



## Local Code of Corporate Governance update

**Committee**            Audit and Standards

**Date of meeting**    18 February 2022

**Date of report**    2 February 2022

### Report by Director of Finance & Corporate Support

#### 1. Object of report

To update the committee on the arrangements for the production of the Annual Governance Statement for 2021/2022, and the Local Code of Corporate Governance used to inform this statement.

#### 2. Background

The Local Authority Accounts (Scotland) Regulations 2014 requires SPT prepare an annual governance statement which details 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. In SPT the Audit & Standards Committee are charged with this responsibility. 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 and included within the audited financial statements.

The Governance Framework considers 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.**

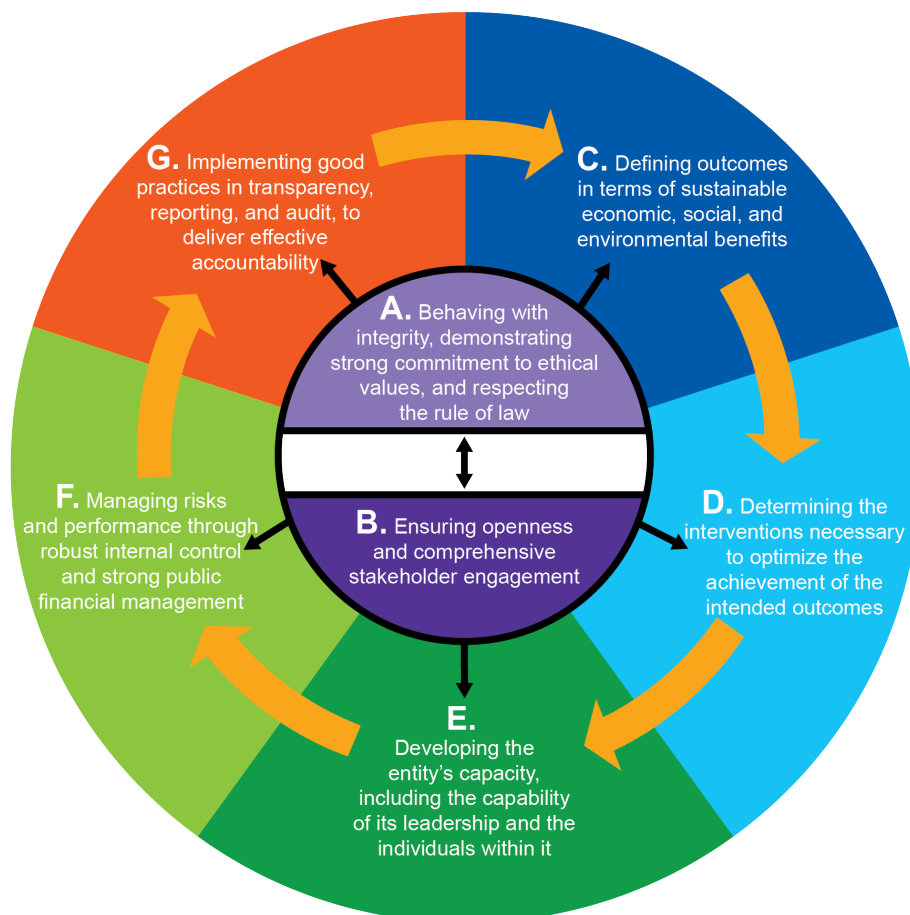
**F. Managing risks and performance through robust internal control and strong public financial management.**

**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



The framework also provides supplementary guidance for each of the seven principles. This guidance has been used to inform the SPT Local Code of Corporate Governance for 2021/2022.

### 3. Outline of proposals

The Local Code of Corporate Governance 2021/2022 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 2022/2023.

### 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 2021/2022.

### 5. Committee action

The committee is asked to note the arrangements for the production of the Annual Governance Statement for 2021/2022, and the summary of documents to support the Local Code of Corporate Governance with an action plan for 2022/2023 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>

<b>Name</b>	Neil Wylie	<b>Name</b>	Valerie Davidson
<b>Title</b>	<b>Director of Finance &amp; Corporate Support</b>	<b>Title</b>	<b>Chief Executive</b>

For further information, please contact Iain McNicol, Audit and Assurance Manager.

**Local Code of Corporate Governance 2021/2022**  
**Evidence (documents) of compliance by Principle**

<b>Principle</b>	
<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.

<b>Evidence document(s)</b>	<b>Lead officer</b>	<b>Principle</b>							<b>Date of last review</b>	<b>Action plan 2022/2023</b>
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>		
Annual report	Chief Executive	✓	✓	✓	✓	✓	✓	✓	September 2021	✓
Assurance framework	Audit and Assurance Manager	✓					✓	✓	January 2022	✓
Bus Information Standards	Head of Bus Strategy and Delivery	✓	✓	✓	✓			✓	June 2021	
Calendar of meetings, agendas and reports	Secretary to the Partnership	✓	✓	✓	✓	✓	✓	✓	On-going	✓
Code of Conduct for employees	Head of HR	✓						✓	September 2018	
Code of Conduct for members	Secretary to the Partnership	✓						✓	December 2021	
Code of Corporate Governance	Secretary to the Partnership	✓	✓					✓	January 2022	✓
Communications Strategy	Media and Public Affairs Manager	✓	✓	✓					February 2020	
Complaints Handling Procedure	Director of Finance & Corporate Support	✓	✓				✓	✓	April 2021	
Corporate Risk Register	Audit and Assurance Manager	✓		✓	✓		✓	✓	On-going	✓
Counter Fraud Strategy	Audit and Assurance Manager	✓					✓		November 2021	
Data Protection Policy	Data Protection Officer	✓	✓				✓		March 2021	
Digital policies and guidance	Director of Finance & Corporate Support	✓	✓			✓			November 2021	
Financial Regulations	Director of Finance & Corporate Support	✓		✓	✓	✓	✓	✓	December 2016	May 2022
Financial statements	Director of Finance & Corporate Support	✓	✓	✓	✓	✓	✓	✓	September 2021	✓
Framework for Supporting Local Bus Services	Head of Policy and Planning	✓	✓	✓	✓				June 2021	
HR policies and guidance	Head of HR	✓				✓	✓		December 2020	✓
Internal Audit plan	Audit and Assurance Manager	✓			✓		✓	✓	February 2022	✓
Records Management Policy and plan	Data Protection Officer	✓						✓	March 2021	
Risk Management Strategy	Audit and Assurance Manager	✓		✓	✓		✓		November 2018	
Regional Transport Strategy	Head of Policy and Planning	✓	✓	✓	✓			✓	November 2019	✓
Safety performance report	Director of Subway	✓	✓				✓	✓	November 2021	✓
Scheme of Delegated Functions	Secretary to the Partnership	✓	✓		✓	✓	✓	✓	April 2018	May 2022
Standing Orders of SPT	Secretary to the Partnership	✓	✓	✓	✓	✓	✓	✓	June 2017	May 2022
Standing Orders Relating to Contracts	Secretary to the Partnership	✓			✓		✓	✓	December 2017	May 2022
Subway Modernisation programme	Director of Subway	✓	✓	✓	✓				December 2021	✓
Subway passenger survey	Director of Subway	✓	✓		✓		✓	✓	April 2018	✓
Website and intranet	Director of Finance & Corporate Support	✓	✓	✓	✓	✓	✓	✓	On-going	✓