
To: Renfrewshire Integration Joint Board Audit Committee

On: 25 January 2019

Report by: Head of Administration

Heading: Local Code and Sources of Assurance for Governance Arrangements

1. Summary

- 1.1. The purpose of this report is to seek approval from the Audit Committee on an updated Local Code and Sources of Assurance for Governance Arrangements.
- 1.2. Renfrewshire IJB operates through a governance framework based on legislative requirement, governance principles and management processes. The IJB has worked to ensure that its governance arrangements are robust and based on good practice.
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2. Recommendations

It is recommended that the IJB Audit Committee:

- Review and approve the updated Local Code and Sources of Assurance attached in Appendix 1, before submission to the Integration Joint Board for approval.
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3. Background

- 3.1. The IJB's approved Annual Governance Statement for 2015/16 confirmed that it had adopted governance arrangements that were consistent with the principles of CIPFA's and the Society of Local Authority Chief Executives' (SOLACE) framework 'Delivering Good Governance in Local Government: Framework' and the Statement explained how the IJB complied with the Framework and also met the Code of Practice on Local Authority Accounting in the UK.
- 3.2. While the Framework is written in a Local Authority context, most of the principles are applicable to the IJB, particularly as legislation recognises IJBs as a local government body under Part VII of the Local Government (Scotland) Act 1973, and therefore subject to the Local Authority Accounting Code of Practice.

4. Sources of Assurance

- 4.1. The Local Code includes identified sources of assurance which enable the IJB to review and assess its governance arrangements, against which it will measure itself in Annual Governance Statements from 2018/19 onwards.

5. Compliance with Local Code

- 5.1. The Local Code of Governance Arrangements is a statement of the policies and procedures through which we direct and control our functions and how we interact with service users, the local community and other stakeholders. It enables the IJB to demonstrate that its governance structures comply with the core and sub principles contained in the Framework, and test their governance structures and partnerships against the Framework's principles.
- 5.2. The Local Code of Corporate Governance is subject to ongoing review by the Chief Finance Officer to ensure that internal controls, risk management and other governance arrangements are improved through the implementation of the framework. The update on the Local Code will be brought to the January 2019 Audit Committee.

6. Future Governance Arrangements

- 6.1. It is recommended that the review of the Local Code of Governance Arrangements, and scrutiny of the outcome of that review in the 2018/19 Annual Governance Statement, is carried out by the IJB Audit Committee in advance of being presented for IJB approval.

Implications of the Report

- 1. Financial** – None
- 2. HR & Organisational Development** – None
- 3. Community Planning** – None
- 4. Legal** – The Local Code and Sources of Assurance ensure that the Integration Joint Board is compliant with the Integrated Resource Advisory Group guidance in relation to audit provision and the Local Authority Accounts (Scotland) Regulations 2014.
- 5. Property/Assets** – None
- 6. Information Technology** – managing information and making information available may require ICT input.
- 7. Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
- 8. Health & Safety** – None
- 9. Procurement** – None

10. **Risk** – Without a Local Code and Sources of Assurance, there is a risk that the Integration Joint Board does not have an effective framework for the assessment of its governance arrangements.
11. **Privacy Impact** – None. The information to be made available via the Publication Scheme is information which would be disclosed in response to a request under the Freedom of Information (Scotland) Act 2002. This therefore would not include Personal Data as defined by the General Data Protection Regulations 2018 and Data Protection Act 2018.

List of Background Papers – None

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

Public Sector organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
A1.1	Behaving with Integrity	<p>Ensuring IJB members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</p> <p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> • Standards and Codes of conduct / updates by Standards Officer • Individual sign off with regard to compliance with code • Induction for IJB members and staff on standard of behaviour expected • Performance appraisals for staff • Decision making systems • Declarations of interests made and recorded at all Board and Committee meetings • Conduct at meetings • Development sessions to support decision making on specific issues • Anti-fraud policies are working effectively • Up-to-date register of interests • Up-to-date register of gifts and hospitality • Complaints policy and examples of responding to complaints about behaviour • Changes/improvements as a result of complaints received and acted upon
A2.1	Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.	<ul style="list-style-type: none"> • Scrutiny of decision making • Championing ethical compliance at governing body level

