

EAST AYRSHIRE COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 9 JUNE 2005

LOCAL CODE OF CORPORATE GOVERNANCE

Report by Chief Executive

1. PURPOSE OF REPORT

- 1.1 To advise the Committee of progress in implementing the Council's Corporate Governance Action Plan and to seek the Committee's approval to the adoption of an updated Local Code of Corporate Governance and revised Action Plan.

2. BACKGROUND

- 2.1 The Policy and Resources Committee at its meeting on 5 October 2000 considered a report on the CIPFA/SOLACE draft framework for Corporate Governance in Local Government. Among other things, the Council agreed to advise CIPFA of the Council's support for the draft framework document. The Committee also noted that whilst the Council operated many or similar types or systems identified within the draft guidance, that on receipt of the final framework document from CIPFA/SOLACE, a report would be prepared on the development of East Ayrshire Council's own Corporate Code of Corporate Governance.
- 2.2 Following publication of the finalised CIPFA/SOLACE framework for Corporate Governance in Local Government, a report was presented to the Council Meeting of 27 June 2002 recommending the adoption of the Council's first Local Code of Corporate Governance.
- 2.3 Since the adoption of the Council's first Local Code of Corporate Governance, an annual process of review has been conducted. This results in the Council each year adopting a new Local Code of Corporate Governance and an action plan is approved with the intention of improving still further, the Council's governance arrangements.

3. ANNUAL REVIEW OF CORPORATE GOVERNANCE ARRANGEMENTS

- 3.1 An important element in relation to the process of assurance that the Council's arrangements for Corporate Governance are in place and working effectively is the need for continuing monitoring and annual review of these arrangements. To facilitate this, a Corporate Governance Officer Working Group is convened to co-ordinate the Council's annual review process.
- 3.2 Whilst this process of review is co-ordinated corporately, clearly it is the responsibility of Executive Directors to ensure that they are satisfied that their own governance arrangements are adequate and operating effectively. In line with the CIPFA/SOLACE Framework for Corporate Governance in Local Government, each Executive Director is required to make an annual statement confirming that this is the case and, thereafter, the Council prepares and publishes an Annual Statement of Assurance confirming that its corporate arrangements for governance within the Authority are robust.

- 3.3 In light of the importance of these matters, the Council's Corporate Governance arrangements have been a matter for consideration by the Council's Corporate Management Team. Executive Directors have confirmed formally that their Governance arrangements in 2004/05 were in place and working effectively.

4. ACTION PLAN PROGRESS

- 4.1 Appendix 1 to this report sets out the Council's Corporate Governance Action Plan for 2004/05, which was agreed by the Corporate Governance Committee on 1 June 2004. An additional column has now been added to the Action Plan to provide an update for Committee on the progress in achieving the agreed actions.
- 4.2 The Council has made good progress over the last year in strengthening further its Corporate Governance arrangements.

5. UPDATED LOCAL CODE OF CORPORATE GOVERNANCE

- 5.1 Appendix 2 to this report provides a proposed updated East Ayrshire Local Code of Corporate Governance for 2005/06.
- 5.2 In terms of structure, the revised Local Code of Corporate Governance continues to follow the CIPFA/SOLACE Framework. This is considered to be good practice and means that the Council will be well placed to respond to any external audit review of the Council's Corporate Governance arrangements. The layout of the Local Code adheres to the CIPFA/SOLACE Framework template.
- 5.3 It should be noted that Corporate Governance arrangements are now included within the remit of the Council's External Auditors. In the 2003/04 audit, the Council's External Auditors were satisfied that the Council's Corporate Governance arrangements were appropriate.
- 5.4 The overall conclusion from this review of the Council's Corporate Governance arrangements has been that the Council continues to have effective arrangements in place to protect the Council's interests and promote good governance within the Authority. For ease of reference, proposed amendments to the Local Code of Corporate Governance are highlighted within Appendix 2 in bold italics.

6. ADOPTION OF A REVISED ACTION PLAN

- 6.1 Whilst this review of the Council's Corporate Governance arrangements has concluded that the Council continues to have effective governance arrangements in place, it should always be the case that these arrangements are subjected to a process of continuous improvement.
- 6.2 In light of this, a number of new improvement actions have been identified for implementation over the coming year and which are intended to strengthen further the Council's Corporate Governance Arrangements.
- 6.3 The review and further development of the Council's Asset Management arrangements, which is being taken forward by the Executive Director of Development and Property Services, in accordance with the recommendations of the 2003/04 and 2004/05 External Audit Reports is worthy of specific note within the proposed improvement actions to be implemented during the coming year.

