
Report to Scrutiny Committee

Date of Meeting: 20 October 2011

Subject: Governance Strategy and Local Code of Governance

Report by: Governance Manager

1.0 Purpose

- 1.1. The purpose of the report is to present to the Scrutiny Committee, the Governance Strategy and Local Code of Governance for the Council in draft form, for review and comment as part of a consultation process with both elected members and staff, prior to submission of the documents to Council for formal approval.

2.0 Recommendations

- 2.1 The Scrutiny Committee reviews, comments and challenges the content of the draft Governance Strategy and Local Code of Governance as appropriate as part of the consultation process.

3.0 Considerations

- 3.1 In April this year, a joint report by the Services Managers for Revenues & Payments and Governance was submitted to the Scrutiny Committee giving an overview of the steps the Council would take to move from the Statement of Internal Financial Control to the Statement of Internal Control for 2011 as part of the wider process required to enable the Council to issue a formal Governance Statement in March 2012.
- 3.2 Within that report was an undertaking to produce a Governance Strategy and a Local Code of Governance to further develop and strengthen the Council's governance arrangements.
- 3.3 A draft Governance Strategy has been developed (Appendix 1) focussing on the following key elements of good public sector governance:
- strong leadership and positive culture
 - good relationships with stakeholders
 - an effective risk management system and risk intelligence
 - appropriate and effective internal control and external compliance
 - sound strategic, financial and workforce planning,

- good resource and information management
 - effective performance monitoring and culture of continuous improvement
 - regular evaluation and review
- 3.4 The draft Local Code of Governance (Appendix 2) articulates the vision, principles, objectives, actions and values which the Council will adhere to in order to ensure that we have a robust and effective governance framework in place.
- 3.5 By improving the effectiveness of our governance arrangements we can provide better assurance to our stakeholders that we are indeed doing the right things for the right people, at the right time, in the right way in an open , honest and accountable manner.

4.0 Consultation process

- 4.1. Given the importance of an effective governance framework to the success of the Council, it is crucial that both Elected Members and staff understand the purpose and principles of our Governance Strategy and appreciate the need for these to shape and determine our everyday business activities.
- 4.2. The purpose of the consultation process is to :
- make Elected Members and staff aware of the fundamental elements of good governance as identified in our strategy
 - illustrate the importance of embracing the principles of good governance in our business activities in order to secure better outcomes and performance
 - secure Member and staff "buy-in" to our governance framework prior to implementation to ensure that we embed the principles of good governance across the organisation and develop a culture within the Council which is committed to good public sector governance.
- 4.3. It is intended that staff and elected members will be consulted through October and November with the aim of submitting a final draft of the Strategy and Code to Council in January 2012.

5.0 Implementation Plan

- 5.1. For the Governance Strategy to be effective in embedding the principles of good public sector governance throughout the organisation, it must be implemented in an appropriate manner. It is important that Member and staff appreciate and embrace the key elements of the strategy.
- 5.2. The implementation plan will comprise the following steps :
- 1) Member and staff briefing session(s) on the consultation draft
 - 2) Strategy and Local Code of Governance submitted to Council for approval

- 3) CMT & SMF workshop sessions : health check
- 4) Service workshop sessions
- 5) Governance Panel meetings with Service SMTs
- 6) Service Assurance questionnaires
- 7) Evaluation & review

6.0 Measuring Performance and Effectiveness of Governance Arrangements

- 6.1. Once the Governance Strategy and the Local Code are approved, a "health check" will be undertaken to identify areas of potential weakness or non compliance with the principles and actions identified in the Local Code.
- 6.2. Using Audit Scotland's Best Value toolkit for Governance and Accountability as a template, an improvement plan will be drawn up and implemented to address any areas of concern and improve performance and effectiveness.
- 6.3. The same Improvement Plan template will be used with individual Service Management Teams across the Council to address areas of concern or weakness identified as part of the Assurance process.
- 6.4. Progress against plans will be measured and these together with the Assurance Certificates will enable the Chief Executive and Leader of the Council to issue a Governance Statement at year end.

7.0 Sustainability Implications

- 7.1. There are no sustainability implications arising directly from this report.

8.0 Resource Implications

- 8.1. There are no financial implications arising directly from this report.

9.0 Exempt Reports

- 9.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

10.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities 2008 - 2011** (Please double click on the check box ☒)

The area has a positive image and attracts people and businesses ☐

Our communities are more cohesive and inclusive ☐

People are better skilled, trained and ready for learning and employment ☐

Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	√

(2) Council Policies (Please detail)

11.0 Equalities Impact

- 11.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
 Yes ☐ No ☒

12.0 Legality

- 12.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes √

13.0 Appendices

- 13.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 : Draft Governance Strategy

Appendix 2 : Draft Local Code of Governance

14.0 Background Papers

- 14.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
 Yes ☐ (please list the documents below) No ☒

Author(s)

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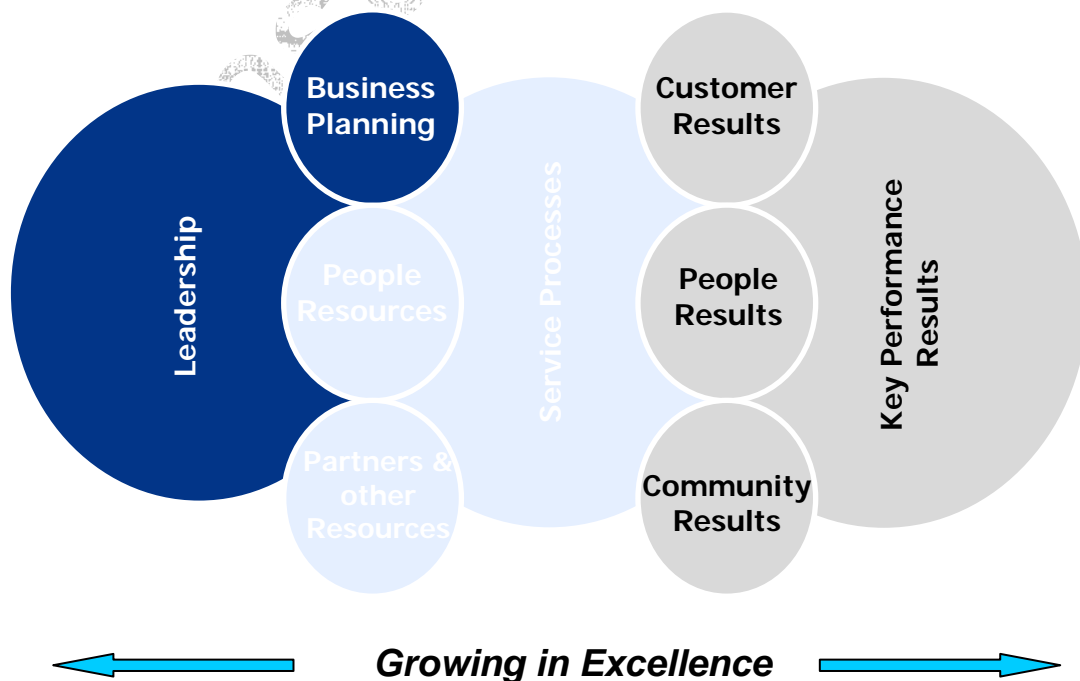
Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance & Corporate Services	
Elaine McPherson	Chief Executive	

GOVERNANCE STRATEGY

2011-2014

ensuring good governance - securing better outcomes



Forward and Executive Summary

Our vision is to be recognised as a Council that Grows in Excellence.

Despite the financial constraints and increasing demands placed on local government and the impact of the current recession on our communities, Clackmannanshire Council remains committed to broad and ambitious strategic objectives designed to facilitate the physical, social and economic regeneration of Clackmannanshire, and help reduce inequalities in the area.

The Council already has four corporate strategies, People, Financial, Customer Services and ICT in place to guide how we achieve our aims and objectives. They are intended to complement each other and promote integration across all of our activities.

The Governance Strategy is an overarching corporate strategy designed to ensure our people, finances, customer engagement, systems, processes, policies, rules, culture, values and leadership are aligned to secure the best possible outcomes for Clackmannanshire.

