Committee report

SPT

Local Code of Corporate Governance 2015/16

Committee Audit and Standards

Date of meeting 18 March 2016   **Date of report** 7 March 2016

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 2015/16 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
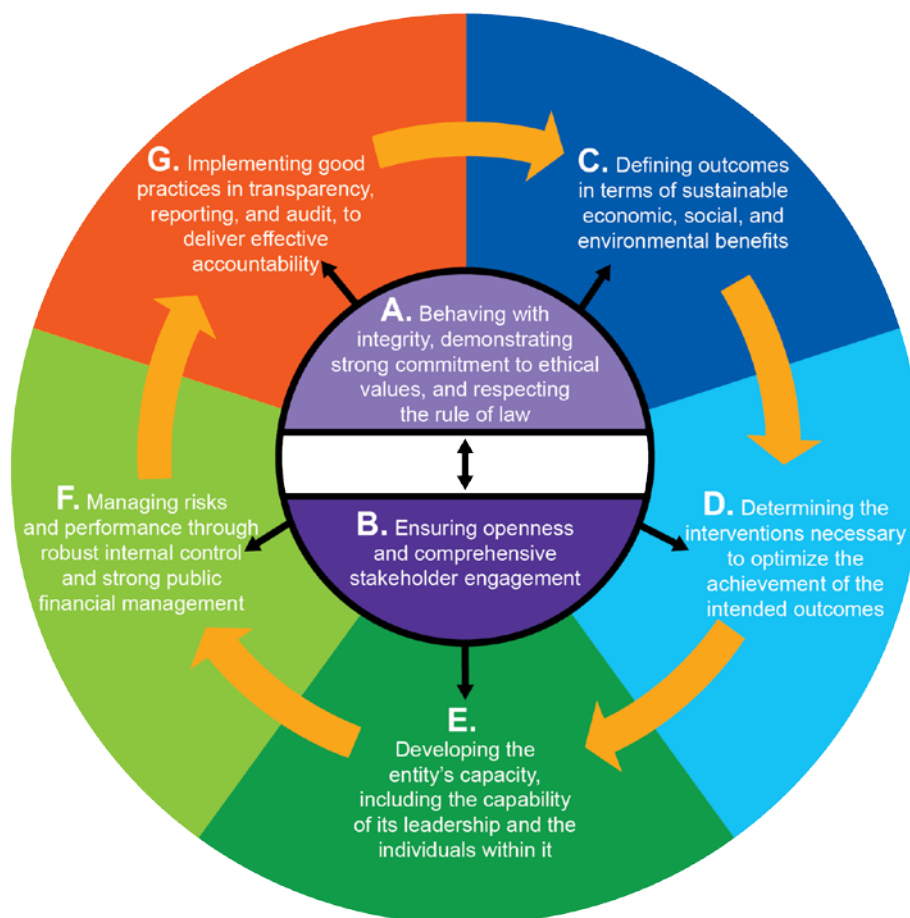
Self-Assessment

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 2015/16.

3. Outline of proposals

Local Code of Corporate Governance 2015/16

The Local Code of Corporate Governance 2015/16 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 2016/17.

4. Conclusions

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

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 2015/16.

5. Committee action

The committee is asked to note the arrangements for the production of the Annual Governance Statement for 2015/16 and the summary of documents to support the Local Code of Corporate Governance 2015/16 at Appendix 1.

6. Consequences

Policy consequences	*None*
Legal consequences	*The Local Authority Accounts (Scotland) Regulations 2014 require an Annual Governance Statement to be included in the Annual Accounts.*
Financial consequences	*None*
Personnel consequences	*None*
Social Inclusion consequences	*None*
Risk consequences	*None*

Name	Valerie Davidson	**Name**	Gordon Maclennan
Title	**Assistant Chief Executive (Business Support)**	**Title**	**Chief Executive**

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Local Code of Corporate Governance 2015/16
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)	A	B	C	D	E	F	G	Date of last review	Action plan 2016/17
Annual report	✓	✓	✓	✓	✓	✓	✓	July 2015	✓
Assurance Framework	✓				✓	✓	✓	March 2016	✓
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	✓	✓					✓	March 2016	✓
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	
Efficiency statements	✓				✓			September 2014	
Financial Regulations	✓		✓	✓	✓	✓	✓	May 2012	✓
Financial statements	✓	✓	✓	✓	✓	✓	✓	September 2015	✓
HR policies and guidance	✓				✓	✓		April 2015	
Internal Audit plan	✓			✓		✓	✓	March 2015	✓
IT policies and guidance	✓	✓			✓			April 2014	
Members allowances and expenses guide	✓				✓		✓	May 2014	
Performance reports		✓	✓	✓	✓	✓	✓	On-going	
Records Management plan	✓	✓					✓	May 2013	✓
Register of hospitality for employees	✓						✓	June 2015	
Register of interests for employees	✓						✓	June 2015	
Risk Management Strategy	✓			✓		✓		March 2015	
RTS Delivery plan 2014-17		✓	✓	✓			✓	May 2014	
Scheme of Delegated Functions	✓	✓		✓	✓	✓	✓	May 2012	✓
Service plans			✓	✓	✓			October 2015	
Single Outcome Agreements (SOA) /Transport Outcome Reports (TOR's)		✓	✓	✓			✓	August 2015	✓
Standing Orders of SPT	✓	✓	✓	✓	✓	✓	✓	June 2015	
Standing Orders Relating to Contracts	✓			✓		✓	✓	February 2013	✓
Subway Modernisation programme		✓	✓	✓				December 2015	✓
Subway passenger survey		✓		✓		✓	✓	May 2014	
Treasury Management Strategy			✓	✓	✓	✓	✓	March 2015	✓
Website and intranet	✓	✓	✓	✓	✓	✓	✓	On-going	
Zonecard diary survey		✓		✓		✓		April 2015	