



### Local Code of Corporate Governance update

**Committee**            Audit and Standards

**Date of meeting**    14 February 2020

**Date of report**    24 January 2020

#### Report by Assistant Chief Executive

##### 1. Object of report

To update the committee on the arrangements for the production of the Annual Governance Statement for 2019/20 and the Local Code of Corporate Governance used to inform this statement.

##### 2. Background

###### The Local Authority Accounts (Scotland) Regulations 2014

The Local Authority Accounts (Scotland) Regulations 2014 detail the statutory requirement for an annual review of the adequacy and effectiveness of the Partnership's system of internal control. The findings of this review must be considered at a meeting either of the Partnership or a committee whose remit includes audit or governance functions. Following consideration on the findings of this review, the Partnership/committee must approve an Annual Governance Statement which must be signed by the Chief Executive and the Chair of the Partnership.

###### The Seven Principles for Good Governance in the Public Sector

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.

The '*International Framework: Good Governance in the Public Sector*' provides a set of seven principles and supplementary guidance (to inform the Local Code of Corporate Governance) used to assist in the production of the Annual Governance Statement.

Acting in the public interest requires:

**A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

**B. Ensuring openness and comprehensive stakeholder engagement.**

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes.**

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

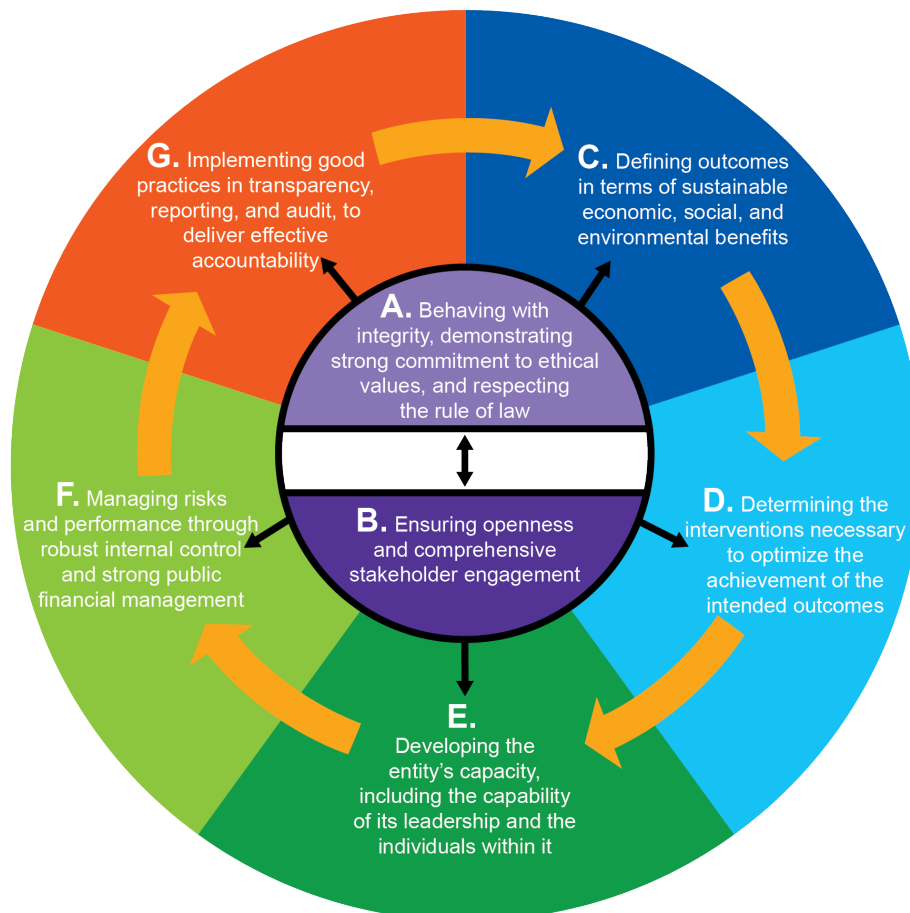
**F. Managing risks and performance through robust internal control and strong public financial management.**

**G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.**

Figure 1 illustrates how these seven principles for good governance in the public sector relate to each other. Principles A and B permeate implementation of principles C to G. Figure 1 also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review. The core, high-level principles characterising good governance in the public sector set out above bring together a number of interrelated concepts. Principles C to G are linked to each other via the “plan-do-check-act” cycle.

**Figure 1: Relationships between the Principles for Good Governance in the Public Sector**

### Achieving the Intended Outcomes While Acting in the Public Interest at all Times



## Self-assessment

The framework provides supplementary guidance for each of the seven principles. This guidance has been used to inform the Local Code of Corporate Governance for 2019/20.

