



Local Code of Corporate Governance 2017/18

Committee Audit and Standards

Date of meeting 9 February 2018

Date of report 26 January 2018

Report by Assistant Chief Executive (Business Support)

1. Object of report

To update the committee on the arrangements for the production of the Annual Governance Statement for 2017/18 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.

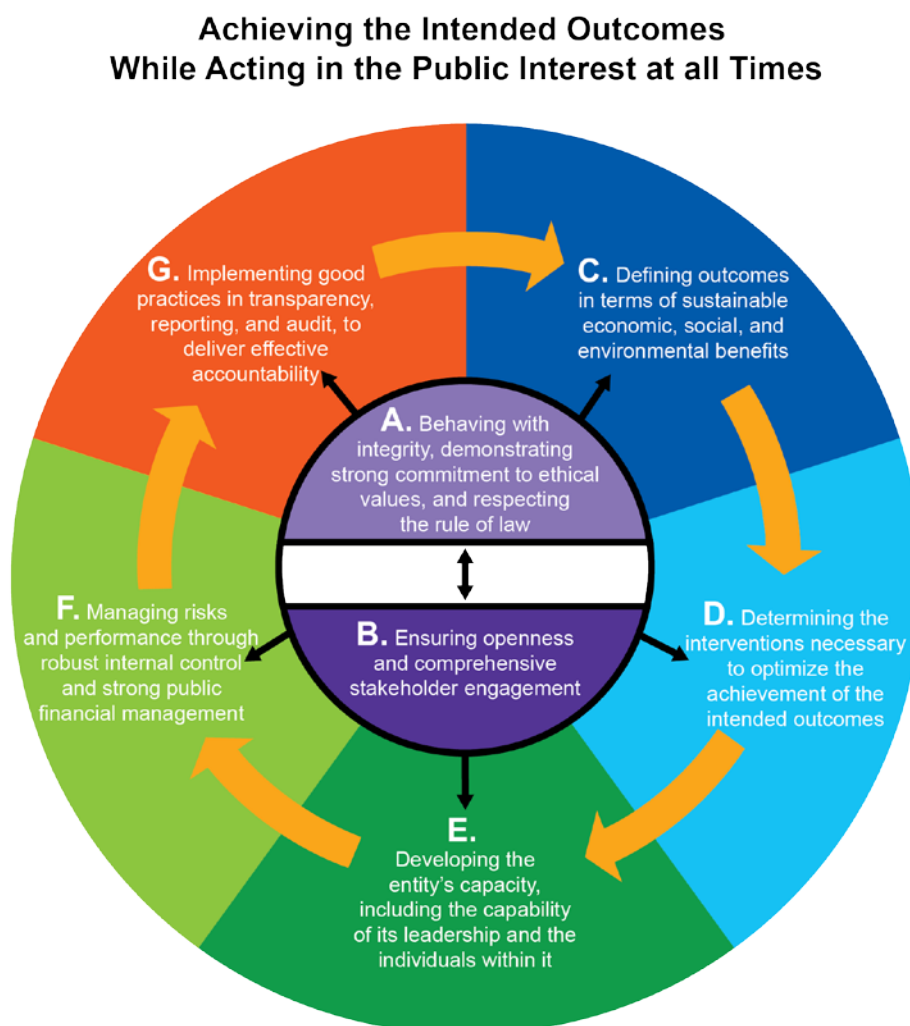
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

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



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 2017/18.

3. Outline of proposals

Local Code of Corporate Governance 2017/18

The Local Code of Corporate Governance 2017/18 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 2018/19.

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 2017/18.

5. Committee action

The committee is asked to note the arrangements for the production of the Annual Governance Statement for 2017/18 and the summary of documents to support the Local Code of Corporate Governance 2017/18 at Appendix 1.

6. Consequences

Policy consequences	<i>None</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>
Social Inclusion consequences	<i>None</i>
Risk consequences	<i>None</i>

Name Valerie Davidson

Name Gordon Maclennan

Title Assistant Chief Executive
(Business Support)

Title Chief Executive

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

Local Code of Corporate Governance 2017/18
Evidence (documents) of compliance by Principle

Principle	
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement.
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.

Evidence document(s)	Principle							Date of last review	Action plan 2018/19
	A	B	C	D	E	F	G		
Annual report	✓	✓	✓	✓	✓	✓	✓	June 2017	✓
Assurance framework	✓					✓	✓	January 2018	✓
Calendar of meetings, agendas and reports	✓	✓	✓	✓	✓	✓	✓	On-going	
Code of Conduct for employees	✓						✓	June 2015	
Code of Conduct for members	✓						✓	May 2014	
Code of Corporate Governance	✓	✓					✓	January 2018	✓
Communications Strategy	✓	✓	✓	✓	✓	✓	✓	March 2015	
Complaints Handling Procedure	✓	✓				✓	✓	May 2014	
Corporate Risk Register	✓		✓	✓		✓	✓	On-going	✓
Counter Fraud Strategy	✓					✓		June 2014	
Customer service standards	✓	✓	✓	✓	✓	✓	✓	May 2014	
Data Protection Policy	✓	✓				✓		May 2013	✓
Digital policies and guidance	✓	✓			✓			April 2014	✓
Financial Regulations	✓		✓	✓	✓	✓	✓	December 2016	
Financial statements	✓	✓	✓	✓	✓	✓	✓	September 2017	✓
HR policies and guidance	✓				✓	✓		September 2017	✓
Internal Audit plan	✓			✓		✓	✓	December 2017	✓
Members allowances and expenses guide	✓				✓		✓	May 2014	
Performance reports	✓	✓	✓	✓	✓	✓	✓	On-going	
Procurement Strategy	✓	✓	✓	✓		✓	✓	December 2016	✓
Publication scheme	✓	✓					✓	February 2016	✓
Records Management Policy and plan	✓						✓	August 2016	✓
Register of hospitality for employees	✓						✓	June 2015	
Register of interests for employees	✓						✓	June 2015	
Risk Management Strategy	✓		✓	✓		✓		March 2015	
Regional Transport Strategy	✓	✓	✓	✓			✓	September 2017	✓
Scheme of Delegated Functions	✓	✓		✓	✓	✓	✓	March 2017	
Service plans	✓		✓	✓	✓			October 2017	✓
Single Outcome Agreements (SOA) /Transport Outcome Reports (TOR's)	✓	✓	✓	✓			✓	September 2017	✓
Standing Orders of SPT	✓	✓	✓	✓	✓	✓	✓	June 2017	
Standing Orders Relating to Contracts	✓			✓		✓	✓	November 2016	
Statement on efficiency gains	✓					✓	✓	July 2017	✓
Subway Modernisation programme	✓	✓	✓	✓				June 2017	✓
Subway passenger survey	✓	✓		✓		✓	✓	May 2014	
Treasury Management Strategy	✓		✓	✓	✓	✓	✓	March 2017	✓
Website and intranet	✓	✓	✓	✓	✓	✓	✓	On-going	✓