As the needs of our customers and the organisation change, our strategies need to evolve and adapt. The four corporate strategies mentioned above feed into and flow from the Governance Strategy which is in essence a blue print for ensuring that the Council is doing the right things, for the right people in the right way, at the right time in an open, honest and accountable way.

The Strategy identifies the key elements of good and effective governance;-

- leadership, values and culture
- engagement with stakeholders
- risk management
- planning and performance management
- internal and external compliance and accountability
- information and decision making
- evaluation and review

It also explains how these elements are interlinked and mutually supporting.

The purpose of the Strategy is two fold :-

1. To explain what governance is and its importance; and
2. To set out the specific actions which the Council shall take to establish, promote and maintain an effective governance framework, namely :-
 - a) develop a Local Code of Governance
 - b) embed a culture of good governance throughout the organisation

- c) establish a Governance Panel comprising suitably qualified and experienced Officers to evaluate the assurances provided by the Senior Management Team of each service in respect of their governance arrangements
- d) produce an Annual Governance Statement to provide a continuous review of the Council's Governance Framework so as to give assurance on its effectiveness and/or to produce a management action plan to address identified weaknesses.

By ensuring that our governance arrangements are robust and effective we are securing better outcomes for the Council and the people of Clackmannanshire

What do we mean by "Governance"?

"Governance" as a concept is broad ranging. It includes how an organisation is managed, its structures and systems, its culture and values, its policies and strategies and how it engages with and accounts to its various stakeholders.

In essence, governance is about how we as a Council ensure that we are doing the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable manner.

Good governance generally focuses on two main requirements :

- **Performance** - whereby the organisation uses its governance arrangements to contribute to and improve its overall performance and the delivery of its services
- **Conformance** - whereby the organisation uses its governance arrangements to ensure that it meets the requirements of law, regulations, standards and the expectations which the community has as regards probity, accountability, integrity and openness.

In the past public bodies have tended to focus on ensuring compliance and conformance however there is now a clear expectation that organisations within the public sector require to be more performance driven.

Clackmannanshire Council has a strong commitment to improving performance and service delivery, as evidenced by the extensive work being done through the Clackmannanshire Improvement Model and our participation in Customer Service Excellence and Investors in People accreditation programmes. Effective governance arrangements will ensure that Clackmannanshire Council meets the needs of its customers, performs well, manages risk effectively, complies with legislation and continues to grow in excellence.

Why is good governance important?

Good governance is essential to the success of Clackmannanshire Council. It enables it to pursue its vision and corporate objectives, whilst underpinning these with robust mechanisms for managing and controlling risk and thereby enhancing public confidence in the Council, its decisions and its actions.

To be effective, governance must permeate all levels of the organisation. Whilst our leaders set the tone at the top, it must be owned by all Members, management and staff, thus forming the intrinsic core and culture of the Council.

Background

The importance of good governance has grown increasingly over the years and given the current financial climate, the public sector is facing an unprecedented level of scrutiny to ensure that its business is being conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this overall responsibility the Council must have in place the proper systems and procedures for the governance of its affairs, the exercise and discharge of its functions and the effective management of risk.

Clackmannanshire Council has various systems, policies, processes and procedures in place to ensure that appropriate standards of conduct are achieved and maintained, that there is financial probity, that performance is managed and the community is appropriately engaged in shaping the Council's vision and priorities. To make these as effective as possible however there needs to be a coherent framework which sets out the governance arrangements for the organisation and the mechanism for measuring the effectiveness of these.

CIPFA /SOLACE have developed a framework to assist local government in putting in place effective governance arrangements. This framework focuses upon six fundamental principles taken from *The Good Governance Standard for Public Services [2004]* developed by the Independent Commission on Good Governance in Public Services and recommends that Councils develop, implement and maintain a Local Code in order to demonstrate best practice in relation to corporate governance.

Based on these principles, effective governance requires the Council to ;

- have a clear purpose and direction focused on securing outcomes for the people of Clackmannanshire, to create and implement a clear strategic vision for the local community and to ensure that this is communicated effectively to all stakeholders
- clearly define the functions and roles of Members and Officers to ensure that they can work together effectively in order to implement the Council's strategic vision and deliver the outcomes to the community.
- set the tone at the top and develop a culture throughout the whole organisation which is committed to good governance and which demonstrates the values of such through high standards of conduct and behaviour.
- have in place the appropriate tools by way of systems, structures and resources to enable the Council to take informed and transparent decisions which are subject to effective scrutiny and to manage risk appropriately

- develop the capacity and capability of both Members and Officers to be effective by ensuring that they have the skills, knowledge, experience and resources that they need to perform well in their roles
- take a planned approach to dialogue with local people and all other stakeholders to ensure effective and appropriate service delivery and have in place clear lines of reporting, accountability and responsibility both within the organisation and between the Council and its stakeholders

As well as the six high level principles, the framework also refers to a number of supporting principles, each of which translate into a range of specific requirements which should be reflected in the local code.

"Good governance" therefore also means:

- Making the best use of resources, including human resources, and ensuring that the public receive excellent value for money
- Encouraging continual improvement in public services to ensure that they meet the changing needs of our diverse community and can be accessed by all.
- Ensuring that we have high quality data, advice and support to inform Members and Officers in their decision making
- Improving the standards of financial management and financial reporting (stewardship).

"Good" corporate governance goes beyond mere compliance with a set of rule however. As stated above the leadership, culture and values of the Council, as evidence by conduct and behaviours are equally important factors

Essentially therefore there are two aspects of governance which are intrinsically linked;-

- The systems, processes and rules ("Structural Governance"); and
- Behaviour and conduct ("Ethical Governance")

Good "Ethical Governance" embraces the principles which derive from the Committee on Standards in Public ("the Nolan Principles").

In practice good Ethical Governance requires both Members and Officers to demonstrate the following behaviours:-

- **Leadership** : promoting and demonstrating the principles of good governance by leadership and example .

- **Integrity** : ensuring that they do not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in their decision making or performance of their public functions
- **Objectivity** : Ensuring that any decisions made or action taken are done so fairly, on merit and without any bias or discrimination
- **Accountability** : being accountable for their decisions and actions to the public
- **Openness** : being as open as possible about all the decisions and actions that they take.
- **Honesty** : declaring any private interests relating to their duties and to taking the necessary steps to resolve any conflicts arising in a way that protects the public interest.
- **Selflessness** : acting solely in terms of the public interest and not to gain financial or other benefits for themselves, their family or their friends

An effective framework for Corporate Governance must support and promote both good structural and ethical governance within the organisation. Our effectiveness is measured not only by what we do but also by the way that we do it.

It is important therefore that the governance strategy and framework for the organisation reflects both the procedural and behavioural elements of good governance and that our Local Code of Governance articulates all aspects of effective governance.

Many Councils in developing their local code have simply taken the CIPFA/SOLACE guidance and rebadged it making loose linkages to existing policies and processes without giving much thought as to how these core and supporting principles work together in practice to secure better governance outcomes. A reiteration of the CIPFA/ SOLCAE principles does not of itself assist in either improving performance or conformance outcomes for the Council.

What makes a governance framework effective?

An effective governance framework needs to be capable of ensuring and evidencing both performance and conformance and facilitating continuous improvement. To do this the organisation need to have a proper understanding of what good governance is and an appreciation of how effective governance can benefit both the organisation and its internal and external stakeholders achieve their objectives and core priorities.

What are the key elements of effective governance?

As stated above good governance is about ensuring that the Council is doing the right things for the right people, in the right way, for the right people at the right time in an open, honest and accountable way.

To achieve this the Council must :

- want to do this
- be customer focused
- be financially prudent
- be risk aware
- be legally compliant
- be accountable

As stated above an organisation's governance arrangements encompass conduct, behaviour and values as well as systems, processes, rules and resources. To ensure that the Council is effective, we must look at how these arrangements work to facilitate and support the following elements of an effective and successful organisation.