6.4 Full details of the proposed 2005/06 Improvement Action Plan are set out in Appendix 3 to this report and progress in its implementation will feature in the next Annual Review of the Council's Corporate Governance Arrangements.

7. POLICY IMPLICATIONS

7.1 The Council places a high degree of importance on the need to ensure that its arrangements for Corporate Governance are effective and continue to be the subject of ongoing review and improvement.

8. LEGAL IMPLICATIONS

8.1 None.

9. FINANCIAL IMPLICATIONS

9.1 None.

10. RECOMMENDATIONS

10.1 The Committee is asked to:-

- (i) note the process of review for the Council's Corporate Governance Arrangements;
- (ii) note the good progress made in the implementation of the previously agreed Corporate Governance Action Plan;
- (iii) agree the revised East Ayrshire Local Code of Corporate Governance for 2005/06, set out in Appendix 2 to this report;
- (iv) agree the proposed Corporate Governance Improvement Action Plan for 2005/06, set out in Appendix 3 to this report;
- (v) note that the revised Local Code of Corporate Governance and the Corporate Governance Improvement Action Plan will be published and made available to the general public; and
- (vi) otherwise note the content of this report.

Fiona Lees
Chief Executive
9 May 2005

LIST OF BACKGROUND PAPERS

CIPFA/SOLACE Corporate Governance in Local Government: A Keystone for Community Governance, 2001.

Members wishing further information on this report should contact Fiona Lees,
Chief Executive, tel: 01563 576019 or
John Clayton, Head of Corporate Development and Communication, tel: 01563 576165.

Implementation Officer: Fiona Lees, Chief Executive

Appendix 1 – 2004/05 Improvement Action Plan Update

Action Required	Officer Responsible	Timetable	Progress Update
Dimension 1 – Community Focus			
Undertake a Community Planning Resident's Survey.	Head of Corporate Development and Communication	2004/2005	A Residents Survey Working Group, on which Partner Organisations are represented, has been established to oversee the implementation of this survey. Question sets have been drafted and the tender brief has been finalised. A number of market and public opinion research consultants were invited to tender for this contract and an appointment made on 6 May 2005, with survey results anticipated to be available in July/August 2005. ACTION: ONGOING.
Establish a Representative Resident's Panel and Geographic Focus Groups.	Head of Corporate Development and Communication	2005	It is anticipated that the Residents Panel and Geographic Focus Groups will be established from contact information derived from the planned Residents' Survey. ACTION: ONGOING
Establish a Citizen's Forum / question time to receive feedback on existing activity and to identify new priorities.	Head of Corporate Development and Communication	December 2004	It is anticipated that the Citizens Forum will be established following completion of the planned Residents' Survey. ACTION: ONGOING
Within Community Planning generally, establish an Annual Consultation Plan under Public Performance Reporting arrangements, linked to Community Consultation.	Head of Corporate Development and Communication	October 2004	Public Performance Reporting Guidance and Regulations only published in February and April 2005. Consequently this action will be carried forward into the 2005/06 Action Plan. ACTION: ONGOING

Dimension 2 – Service Delivery Arrangements			
Convene the Performance Review Group involving Elected Members to review the performance of Council services.	Head of Corporate Development and Communication	October 2004	The Corporate Governance Committee at its meeting on 16 November 2004 agreed the Elected Member composition and membership of the Group which shall consist of 8 Councillors, reflecting the political balance of the Council. The first meeting of the Group is scheduled to take place before the summer recess. ACTION: ONGOING
Dimension 3 – Structures and Processes			
Build on the Council's existing Procurement Protocol Arrangements, through the development of a Corporate Procurement Strategy.	Head of Administrative and Legal Services	September 2004	The Corporate Procurement Strategy was formally adopted by the Policy and Resources Committee at its meeting held on 25 November 2004. ACTION: ACHIEVED
Dimension 4 – Risk Management and Internal Control			
Risk Management update report to be considered by the Corporate Governance Committee.	Executive Head of Finance	September 2004	The Corporate Governance Committee at its meeting held on 16 November 2004 considered and approved a Risk Management Strategy which aims to ensure that key risks to the achievement of the Council's strategic objectives are identified and minimised. ACTION: ACHIEVED

May 2005

Appendix 2 – Local Code of Corporate Governance 2005/06

For each dimension of a local Authority's business, the CIPFA/SOLACE Corporate Governance in Local Government Guidance Note provides illustrative tables to show how the principles of corporate governance should be reflected, the requirements the local code should reflect, and examples of systems, processes and documentation that may be used to demonstrate compliance. These are, however, only examples and individual authorities will differ in respect to how they comply with the terms of the Code. The CIPFA/SOLACE template has broadly been followed in developing this authority's Local Code.

