from a company owned or run by a member of staff or a member of their family;
- The award of funding to a third party organisation run by a member of staff or a member of their family;
- An Officer having paid employment outside Falkirk Council that could result in a conflict of interest;
- The influencing of how a third party organisation goes about its business on the basis of a Council Officer having influence over its management or operations;
- An application for a license or planning consent from a third party organisation (or individual) that is either owned / run by a Council Officer or a member of their family.

4. IJB disclosure arrangements

- 4.1 As part of the IJB's code of conduct, which aligns to the Ethical Standards in Public Life etc. (Scotland) Act 2000, the IJB already maintains a register of interests detailing the related party transactions of all IJB members. It is recommended that this register is routinely shared with Falkirk Council in order to provide the required disclosure information.
- 4.2 In order to fully support Falkirk Council's compliance with the Code of Practice on Local Authority Accounts, it is recommended that the IJB's existing register of interests is expanded to also include the interests of the Senior Leadership Team. Furthermore it is recommended that the new expanded register of interests is reviewed by the Senior Leadership Team on an annual basis in line with best practice and good corporate governance.

5. Conclusions

- 5.1 The existing IJB register of interests can be easily adapted to provide the necessary related party transaction disclosure information to Falkirk Council, minimising duplication.

Resource Implications

There are no resource implications arising from this report.

Impact on IJB Outcomes and Priorities

The report supports appropriate disclosure of related party transactions with individuals or organisations linked to Partners in order to identify actual or perceived opportunities to control and/or exert influence which may impact on IJB outcomes and priorities.

Legal & Risk Implications

The report provides assurance to Partners that good corporate governance arrangements are in place which support compliance with relevant regulations and legislation to mitigate potential financial, operational and reputational risks.

Consultation

There are no consultation requirements arising from this report.

Equalities Assessment

There are no equalities assessment requirements arising from this report.

6. Report Author

6.1 Jillian Thomson, Chief Finance Officer.

7. List of Background Papers

7.1 N/A

8. Appendices

Appendix 1: Statement of Assurance SWAS

APPENDIX 1 – Statement OF Assurance (Social Work Adult Services)

FALKIRK COUNCIL - Review of Related Party Transactions

The Code of Practice on Local Authority Accounting requires specific disclosures to be made in the Council's Annual Accounts in relation to 'Related Party transactions'.

While the Code provides a detailed and full definition of what constitutes a Related Party transaction, in practice this may include things like:

- The Council buying goods or services from a company owned / run by a member of staff or a member of their family;
- The award of funding to a third party organisation run by a member of staff or a member of their family;
- An Officer having paid employment outside Falkirk Council that could result in a conflict of interest;
- The influencing of how a third party organisation goes about it's business on the basis of a Council Officer having influence over it's management or operations;
- An application for a license or planning consent from a third party organisation (or individual) that is either owned / run by a Council Officer or a member of their family.

Fundamentally, the Code seeks to ensure disclosure of transactions with individuals or organisations linked to Falkirk Council where there is actual or perceived opportunity to control / exert influence.

For the purposes of this Statement of Assurance, could you please disclose in the box below details of any actual or potential Related Party Transactions relating to you or any member of your Management Team.

Details of Related Party Transaction

Please confirm:

- Details of any Chief Office / Manager external appointments, e.g. trustees/ directors of independent organisations; and
- Is the Gifts & Hospitality Register up to date and reviewed regularly by SMT?