- 1. strong leadership and positive culture**
- 2. good relationships with stakeholders**
- 3. an effective risk management system and risk intelligence**
- 4. appropriate and effective internal control and external compliance**
- 5. sound strategic, financial and workforce planning,**
- 6. good resource and information management**
- 7. effective performance monitoring and culture of continuous improvement**
- 8. regular evaluation and review**

More importantly however for the governance framework to be effective in securing better outcomes, these elements described above require to be interlinked and mutually supporting, as each element in isolation achieves very little in terms of securing better outcomes or driving up performance and standards.

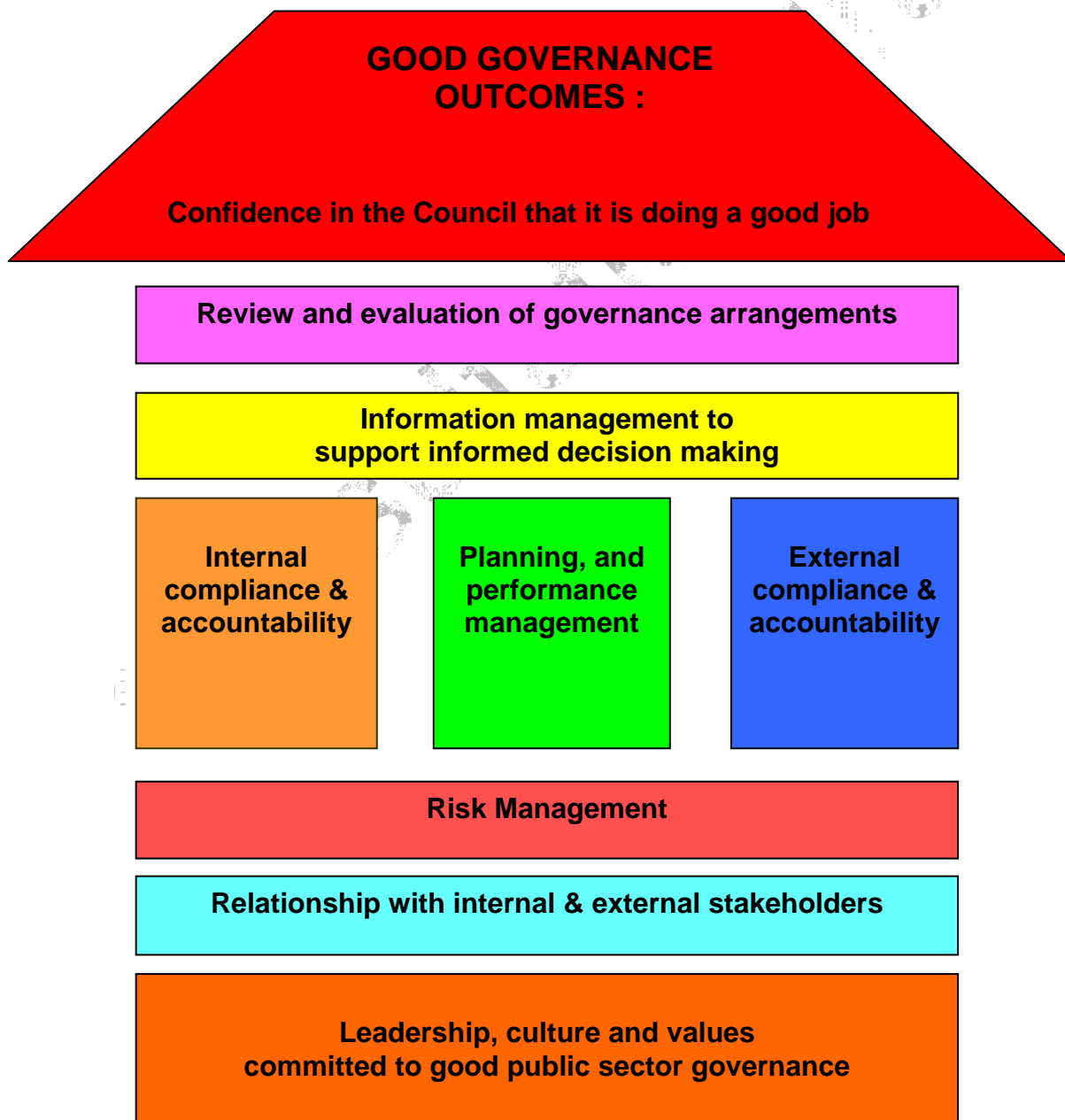
Developing our Local Code of Governance

Clackmannanshire Council like most public sector organisations has in place many of the systems, processes and values which contribute to good governance covering strategic planning, community engagement, risk management, performance management, financial management and control structures. In order to be as effective as possible however we need to integrate

those elements into a unified, mutually reinforcing complete structure. What is required is a consistent, strategic approach to governance to ensure that good governance practice is successfully integrated with, and supports, the way Clackmannanshire Council does business.

Whilst the leaders of the organisation set the tone, effective governance requires to be embedded throughout the Council as a whole and be evident from the behaviour and attitudes of staff in the workplace at all levels of the organisation.

The model governance framework below (illustrated as a house) shows how the key components of good corporate governance are interlinked, building upon a foundation of strong and effective leadership and a culture committed to good governance, to create the desired unified and reinforcing corporate governance framework.



The integration of the relationships established between each element of governance is key to the effectiveness of the framework as a whole.

- Leadership and an ethical and value based culture within the Council provides the foundation to support and sustain the governance framework.
- The relationship between the Council and its stakeholders, both internal and external, influences and shapes its strategic vision and informs its risk management strategy which in turn influences the success and effectiveness of the model's three central performance and conformance components ("the windows") i.e.
 - internal control and accountability
 - planning and performance management; and
 - external compliance and accountability
- How the Council manages risk underpins the organisation's approaches to its conformance and performance objectives ("the windows"). Effective risk management is dependent upon quality information being available to the appropriate people at the right time
- The "Windows" - represent the core activities of governance on which Councils are focussed, i.e. performance and conformance.

Each of the three elements ('windows') exerts an influence on the other two in that:

- accountability is integral to the performance of any local authority
 - planning and performance management sets the framework within which both the internal and external compliance and accountability processes take place;
 - internal compliance and accountability needs to be aligned with, and generate the information required for, external compliance and accountability; and;
 - external compliance and accountability establishes the base line for the Council's internal processes, as the information required for external purposes should generally form a subset of what is required to satisfy the Council internally that it is compliant.
- The effectiveness of the performance and conformance elements will be a key factor in influencing the outcomes for the Council's internal and external stakeholders.

- Information management is crucial in supporting the Council and its staff in meeting their objectives and accountabilities in an efficient and effective way. It is important therefore that the structures in place to manage information and support decision making are designed to reflect both internal and external accountabilities as well as the decision making function.
- As with any process it is important to review and evaluate the governance arrangements to ensure that these continue to be fit for purpose, support the Council's vision and secure good outcomes for stakeholders.

The elements of good governance therefore require to be viewed as a unified whole. Whether or not the Council achieves the desired good governance outcomes therefore will not be determined by the success of an individual element but instead will be dependant upon the degree to which the organisation can integrate these component parts. Effective integration however first requires a good understanding of each of the parts and the influence and impact which they have on the other elements.

1 Leadership, values and culture

Leaders have dual responsibilities for corporate governance:

- to ensure implementation, evaluation and improvement of good governance structures and processes; and
- to enact and influence good governance through their own performance and behaviours.

While rules, systems and structures are certainly important, they are the vehicles by which the more fundamental values and behaviours are applied. It is important that Members and Senior Managers model good governance behaviours (leadership, integrity, honesty, openness, accountability, objectivity and selflessness) and demonstrate a commitment to achieving the Council's strategic objectives and implementing its vision through accountable processes.

Line managers also need to consistently and regularly send the same message to enforce the Council's governance approaches and all staff should be encouraged to be active participants in the Council's governance processes

Good governance requires all employees to think carefully about their decisions and actions. The quality of the Council's governance relies on each employee taking individual responsibility as well a team effort.

Excellent leadership must also be supported by a strong organisational culture. There needs to be clear and ongoing communication about the Council's governance requirements to all Members and staff, coupled with strategies that encourage cultural change where required. The organisation needs to

demonstrate to staff and customers how governance systems help improve performance and achieve goals and it is important that they understand their responsibilities for contributing to a sound governance culture.