Dimension 1: Community Focus

How the principles of corporate governance should be reflected.

Through carrying out their general and specific duties and responsibilities and their ability to exert wider influence, local authorities should:

- work for and with their communities
- exercise leadership in their local communities, where appropriate
- undertake an 'ambassadorial' role to promote the well-being of their area, where appropriate.

Local authorities should therefore maintain effective arrangements:

- for explicit **accountability** to stakeholders for the authority's performance and its **effectiveness** in the delivery of services and the sustainable use of resources
- to demonstrate **integrity** in the authority's dealings in building effective relationships and partnerships with other public agencies and the private/voluntary sectors
- to demonstrate openness in all their dealings
- to demonstrate **inclusivity** by communicating and engaging with all sections of the community to encourage active participation
- to develop and articulate a clear and up-to-date vision and corporate strategy in response to community needs.

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
<p>(a) Publish on a timely basis an annual report presenting an objective, understandable account of the authority's:</p> <ul style="list-style-type: none"> • activities and achievements • financial position and performance • improvement targets. <p>The reports should include statements:</p> <ul style="list-style-type: none"> • explaining the authority's responsibility for the financial statements. • confirming that the authority complies with relevant standards and codes of corporate governance. • on the effectiveness of the authority's system for risk management and internal control. 	<p>Statement of the Council's Plans for Public Reporting Financial Statements Public Performance Report</p>	<ul style="list-style-type: none"> ◆ Publish Annual Accounts ◆ Publish East Ayrshire Public Performance Report incorporating a Financial Overview ◆ Publish Statutory Performance Indicators ◆ Community Plan and Progress Updates ◆ Audit Plan (agreed by Committee) ◆ Publication of statement of the Council's plans for Public Reporting
<p>(b) Publish on a timely basis a performance plan presenting an objective, balanced and understandable account and assessment of the authority's</p> <ul style="list-style-type: none"> • current performance in service delivery • plans to maintain and improve service quality 	<p>Public Performance Report Community Strategy Statement of the Council's Plans for Public Reporting</p>	<ul style="list-style-type: none"> ◆ Publish annual Public Performance Report ◆ Service Improvement Plans. ◆ Publication of statement of the Council's plans for Public Reporting
<p>(c) Put in place proper arrangements for the independent review of the financial and operational reporting process.</p>	<p>Annual audit letter and other audit reports Scrutiny Inspection reports</p>	<ul style="list-style-type: none"> ◆ External Audit – final report to Controller of Audit considered by Members ◆ Internal and External Audit ◆ Annual Plan and report ◆ Budget Scrutiny Group ◆ Performance Review Group ◆ Chair's Monitoring Group ◆ Committee Scrutiny ◆ Accounting Policy Bulletins ◆ Best Value Scrutiny Groups ◆ Property Monitoring Group ◆ Risk and Audit Scrutiny Group
<p>(d) Put in place proper arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of the authority and put in place appropriate</p>	<p>Strategic partnership framework Stakeholders forums' terms of reference Area forums' roles and responsibilities Residents' panel structure Annual report</p>	<ul style="list-style-type: none"> ◆ Local Committee. ◆ Local Planning Committees ◆ Youth Forums/Youth Conferences ◆ Public consultation on budget.

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
<p>monitoring processes to ensure that they continue to work in practice.</p>	<p>Community planning process Better Neighbourhood Services Fund – Citizen’s Panels</p>	<ul style="list-style-type: none"> ◆ Community Council Consultations ◆ Annual Consultation Plan ◆ Local Liaison Committees ◆ Social Inclusion Partnership Boards ◆ The Council’s comments and suggestions scheme ◆ Residents Panel / Focus Groups ◆ Better government for older people ◆ Other Stakeholder Consultations ◆ Residents Survey ◆ Council for Voluntary Organisations Partnership ◆ Community Safety Partnership ◆ Better Neighbourhood Services Fund – Citizen’s Panels ◆ Citizens Forum / Question Time ◆ Registered Social Landlords ◆ Registered Tenants Associations ◆ Race Equality Scheme ◆ General Consultative Forums, including:- <ul style="list-style-type: none"> ◆ Disability Forum ◆ Women’s Forum ◆ Ethnic Minorities Forum ◆ Community Safety Forum ◆ Disabled Access Forum ◆ Housing Stock Options Appraisal Consultation
<p>(e) Make an explicit commitment to openness in all of their dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so, and by their actions and communications deliver an account against that commitment.</p>	<p>Constitution</p>	<ul style="list-style-type: none"> ◆ Access is one of the council’s 4 core values ◆ Minimal council business held in private ◆ Limited application of access to information exclusion grounds ◆ Decentralisation scheme ◆ Fifteen minute public open forum at Local Committees ◆ Local Planning Committees – hearing procedure allows all parties to be heard ◆ Standing orders and scheme of Delegation ◆ Code of Conduct ◆ Minutes and Committee Reports are posted on the internet