### **3. Outline of proposals**

#### Local Code of Corporate Governance 2019/20

The Local Code of Corporate Governance 2019/20 has been populated with evidence of compliance to support each of the seven principles. A summary of evidence (documents) of compliance by principle has been prepared for ease of reference (see Appendix 1). This summary indicates the documents which will be subject to review in 2020/21.

### **4. Conclusions**

The *'International Framework: Good Governance in the Public Sector'* provides a set of principles and guidance (to inform the Local Code of Corporate Governance) to assist in the production of the Annual Governance Statement. The Chartered Institute of Public Finance and Accountancy (CIPFA) *'delivering good governance in Local Government Framework and guidance notes for Scottish authorities 2016 edition'* has informed this review.

The framework provides supplementary guidance and a list of questions to consider for each of the seven principles to inform the Local Code of Corporate Governance for 2019/20.

### **5. Committee action**

The committee is asked to note the arrangements for the production of the Annual Governance Statement for 2019/20 and the summary of documents to support the Local Code of Corporate Governance with an action plan for 2020/21 at Appendix 1.

### **6. Consequences**

Policy consequences	<i>As detailed in report.</i>
Legal consequences	<i>The Local Authority Accounts (Scotland) Regulations 2014 require an Annual Governance Statement to be included in the Annual Accounts.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

**Name** Valerie Davidson

**Name** Gordon Maclennan

**Title** Assistant Chief Executive

**Title** Chief Executive

For further information, please contact Iain McNicol, Audit and Assurance Manager, on 0141 333 3195.

Principle	
<b>A</b>	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
<b>B</b>	Ensuring openness and comprehensive stakeholder engagement.
<b>C</b>	Defining outcomes in terms of sustainable economic, social, and environmental benefits.
<b>D</b>	Determining the interventions necessary to optimise the achievement of the intended outcomes.
<b>E</b>	Developing the entity's capacity, including the capability of its leadership and the individuals within it.
<b>F</b>	Managing risks and performance through robust internal control and strong public financial management.
<b>G</b>	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Evidence document(s)	Lead officer	Principle							Date of last review	Action plan 2020/21
		A	B	C	D	E	F	G		
Annual report	Assistant Chief Executive	✓	✓	✓	✓	✓	✓	✓	June 2019	✓
Assurance framework	Audit and Assurance Manager	✓					✓	✓	January 2020	✓
Calendar of meetings, agendas and reports	Secretary to the Partnership	✓	✓	✓	✓	✓	✓	✓	On-going	✓
Code of Conduct for employees	Secretary to the Partnership	✓						✓	September 2018	
Code of Conduct for members	Secretary to the Partnership	✓						✓	September 2019	
Code of Corporate Governance	Secretary to the Partnership	✓	✓					✓	February 2020	✓
Communications Strategy	Media and Public Affairs Manager	✓	✓	✓					February 2020	
Complaints Handling Procedure	Assistant Chief Executive	✓	✓					✓	May 2014	
Corporate Risk Register	Audit and Assurance Manager	✓		✓	✓			✓	On-going	✓
Counter Fraud Strategy	Audit and Assurance Manager	✓						✓	November 2018	
Customer service standards	Assistant Chief Executive	✓	✓	✓	✓	✓	✓	✓	May 2014	
Data Protection Policy	Assistant Chief Executive	✓	✓					✓	September 2018	
Digital policies and guidance	Director of Finance	✓	✓			✓			November 2019	
Financial Regulations	Secretary to the Partnership	✓		✓	✓	✓	✓	✓	December 2016	
Financial statements	Assistant Chief Executive	✓	✓	✓	✓	✓	✓	✓	August 2019	✓
Guideline criteria subsidy limits	Head of Policy and Planning	✓	✓	✓	✓				June 2006	✓
HR policies and guidance	HR Manager	✓				✓	✓		August 2019	✓
Internal Audit plan	Audit and Assurance Manager	✓			✓			✓	February 2020	✓
Records Management Policy and plan	Assistant Chief Executive	✓						✓	August 2016	✓
Risk Management Strategy	Audit and Assurance Manager	✓		✓	✓			✓	November 2018	
Regional Transport Strategy	Head of Policy and Planning	✓	✓	✓	✓			✓	September 2019	✓
Safety performance report	Assistant Chief Executive	✓	✓					✓	August 2019	✓
Scheme of Delegated Functions	Secretary to the Partnership	✓	✓		✓	✓	✓	✓	April 2018	
Standing Orders of SPT	Secretary to the Partnership	✓	✓	✓	✓	✓	✓	✓	June 2017	
Standing Orders Relating to Contracts	Secretary to the Partnership	✓			✓			✓	December 2017	
Subway Modernisation programme	Director of Subway	✓	✓	✓	✓				December 2019	✓
Subway passenger survey	Director of Subway	✓	✓		✓			✓	April 2018	
Website and intranet	Director of Finance	✓	✓	✓	✓	✓	✓	✓	On-going	✓