As part of a sound ethical culture, members and staff need to be aware of the standards of behaviour and conduct that are expected of them and there should be effective procedures in place to deal with complaints raised by members of the public or staff.

Good governance needs a strong commitment from the top that cascades across the whole Council and needs to be supported by an ethical and values-based culture which will influence our relationships with stakeholders, underpin our vision and ultimately determine our performance.

Effective governance creates the demand for true leadership; it is therefore the ultimate guarantor of Clackmannanshire Council's success.

2 Stakeholder relationships

People (Stakeholders) are crucial to the successful delivery of any organisational activity. If key stakeholders are committed to the success of the activity and fulfil their responsibilities to contribute to its success, the Council will achieve additional value through :

- higher chance of delivering on time and on budget
- ability to achieve objectives more effectively

Stakeholders are more likely to support activities that they believe will succeed. It is essential therefore that the Council identifies who the important stakeholders are in respect of any activity and that it communicates to them relevant information and gives them the perception that the activity is being well managed. This can be achieved by targeted communication that is aligned with their expectations and information requirements.

The Council like most public sector organisations has a wide range of stakeholders with an interest in its operations. Building upon the foundation of strong leadership and a culture which supports and promotes good governance, we can engage with stakeholders to ensure that the strategic aims of the Council reflect the needs and aspirations of the community that we serve. The vision and consistent communication required of effective leaders supports the process of stakeholder engagement and it is clear that one is dependent upon the other.

The benefits to the Council and the wider community of good quality stakeholder engagement include :-

- more equitable and sustainable social development by giving those who have a right to be heard the opportunity to be considered in decision-making processes;

- better management of risk and reputation;
- the pooling of resources (knowledge, people, money and technology) to solve problems and reach objectives that cannot be reached by single organisations
- an understanding of the complex operating environments, including market developments and cultural dynamics;
- learning from stakeholders to improve services and processes
- the opportunity to inform, educate and influence stakeholders to improve their decisions and actions that will have an impact on the Council and on society; and
- developing of trust-based and transparent stakeholder relationships

By having a better understanding of the needs and expectations of our stakeholders, we can create a better and more receptive operating environment which facilitates improved performance, both operational and strategic. The engagement process can also be a source of innovation and new partnerships as well knowledge, understanding and influence. It is important therefore that the Council recognises its stakeholders as a resource and stakeholder engagement as an opportunity for, rather than a potential hindrance to, improvement and development.

As well as being a means of informing the Council of community needs and aspirations, stakeholder engagement it is now also recognised as a fundamental accountability mechanism. Effective stakeholder engagement obliges an organisation to involve stakeholders in identifying, understanding and responding to issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance.

Given that people and their actions are also the main source of risk in any activity, the quality of our stakeholder engagement will have an impact upon our ability to identify and manage risk, which is another key component of good governance.

Given the wide ranging and sometimes disparate interests represented by stakeholders, there is always the possibility of conflict which in turn gives rise to potential risk, for example reputational risk. Accordingly our governance arrangements should ensure that the legitimate interests of stakeholders are properly and appropriately considered and that these considerations are adequately recorded and where appropriate, reported back.

As well as helping shape the vision of the organisation, stakeholder engagement is also a factor in effective risk management. How we manage our relationships and how we manage risk, will determine our success in terms of both conformance and performance. Accordingly our stakeholder engagement practices should be aligned to our risk management practices.

3 Risk management

Risk is a "whole Council" issue. As a public body we are required to manage a variety of risks on a daily basis. These risks may be political, social, financial, reputational, legislative, environmental or technological and, as the nature of, and demands upon, local government change (e.g. increasing collaborative working, alternative service delivery models being required to achieve efficiencies) so to do the risks .

Risk management is the process whereby an organisation methodically addresses the risks attached to its activities. Effective risk management involves the identification, analysis, treatment, monitoring and communicating of risks.

Within the public sector, risks are generally taken to represent threats rather than opportunities. Risk management tends to focus more on identifying (and therefore hopefully managing to avoid) events that may prevent the achievement of business objectives, as opposed to potential opportunities to achieve additional benefits.

Our approach to risk is determined by the risk culture within the organisation. In terms of improving outcomes, local authorities in general need to become less risk averse and be prepared to consider beneficial risks more frequently and comprehensively enabling them to more fully embrace the performance aspects of their conformance and performance objectives.

The relationships that the Council has with both its internal and external stakeholders will be a key factor in determining our ability to identify and effectively manage risk.

Whilst ultimate responsibility for risk management sits with the head of the organisation, all managers and staff have a responsibility to manage risk. Effective risk management requires a risk assessment culture, which supports a holistic approach to the identification and management of risk throughout the organisation. This means that risk management should be seamlessly integrated into the day-to-day business and decision making of the Council as well as being part of its higher-level strategy and planning processes.

Our approach to risk management should not be focussed on avoiding risk. It should be about bringing a perspective to the management of complicated issues in a complex environment. Risk management is a central part of the strategic management of the Council. Our risk management strategy therefore needs to be :-

- proportionate to the level of risk
- aligned to our performance and compliance objectives
- integrated into business planning and reporting cycles.
- embedded into the day to day activities of the organisation
- able to respond to changing circumstances

This holistic approach to risk management and control should provide appropriate assurance to our stakeholders, both internal and external, that the Council has a formal, systematic and pro-active approach to the identification, management and monitoring of risk. This in turn will strengthen governance arrangements and improve decision making and performance.

4 Control and Accountability (internal and external)

A crucial aspect of effective governance is internal control which in turn ensures compliance and accountability.

As a local authority we are accountable to our stakeholders in terms of both performance compliance. It is important therefore that we have sufficient control systems in place that can provide the organisation with assurances internally that we are performing well and complying with our obligations. If we are confident of our internal controls then external compliance should naturally follow.

In essence the assurances that we should be seeking as part of our internal control systems should satisfy external audit and any other agencies who carry out inspection or audit functions (e.g. SCISWIS).

Internal control should be an integrated process designed to address risks and provide reasonable assurance that whilst pursuing the Council's objectives we are also :

- executing orderly , ethical, economical, efficient and effective operations
- fulfilling accountability obligations
- complying with applicable laws and regulations
- safeguarding our resources against loss, misuse and damage

Internal control is a dynamic integral process and is most effective when built into the infrastructure of the organisation. Like risk management, in order for internal control to be effective it needs to become part of our basic management processes of planning, executing and monitoring.

The approach that we take to risk management will have a significant impact on the effectiveness of our internal control system. Taking an integrated approach to risk management can ultimately mean that all major decisions are considered in terms of sound risk management principles. By integrating the Council's approach to control and accountability with its overall risk management strategy, it can determine and prioritise its functions and activities that need to be controlled and provide reasonable assurance that the organisation will achieve its objectives with an acceptable degree of residual risk.

Effective risk management and effective control require similar disciplines with an emphasis on a systematic approach involving identification, analysis, assessment, treatment and monitoring of risks. Control activities to mitigate risk

need to be well designed and implemented and relevant information regularly collected and communicated throughout the organisation.

The key to developing an effective control environment lies in achieving the right balance so that the control environment is not unnecessarily restrictive nor unduly encouraging to risk averse behaviour but instead aims to promote sound risk management. As an organisation we need to strike a balance between control at the centre to ensure co-ordination and consistency in terms of delivering outcomes and allowing sufficient autonomy to foster initiative and responsiveness.

The adoption of a sound and robust control environment at the top of the organisation will have a significant influence on the design and operation of the control processes and procedures. The following key components of a sound control environment should provide the foundation for an effective control structure :

- organisational culture and management style which recognises the degree to which control is necessary to achieve the organisation's objectives and acknowledges the concept of beneficial risk.
- effective planning, budgeting, monitoring and reporting processes.
- an organisational structure with clear and appropriate levels of responsibility, authority and accountability
- regular reviews of internal controls to ensure that they are operating effectively and are aligned to the Council's strategic objectives
- effective audit committee
- effective internal audit team
- effective performance monitoring which include monitoring of financial and non-financial aspects of activities
- effective information management and use of information technology
- effective human resource management to ensure that staff are sufficiently competent and adhere to appropriate standards of behaviour to enable them to understand and support the control environment
- effective monitoring officer to ensure legislative compliance
- awareness of external influences which may impact upon the Council's operations and practices.