		<p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</p> <p>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p>	<ul style="list-style-type: none"> • Provision of ethical awareness training • Appraisal processes take account of values and ethical behaviour • Staff appointments policy • Procurement policy
A3.1	Respecting the rule of law	<p>Ensuring IJB members and officers demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p> <p>Creating the conditions to ensure that the statutory officers and IJB members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. Striving to optimise the use of the full powers available for the benefit of communities and other stakeholders. Dealing with breaches of legal and regulatory provisions effectively.</p> <p>Ensuring corruption and misuse of power are dealt with effectively.</p>	<ul style="list-style-type: none"> • Statutory provisions and guidance is followed • Job description/specifications • Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016) • Terms of reference • Committee support • Legal advice provided by officers • Monitoring provisions • Record of legal advice provided by officers • Statutory provisions

B. Ensuring openness and comprehensive stakeholder engagement

To ensure the HSCP is run for the public good, the organisation should ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
B1.1	Openness	<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to Openness</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used.</p> <p>Ensuring that the impact and consequences of those decisions are clear.</p>	<ul style="list-style-type: none">• Annual report• Freedom of Information Act• Publication scheme online• Organisational values• IJB papers published in advance of meetings• Record of decision making and supporting materials• Meeting reports show details of advice given• Discussion among all IJB members and officers on the information needs of members to support decision making e.g. developing Performance Framework• Agreement on the information that will be provided and timescales• Calendar of dates for submitting, publishing and distributing timely reports is adhered to.
B2.1	Engaging comprehensively with stakeholders	<p>Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes are clear so that outcomes are achieved successfully and sustainably.</p> <p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively based on:</p> <ul style="list-style-type: none">• Trust• a shared commitment to change	<ul style="list-style-type: none">• Communication strategy• Database of stakeholders with whom the IJB engages• Partnership protocols• SPG meet regularly and interlinks with IJB

		<ul style="list-style-type: none"> • a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit. 	
B3.1	Engaging stakeholders effectively	<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. Ensuring communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, service users and organisations of different backgrounds and implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.</p>	<ul style="list-style-type: none"> • Record of public consultations • Partnership framework • Communications strategy • Joint strategic needs assessment • Processes for dealing with competing demands within the community, for example a consultation.

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

The long term nature and impact of many of the organisation's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
C1.1	Defining Outcomes	<p>Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.</p> <p>Specifying the intended impact on, or changes for, stakeholders and delivering defined outcomes on a sustainable basis within the resources that will be available.</p> <p>Identifying and managing risks to the achievement of outcomes.</p> <p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<ul style="list-style-type: none">• Vision used as a basis for corporate and service planning• Community engagement and involvement• Corporate and service plans• Regular reports on progress• Performance trends are established and reported upon• Risk management protocols• An agreed set of quality standard measures for each service element are included in service plans• Processes for dealing with competing demands within the community
C2.1	Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.	<p>Placing reliance on Partners Capital investment protocol to ensure these are structured to achieve appropriate life spans and adaptability for future use so that resources are spent on optimising social, economic and environmental wellbeing:</p> <ul style="list-style-type: none">o Capital programmeo Capital investment strategy

		<p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p> <p>Ensuring fair access to services</p>	<p>Reliance on Partners Climate Change Planning</p> <ul style="list-style-type: none"> • Discussion between members and officers on the information needs of members to support decision making • Record of decision making • Protocols for consultation • Protocols ensure fair access and statutory guidance is followed
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D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The organisation will achieve its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
D1.1	Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options.	<ul style="list-style-type: none">• Discussion between members and officers on the information needs of members to support decision making• Decision making protocols• Option appraisals• Agreement of information that will be provided and timescales
D1.2	Determining interventions	Considering feedback from the public and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.	<ul style="list-style-type: none">• Consultations• Strategic Plan• Financial Strategy linked to Strategic Plan
D2.1	Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	<ul style="list-style-type: none">• Calendar of dates for developing and submitting plans and reports that are adhered to
D2.2	Planning interventions	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	<ul style="list-style-type: none">• Communication strategy

D2.3	Planning interventions	Considering and monitoring risks facing each partner when working collaboratively including shared risks.	<ul style="list-style-type: none"> • Risk Management protocol
D2.4	Planning interventions	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.	<ul style="list-style-type: none"> • KPIs have been established and approved for each service element and included in the service plan and are reported upon regularly
D2.5	Planning interventions	Ensuring capacity exists to generate the information required to review service quality regularly.	<ul style="list-style-type: none"> • Reports include detailed performance results and highlight areas where corrective action is necessary
D3.1	Optimising achievement of intended outcomes	Ensuring the Medium Term Financial plan integrates and balances service priorities, affordability and other resource constraints and sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	<ul style="list-style-type: none"> • Feedback surveys and exit/ decommissioning strategies • Changes as a result • Medium Term Financial plan