If the control structures and systems within the Council are effective then these should provide a solid and reliable basis for the efficient and effective achievement of objectives. It is important that the control structure in place provides a clear linkage between the Council's strategic objectives and the functions and tasks undertaken to achieve those objectives. The control and reporting regime should be geared to the achievement of the Council's objectives and adds value by focusing control efforts largely on the 'big picture' as opposed to particular processes.

Control is a process, a means to an end, and not an end in itself. Very often within local authorities, the process of control and accountability becomes an

entity in itself as opposed to being viewed as an element of an integrated and unified governance model.

Most importantly however it should be remembered that people are what make internal control work. It is accomplished by individuals within the organisation, by what they do and what they say . Consequently it is vital that individuals are clear as to their roles, remits, responsibilities, authority and accountability.

Effective control is fundamental to accountability and performance and as such ensuring such controls are in place is the responsibility of everyone in the organisation at every level and not just management .

5 Planning and performance management

As stated above good governance is not only about conformance and meeting accountability requirements. It is primarily concerned with ensuring that the organisation performs as well as possible in terms of achieving its strategic and operational objectives.

Planning and performance monitoring, together with reviews and evaluations are all essential tools to enable organisations and agencies to regularly 'reality check' their governance systems and to identify any potential risks that could affect their ability to achieve their desired outcomes.

The characteristics of any organisation - its financial resources , staff, culture, objectives, environment - may change over time, even without significant events such as changes of policy or Government. It is important therefore that organisations have systems in place which allow changing needs and circumstances to be identified quickly; current systems to be assessed against their ability to meet new needs; and new approaches to be investigated and implemented as necessary.

Business planning

As part of normal business practice, local authorities will generally develop a business plan each year. Councils should have an integrated framework for business planning which cascades from strategic priorities to service or function based priorities and activities.

These goals are then distilled into individual performance and development plans. This allows every employee to see exactly how their individual work affects their team goals, the goals of their service and the strategic objectives of the Council. It also shows how working towards these goals helps achieve the Council's overall priorities ("the golden thread").

Performance monitoring and evaluation

Performance management provides a mechanism to systematically improve organisational performance by linking and aligning individual, team and

organisational objectives and results. It also provides a means to recognise and reward good performance and to manage any identified under performance.

Within the Council there needs to be effective systems in place that allow ongoing monitoring of performance. This includes internal audits and reviews of processes to ensure accurate information and quality assurance against agreed performance measures. These measures should cover the effective and efficient delivery of both national and local objectives as well as the internal management of the Council.

The monitoring and evaluation plan should be a rolling schedule which supports regular reviews of policies and objectives to inform future budget requirements and gauge their effectiveness and efficiency in delivering the outcomes and their continuing alignment to the Councils and governments priorities. The monitoring and evaluation framework should also integrate risk management, resource allocation and performance reporting.

Performance reporting

In order to be meaningful, the performance indicators have to be capable of effectively measuring outcomes. Too often organisations opt for relatively meaningless Performance Indicators that are incapable of informing practice or driving up standards because they are loathe to commit to indicators that they believe they may not have full control over, or those which may lead to a drop in performance at any time, or over time.

There are however significant organisational benefits to be derived from developing relevant performance indicators, especially in relation to accountability and transparency, in terms of their positive impact on policies, behaviours and ultimately performance,

Performance information is a key component of the governance framework. Once the key elements of the governance framework have been settled, good scorekeeping systems (e.g. balanced scorecards) can firstly translate the organisation's strategies into key operational indicators and then systematically report on the health of the business, both in terms of operational responsibilities and future positioning initiatives. This provides the feedback loop on the effectiveness of organisational strategies as well as a useful basis for communicating with staff and other stakeholders on how the Council is performing against its targets.

Without such reporting, there is a significant risk of unfortunate surprises and belated, often expensive, recovery action. The emphasis is on ensuring prompt and effective decision-making.

Sound performance information can reduce the workload for individuals within the organisation by making management information at all levels in the planning hierarchy readily available and applicable to their activities.

Performance management is an essential component of the governance framework, allowing Members and Senior Management to lead, monitor and respond to how it delivers against its objectives. Furthermore an integrated approach to performance management enables staff to understand the goals of the organisation and how individual and team outputs contribute to the achievement of Council's objectives and values. By integrating people, planning and performance with organisational objectives, we can develop individual and organisational capability and improve performance.

6 Information management to support decision making

Information management is another key component of the governance framework in supporting the Council and its staff in achieving the Council's aims and desired outcomes.

The primary objective of this component is to ensure that the right people (that is, decision-makers) have the right information at the right time in order to allow them to make the right decisions. The Chief Finance Officer has an important role to play in ensuring that Council has access to accurate financial and budgetary information to inform their decision making, similarly Members and Officers require to have access to the correct professional, legal and technical advice where required.

How we manage our information or support decision making is a matter for the Council but In an increasingly complex and multi-faceted operating environment, public sector organisations have to manage their information in ever more sophisticated ways. This involves ensuring the basics of good record-keeping, such as file maintenance and the minuting of meetings and decisions are all observed while at the same time taking advantage of the new information and communication technologies to create, store and retrieve knowledge, information and data in a timely fashion.

Our accountability obligations require us to keep accurate records of the decisions taken by Council, Committees or Officers under delegated powers and it is good practice to also include a record of the information on which those decisions were based and the main points considered or discussed in reaching those decisions. In most cases such decisions can also be the subject of an information request under the Freedom of information (S) Act 2002 and therefore the baseline as regards the quality of the information held and the records kept should be whether or not the record would stand up to public scrutiny as a complete and accurate record of the decisions and the processes that lead to them.

Data, information and analysis are also needed to ensure decisions are based on as much of the available evidence as possible. Time constraints can mean that decisions may require to be taken on the basis of incomplete information. Where this is unavoidable it may be better practice to take an interim decision pending receipt of further information or to make the decision contingent on emerging data. It is important, however, to minimise the need for such a process

and those submitting matters to Council or officers for consideration have an obligation to make all reasonable efforts to provide sufficient information on which to base a decision.

Providing full and accurate information has resourcing implications for the Council however. As part of the process of reviewing governance arrangements, there is a need to consider the adequacy of the available resources when making business decisions as regards the level of support required. The long-term risks of poorly informed or recorded decisions could be costly either in an immediate sense such as with a failure to meet a legal requirement or in the longer term through a gradual decline in the effectiveness of the Council as a whole.

As a council we gather information in a variety of ways and the nature of what constitutes data to support decision making is changing as a consequence of the new information and communication technologies. E-government initiatives, the use of the internet to gather information and stakeholder opinions, and the development of sophisticated intranets to disseminate information within the organisation and to gather views and information from staff and management all mean that there is an increasing amount of information to manage, in a variety of forms across a number of systems. The need to effectively manage that information is therefore greater than ever. It is essential therefore that we have a coherent strategy in place to manage information and effective policies, processes and procedures for specific aspects such as records management, processing personal data, email communications and information security.

7 Review and evaluation of governance arrangements

It is generally accepted that it is important for any Council to review its performance and its operations. From time to time however it is also important that the Council evaluate its overall governance arrangements, including their own roles and performance. This can aid the learning process, leading to improvements and adjustments in light of changing circumstances enabling the organisation to meet new challenges and demands successfully.

Reviews or evaluations of governance arrangements can take various forms, however the following factors need to be borne in mind; -

- **Timing:** As a general rule, governance arrangements should be reviewed on an on-going basis and in detail every year or two. Governance arrangements should also be reviewed whenever there is a significant event affecting the organisation's accountability or management arrangements (for example, major changes in legislation or relevant recommendations from an external body)
- **Internal versus external review:** It may be sufficient to carry out an internal review, whereby senior managers conduct an assessment of the organisation's governance structures and their performance. A more

formal, externally facilitated review can be carried out less frequently, providing benchmark information for comparisons over time.

- **Scope:** A governance review can extend across the full range of the organisation's functions or a more focussed review. It is important, in either instance, to cover both conformance aspects (such as adherence to legal requirements, and general standards of structure and form) and performance issues (such as the quality of decision making, conduct of meetings and effectiveness of communications of decisions). Services operating in high-risk areas (that is, where there are significant policy or operational risks that might flow from failures in governance) will generally need to review their governance practices more frequently and/or more thoroughly.

It is important that whatever results come from reviews of governance arrangements and performance are acted upon. Staff and management, as well Members and the wider public, can quickly become cynical if areas for improvement are identified but not subsequently addressed within a reasonable time frame.

Similarly positive evaluations and reviews of performance or arrangements should be shared timeously with stakeholders to provide assurance that the Council is indeed doing the right thing for the right people at the right time in an open and transparent, efficient and cost effective way.

Developing the governance framework

As stated above the Council has a number of people, strategies, systems, processes and policies in place already which cover many of the key elements required to ensure good public sector governance. Like many other organisations and agencies however, these are often developed or implemented in response to specific aspects or requirements such as community planning, performance monitoring, budgetary control, legal obligations or new initiatives as opposed to being viewed cohesively as part of an integrated governance framework. Internal and external audit and inspection are an integral aspect of effective governance which provides assurances that we are achieving the right outcomes as a Council and managing public monies appropriately.

It is essential that the Council and its stakeholders, both internal and external understand what public sector governance and why it is important. As part of our commitment to be a council that "Grows In Excellence" we inevitably have to be equally committed to the principles and values of good public sector governance.

In order to develop the effectiveness of our framework and embed the principles of good governance at every level of the Council, we shall :

- develop a Local Code of Governance
- review our governance arrangements on an annual basis

- establish a formal assurance process
- establish a Governance Panel
- report outcome of review to Audit Committee
- produce an Annual Governance statement

Local Code of Governance

Our Local Code of Governance is the articulation of that commitment. It embraces the core principles taken from The Good Governance Standard for Public Services (2004), together with the supporting principles as recommended in the CIPFA/ SOLACE framework and the ethical behaviours expected of public servants and states what the Council and its officers will do themselves and also what they will expect of others to ensure that we are doing the right things for the right people in the right way, at the right time, in an open, honest and accountable way.

The Local Code of Governance is based on the key elements of good and effective governance identified above and by taking this integrated and thematic approach to considering our governance framework we hope to ensure that there is greater understanding of and a commitment to good governance across the Council as a whole.

Review and Assurance process

Councils are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Developing our Local Code of Governance will help to ensure that adequate and appropriate arrangements are in place to meet that responsibility.

To ensure that our governance arrangements are effective however we shall annually review these to ensure that they continue to comply with best practice.

As part of that review Managers and Chief Officers will be required to provide assurances as to the effectiveness of the governance arrangements in place and operating within their service areas. This process will involve the completion of a comprehensive questionnaire designed to identify areas of weakness or non-compliance by Management Teams and the production of evidence to support assurances as regards compliance.

Governance Panel

To ensure the quality of the assurances given by Managers and Chief Officers and to identify appropriate support required to improve governance arrangements across the organisation where weaknesses have been identified, we will establish a Governance Panel comprising senior officers who are suitably qualified and experienced in the following areas:

- financial planning and control
- procurement
- human resource management
- law & regulation
- performance management
- strategic planning
- community engagement

It will be the role of the Panel to interrogate the evidence provided and assess the quality of the assurances. As part of this process the Panel will also consider external audit and inspection reports, internal audit reports and current best practice. Where weaknesses or non compliance are identified the Panel will advise on options for improvement and provide technical advice where appropriate.

Reporting to Audit Committee

Once a review of the governance arrangements has been carried out , the finding shall be reported to the Scrutiny Committee acting as Audit Committee to ensure that they have an overview of the effectiveness of our framework and assurance that areas of identified weakness or non compliance are being appropriately address.

The Annual Governance Statement will be submitted to the Scrutiny Committee in draft form for approval . Once approved the Statement shall be signed off by the Leader of Council and Chief Executive.

Annual Governance Statement

Once the appropriate assurances have been obtained and an improvement plan developed where necessary, the Annual Governance Statement (AGS) will be prepared.

The Annual Governance Statement shall be signed by the Leader of the Council and the Chief Executive and will include the following information

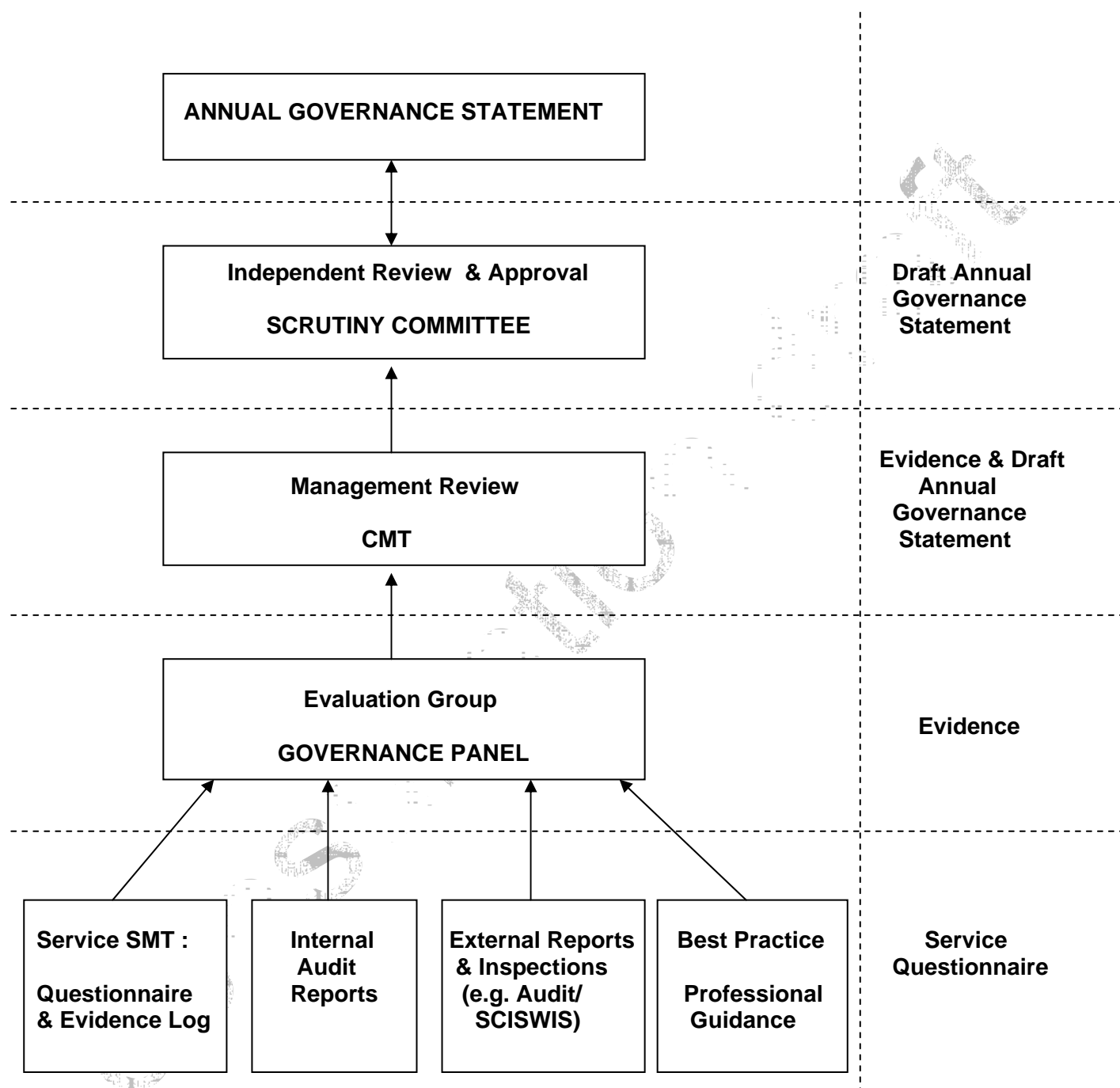
- an acknowledgment of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) in place
- an indication of the level of assurance that the systems and processes that comprise the Council governance arrangements can provide
- a brief description of the key elements of the governance framework
- a brief description of the process that has been applied in maintaining and reviewing the effective of the governance arrangements with reference to the role of :

- the authority
- the Corporate Management Team
- Audit Committee
- Internal audit
- other review/ assurance mechanisms

A flowchart outlining the Annual Governance Statement assurance process is at Appendix 1

Consultation draft

Annual Governance Statement Assurance Framework





CLACKMANNASHIRE COUNCIL

LOCAL CODE OF GOVERNANCE

ensuring good governance - securing better outcomes



← Growing in Excellence →

Introduction

Good governance is about ensuring that Clackmannanshire Council is doing the right things for the right people, at the right time, in an open , honest and accountable way.