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

The organisation needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
E1.1	Developing the entity's capacity	Reviewing services, performance and use of assets on a regular basis to ensure their continuing effectiveness.	<ul style="list-style-type: none">• Regular reviews of activities, outputs and planned outcomes
E1.2	Developing the entity's capacity	Recognising the benefits of partnership and collaborative working where added value can be achieved.	<ul style="list-style-type: none">• Effective operation of partnerships which deliver agreed outcomes
E1.3	Developing the entity's capacity	Developing and maintain an effective workforce plan.	
E2.1	Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that IJB members and officers interact with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained and ensuring the IJB Chair and the Chief Officer have clearly defined and distinctive leadership roles within a structure, whereby the Chief Officer leads the organisation in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	<ul style="list-style-type: none">• Job descriptions• Regular review of communication arrangements• Clear statement of respective roles and responsibilities of the Chief Officer and IJB Chair and how they will be put into practice• Access to courses/ information briefings on new legislation• Induction programme• Personal development plans

E2.2	Developing the capability of the entity's leadership and other individuals	Ensuring that there are structures in place to encourage public participation.	<ul style="list-style-type: none"> • Stakeholder forums • Strategic partnership frameworks
E2.3	Developing the capability of the entity's leadership and other individuals	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback and peer review and inspections.	<ul style="list-style-type: none"> • Reviewing individual member performance on a regular basis taking account of their attendance and considering any training for development needs

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

The organisation needs to ensure that its and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
F1.1	Managing Risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision-making. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. Ensuring that responsibilities for managing individual risks are clearly allocated.	<ul style="list-style-type: none">• Risk management strategy/policy formally approved, adopted, reviewed and updated on a regular basis.
F2.1	Managing Performance	Monitoring service delivery effectively.	<ul style="list-style-type: none">• Performance map showing all key activities have performance measures• Benchmarking information, where appropriate• Calendar of dates for submitting, publishing and distributing timely reports
F2.2	Managing Performance	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.	<ul style="list-style-type: none">• Discussion between members and officers on the information needs of members to support decision making

			<ul style="list-style-type: none"> • Publication of agendas and minutes of meetings • Agreement on the information that will be needed and timescales
F3.1	Robust internal control	<p>Aligning the risk management strategy and policies on internal control with achieving objectives.</p> <p>Ensuring effective counter fraud and anti-corruption arrangements are in place.</p> <p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</p>	<ul style="list-style-type: none"> • Risk management strategy • Audit plan • Audit reports • Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) • Annual governance statement • Effective internal audit service is resourced and maintained
F3.2	Robust internal control	<p>Ensuring an Audit Committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened and acted upon. 	<ul style="list-style-type: none"> • Audit Committee complies with best practice – see Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) • Terms of reference • Membership Training
F4.1	Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	<ul style="list-style-type: none"> • Data management framework and procedures • Data protection officers in place via NHS and Local Authority • Data protection policies and procedures • Data sharing agreement • Data sharing register • Data processing agreements

F4.2	Managing data	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	<ul style="list-style-type: none"> • Data quality procedures and reports • Data validation procedures
F5.1	Strong public financial management	Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls and that it supports both long-term achievement of outcomes and short-term financial and operational performance.	<ul style="list-style-type: none"> • Budget monitoring reports • Financial management supports the delivery of services and transformational change as well as securing good stewardship

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Ref	Sub Principles	Behaviours and actions that demonstrate good governance in practice	Examples of systems, processes, documentation and other evidence demonstrating compliance
G1.1	Implementing good practices in transparency	<p>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.</p>	<ul style="list-style-type: none">• Standard IJB report format• Published IJB agendas, reports and minutes in clear standard formats• Website• Annual report (online and paper copies)
G2.1	Implementing good practices in reporting	<p>Reporting at least annually on Performance.</p> <p>Ensuring members and officers own the results.</p>	<ul style="list-style-type: none">• Performance reported at each IJB meeting• Formal annual report• Annual financial statements• Appropriate approvals• Annual governance statement
G2.2	Implementing good practices in reporting	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.	<ul style="list-style-type: none">• Format follows best practice
G3.1	Assurance and effective accountability	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon and that	<ul style="list-style-type: none">• Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010)

		<p>recommendations for corrective action made by audit are acted upon.</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p>	<ul style="list-style-type: none"> • Compliance with Public Sector Internal Audit Standards • Audit recommendations have informed positive improvement
G3.2	Assurance and effective accountability	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	<ul style="list-style-type: none"> • Annual Governance statement
G3.3	Assurance and effective accountability	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	<ul style="list-style-type: none"> • Integration Scheme