Governance encompasses the culture, values, rules, systems, processes, strategies, policies and relationships of the organisation. All of these form the framework for governance.

Clackmannanshire Council's Governance Strategy has identified eight elements which are interlinked and mutually dependent, and combine to form a cohesive and robust governance framework. These are:

- 1. Strong ethical leadership and a culture committed to good public sector governance**
- 2. Effective relationships with its internal and external stakeholders**
- 3. Robust and effective risk management**
- 4. Internal and external compliance and accountability**
- 5. Effective planning and performance management**
- 6. Informed decision making**
- 7. Review and evaluation of governance arrangements**

Within and across these elements there are a number of principles which the Council pledges to uphold and actions which it agrees to undertake. Many of these reflect the core and supporting principles of good governance as recommended by CIPFA/SOLACE, and the ethical behaviours appropriate to those in public life as identified by Lord Nolan.

These together with several other principles and actions which the Council believes ensures and demonstrates good public sector governance are articulated in detail below under each of the component elements of its governance framework.

LOCAL CODE OF GOVERNANCE

1 Clackmannanshire Council has strong ethical leadership and a culture committed to good public sector governance

Strong and effective leadership is integral to good governance. Our leaders set the tone at the top and thus determine the culture and value base of the organisation. Good governance demands true leadership and the quality of leadership and the effectiveness of the governance arrangements in place will ultimately determine the success of the organisation.

The Council's leadership, culture and values are the foundation of our governance arrangements. They will influence our relationships with our stakeholders, both internal and external, shape the vision of the organisation and determine the outcomes for citizens.

It is important that Members and Senior Managers model good governance behaviours (leadership, integrity, honesty, openness, accountability, objectivity and selflessness) and demonstrate a commitment to achieving the Council's strategic objectives and implementing its vision through accountable processes.

Accordingly Council shall :-

- create and implement a vision for the local area which focuses on the Council's purpose and on achieving identified outcomes for the people of Clackmannanshire
- communicate its purpose, vision and the intended outcomes for citizens and service users to its staff, the community, partner agencies and other stakeholders
- regularly review its vision to ensure that it still meets the needs and reflects the expectations and aspirations of the local community
- ensure that our partnership working is underpinned by a common vision and purpose
- provide a high quality of service to our users either directly, in partnership or by commissioning and making best use of our resources and ensuring that tax payers and service users receive excellent value for money
- promote and demonstrate the values of good governance by ensuring Members and officers uphold high standards of conduct and behaviour
- ensure that Members and staff are aware of the standards of conduct and personal behaviour expected of them in relation to their dealings with each other, the Council, its partners and the community.
- create a climate of openness, integrity, support and respect with our Leaders setting the tone at the top for a culture committed to good governance throughout the wider organisation
- develop shared values between our leaders and staff which are reflective of public expectation and communicating these values consistently to Members, staff, partners and the community.

- ensure that its shared values underpin decision making and internal and external relationships.
- use its legal powers to the full benefit of the citizens and communities in Clackmannanshire
- ensure that its systems, processes, procedures and operations conform to appropriate ethical standards

2 Clackmannanshire Council has an effective relationship with its internal and external stakeholders.

The relationship that the Council has with its stakeholders is a key element of effective governance. The quality of our stakeholder engagement will have an impact upon our ability to identify and manage risk, which in turn influences our control mechanisms and ultimately determines performance.

The Council's relationship with its internal stakeholders (Members and Staff) is fundamental to the success of its operations. Clarity as to roles, responsibilities and accountabilities is crucial, as is the communication of the Council's vision and values.

Engagement with our external stakeholders is equally important. As well as being a means of informing the Council of community needs and aspirations, it is now also recognised as a fundamental accountability mechanism. Effective stakeholder engagement obliges an organisation to involve stakeholders in identifying, understanding and responding to issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance.

Stakeholder engagement can be used systematically as part of risk identification and management. Furthermore by having a better understanding of the needs and expectations of our stakeholders, we can create a better and more receptive operating environment which facilitates improved performance, both operational and strategic. The engagement process can also be a source of innovation and new partnerships as well knowledge, understanding and influence. It is important therefore that the Council recognises its stakeholders as a resource and stakeholder engagement as an opportunity for, rather than a potential hurdle or hindrance to improvement and development.

Accordingly the Council shall :-

- continue to improve the quality of our stakeholder engagement by creating more opportunities for effective dialogue within a process which has a clearly defined scope and purpose, which focuses on the material issues, is transparent and open, timely, flexible and responsive
- develop a relationship with our stakeholders that is built on trust and respect

- have a clear policy as to the type of things that it shall consult the public on
- develop its vision, strategic plans, priorities and targets in consultation with the community and other key stakeholders
- communicate its vision and strategic priorities, internally to staff and externally to the wider community, partners and other agencies and report the Council's progress and performance to them on an annual basis
- take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery
- ensure that clear channels of communication are in place with all sections of the community and that arrangements for community engagement are effective
- develop a clear policy on how staff and their representatives are consulted and involved in decision making
- ensure that there is clarity as regards the legal status of any partnership working and the respective roles, responsibilities and accountabilities of each party.
- review our arrangements to ensure that members and officers are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders
- ensure that Members and officers have clearly defined roles, functions and levels of accountability and that they work together with a common purpose
- ensure that relationships between the Council, its partners and the public are clear so that each know what to expect of the other
- clearly state the roles, responsibilities and accountabilities of the Leader, Members, the Chief Executive, the Chief Financial Officer, other Senior statutory officers and the Council's corporate management team and that these are communicated to staff and external stakeholders.
- set out the terms and conditions for remuneration of members and officers
- encourage new talent for membership of the Council by promoting what we do and encouraging participation
- encourage individuals from all sections of the community to engage with, participate in and contribute to the work of the Council
- ensure that structures are in place for members and officers to encourage participation and development

3 Clackmannanshire Council effectively manages risk

Risk is a corporate issue. As a public body we are required to manage risk whether it be political, social, financial, reputational, legislative, environmental and technological, on a daily basis. How we manage and control risk will be influenced by the culture of the organisation and further shaped by our

relationships with our internal and external stakeholders. In turn it will determine the success of the organisation in achieving its performance and compliance outcomes.

Effective risk management is not about avoiding risk. It is about bringing a perspective to the management of complicated issues in a complex environment. Identifying and managing risk is an important element across all of the Council's activities. The responsibility to manage risk rests with everyone within the organisation and every decision taken at every level involves risk management to a greater or lesser degree.

A holistic and integrated approach to risk management and control should provide appropriate assurance to our stakeholders, both internal and external, that the Council has a formal, systematic and pro-active approach to the identification, management and monitoring of risk, strengthen governance arrangements, and improve decision making and performance.

Accordingly Council shall ;-

- develop an integrated risk management framework
- review its risk strategy, protocols and architecture to ensure that it is effective and robust in supporting the organisation in achieving its outcomes
- ensure that risk management is embedded into the culture of the authority, with Members and Officers at all levels of the authority recognising that managing risk is an essential element of their day to day job.
- put in place effective and robust internal controls
- ensure that our governance arrangements support external compliance requirements
- ensure that there systems and processes in place for effective business planning and performance monitoring
- put in place arrangements to identify and deal with failure in service delivery
- regularly review and test business continuity planning
- ensure that its decision making is transparent with and that the evidence, rationale, criteria and considerations applied in decision making is properly documented
- ensure that there is a constructive working relationship between members and officers
- put in place appropriate mechanisms to avoid conflicts of interest in decision making on the part of members or officers
- adhere to and observe all the legal requirements and limits placed upon the council by virtue of primary and secondary legislation
- to integrate the key principles of good administrative law , namely, rationality, legality and natural justice into our procedures and decision-making processes.

- develops the capacity of its Members and Officers to be effective in the discharge of their duties by ensuring that they have the skills, knowledge and experience that they need to perform well in their roles
- provide induction programmes tailored to meet the needs of Members and Officers and ensure that their knowledge is updated on a regular basis
- ensure that the statutory officers and those with governance responsibilities, have the requisite skills, resources and support necessary to perform effectively in their roles
- clarify to Members their roles and responsibilities in relation to budget management and financial performance and ensure that they have access to appropriate resources to support them in this role
- develop the skills and knowledge of our staff on a continuing basis to improve performance
- put in place an effective system for reviewing performance and addressing any training or development needs
- put in place transparent and accessible arrangements for dealing with complaints
- ensure that there are effective "whistle blowing" arrangements in place which are accessible to staff and all those contracting with the organisation

4 Clackmannanshire Council has robust and effective internal control system in place to ensure both internal and external compliance and accountability

Compliance and accountability flows from our relationship with our internal and external stakeholders in that, to ensure compliance we must have an understanding of stakeholder needs, expectations and accountabilities. To ensure compliance and provide assurances to stakeholders and decision-makers we must have a robust and effective internal control system in place.

An internal control system encompasses the policies, processes, tasks, behaviours, checks and balances within the organisation which when taken together:-

- ensure effective and efficient operations by enabling the Council to respond appropriately to significant business, operational, political, financial, compliance and other risks in relation to achieving its objectives
- helps ensure the quality of internal and external reporting by requiring the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the Council; and
- helps ensure compliance with applicable laws, regulations, standards, policies and practice

The scope of internal control is not restricted to ensuring compliance but also extends to providing assurance as to our performance.

The Council is subject to significant external scrutiny and compliance requirements therefore it is essential that our internal control system is structured in alignment with external accountabilities, to avoid duplication of work.

Accordingly the Council shall :-

- ensure that there are effective internal financial controls in place within the organisation which cover, guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and processes for authorisation and approval
- be rigorous and transparent in our decision making
- develop and maintain an effective scrutiny function
- ensure that an effective internal audit function is resourced and maintained
- align our internal audit plans and activities with the requirements of our external auditors
- develop and maintain an effective audit committee or equivalent
- comply with CIPFA's Codes in relation to capital finance and treasury management
- hold the Chief Executive accountable for all aspects of operational management
- hold the Chief Financial officer responsible and accountable for advice given in relation to all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control
- hold the Monitoring Officer responsible and accountable for compliance with all applicable statutes and regulations and for ensuring that agreed procedures are followed
- review and update our Scheme of Delegation to ensure that it reflects the needs of our organisation and optimises efficiency, effectiveness and performance and clearly states respective roles , powers and accountabilities
- regularly review and revise Contract Standing Orders to ensure that they comply with legislation and best practice
- ensure that there are appropriate and effective fraud control mechanisms in place
- comply with all legislative provisions and adhere to the legal principles of rationality, legality and natural justice
- use our legal powers to the full benefit of our community whilst recognising our lawful limits
- have effective performance planning and monitoring arrangements in place
- seek assurances from senior managers as to the arrangements in place within their areas of responsibility for financial and internal control, risk management and performance,

- establish a Governance Panel comprising suitable qualified and experienced Officers to review the effectiveness of our governance arrangements
- produce and Annual Governance Statement

5 Clackmannanshire Council has effective planning and performance management in place to ensure that it secures good outcomes for its stakeholders and continues to grow in excellence.

Performance management is important to everyone who wants to see the people of Clackmannanshire better served by the Council and their partners. It is a means of ensuring that policy decisions are being implemented, services are efficient and improving, and is increasingly being used to hold councils to account.

Effective planning and performance management helps to :

- prioritise what gets done and ensure that there are sufficient resources to do it
- ensure that the Council provides value for money
- motivate and manage staff
- identify and rectify poor performance at an early stage
- learn from past performance and improve future performance
- increase stakeholder satisfaction

Leadership, organisational culture, individual efforts, skills and capacity and most importantly customer focus are the key drivers for high performance and improvement.

Clackmannanshire Council is committed to improving performance at every level and it aspires to be an excellent Council.

Accordingly the Council shall :-

- engage with its internal and external stakeholders to determine its aims and priorities and ensure that our resources are aligned to achieving the same.
- ensure that its Single Our Single Outcome Agreement focuses on actual outcomes which are capable of delivery
- underpin its vision with targets and measures
- ensure that business plans, team plans and individual performance plans are aligned to corporate objectives and mutually supportive.
- put in place a clear and robust budgeting and financial planning system
- embed compliance, accountability and risk management into strategic and business planning processes

- provide value for money in the delivery, procuring or commissioning of its services
- ensure that its financial resources, people, skills and assets are aligned to its strategic priorities
- ensure that its performance monitoring system is aligned to achieving its objectives and generates the relevant information to meet internal management needs and external reporting requirements
- identify and rectify poor performance at an early stage
- Increase customer satisfaction by identifying and addressing customer needs
- develop a culture of continuous improvement and effective performance management
- ensure that there are appropriate internal controls to monitor the extent to which the organisation is achieving its goals.
- communicate performance for the purposes of governance and accountability to organisational stakeholders including Government, funding bodies, audit agencies and the wider public.
- adopt an integrated approach to risk management ensuring that risks are considered as part of our deliberations and decision making

6 Clackmannanshire Council shall make informed decisions based on high quality information

In order to do the right things for the right people at the right time, the Council needs to have high quality information available to it in order to make informed decisions as regards, objectives, policies and service delivery poor quality information leads to poor decision and policy making and ultimately poor outcomes for the people of Clackmannanshire.

The information that is gathered and provided to support the Council's decision making should also should also reflect its internal and external accountabilities, such as public performance reporting, external audits and inspections.

Accordingly the Council shall:-

- recognise and treat information as an valuable corporate asset
- ensure that there are appropriate systems, processes and controls in place for the gathering, processing and disseminating of information
- make decisions as to what the community wants/ needs based on good quality information , advice and support
- ensure that those making decisions are provided with information that is fit for the purpose - relevant, timely and gives clear explanations of technical and financial issues and their implications
- ensure that proper professional advice on matters which have legal or financial implications is readily available and used appropriately

- ensure that members have a level of detail appropriate to their role to enable them to provide effective oversight and scrutiny
- ensure that clear and accurate financial and budgetary information is made available to budget holders and senior managers in sufficient time to inform their decision making and forward planning
- state clearly the rationale for and objectives of its decisions
- develop and implement an information Management Strategy
- develop and maintain a robust records management system
- ensure that personal information is processed in accordance with Data Protection legislation
- ensure that information is accessible and made available in accordance with the Freedom of Information (S) Act 2002

7 Clackmannanshire Council seeks to improve its governance structures, processes and performance as part of its commitment to continuous improvement

As the needs, expectations and aspirations of our communities evolve and the demands place upon local government change so too must our objectives, structures, processes and systems. To ensure that the Council continues to do the right things for the right people at the right time, it is essential that we regularly review and re-evaluate the framework that we have in place to achieve that outcome.

Accordingly the Council shall :-

- regularly engage with its stakeholders to ensure that it know what they want and need
- regularly review its internal controls both financial and non financial
- continually monitor and evaluate risks to ensure that its objectives can be achieved and any identified risks can be managed
- review its governance framework to ensure that it continues to provides the necessary assurances to satisfy its accountabilities
- periodically review and evaluate performance standards attained and performance trajectories, taking corrective action as appropriate where deviations from the desired standards are identified

consultation draft