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
		<ul style="list-style-type: none"> ◆ Compliance with the requirements of the Freedom of Information Act
(f) Establish clear channels of communication with all sections of their community and other stakeholders, and put in place proper monitoring arrangements to ensure that they operate effectively.	Partnership framework IIP accreditation Communication planning process	<ul style="list-style-type: none"> ◆ CVO Partnership ◆ Elderly Forum ◆ Headlines ◆ Electronic delivery / promoting the Council's website ◆ Decentralisation Scheme ◆ Budget Consultation ◆ A-Z of Council Services ◆ Council's internet and intranet site ◆ Ethnic Minorities Forum ◆ Youth Forums ◆ Better Neighbourhood Services Fund – Citizen's Panels
(g) Ensure that a vision for their local communities and their strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.	Communication planning process Service plans	<ul style="list-style-type: none"> ◆ The Council's vision is in place ◆ The Social Inclusion Partnership and Better Neighbourhood Services Fund have development plans and Outcome Agreements ◆ Community consultation is carried out through the Departmental Service Plan and Statutory Plans ◆ Community and Council Planning Process – Core Partners Group; Joint Officers Support Group ◆ Service Plans and individual consultation methods

Dimension 2: Service Delivery Arrangements

How the principles of corporate governance should be reflected.

A local authority should ensure that continuous improvement is sought, agreed policies are implemented and decisions carried out by maintaining arrangements which:

- discharge their **accountability** for service delivery at a local level
- ensure **effectiveness** through setting targets and measuring performance
- demonstrate **integrity** in dealings with service users and developing partnership to ensure the 'right' provision of services locally
- demonstrate **openness and inclusivity** through consulting with key stakeholders, including service users
- are flexible so that they can be kept **up to date** and be adapted to accommodate change and meet user wishes.

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
(a) Set standards and targets for performance in the delivery of services on a sustainable basis and with reference to equality policies.	Best value service reviews	<ul style="list-style-type: none"> ◆ Best Value Audit Framework ◆ EFQM Framework ◆ Best Value Service Review Policy and Guidance ◆ Statutory and Local Performance Indicators
(b) Put in place sound systems for providing management information for performance measurement purposes.	Performance management, planning and information system	<ul style="list-style-type: none"> ◆ Best Value Audit process ◆ Best Value Service Review ◆ EFQM ◆ Benchmarking Clubs ◆ Local Authority Policy (ABC) Benchmarking Partnership ◆ Management Information Systems ◆ Performance Review Group ◆ Budget Scrutiny Group and Budget Control Reports to Service Committees ◆ Property Monitoring Group ◆ Decentralised Financial Monitoring ◆ Customer Complaints Feedback Mechanisms ◆ Financial Ledger ◆ Quarterly Performance Review and Monitoring for Executive Directors
(c) Monitor and report performance against agreed standards and targets and develop comprehensive and understandable performance plans.		<ul style="list-style-type: none"> ◆ Public Performance Reporting ◆ Reports to Performance Review Group ◆ Departmental Performance Information ◆ Statutory Performance Indicators ◆ Local Performance Indicators ◆ Best Value Service Review Reports to Service Committees ◆ New Best Value Audit Requirements ◆ Business Plans ◆ Budget Scrutiny Group – Variance Reports ◆ Financial Ledger ◆ Property Monitoring ◆ Service Improvement reports to Service Committees

(d) Put in place arrangements to allocate resources according to priorities.	Community plan Service plans Budget PPR process	<ul style="list-style-type: none"> ◆ The Community Plan ◆ Service Plans ◆ Budget Setting Process ◆ Quarterly Performance Review and Monitoring for Executive Directors
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Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
(e) Foster effective relationships and partnerships with other public sector agencies and the private and voluntary sectors, and consider outsourcing where it is efficient and effective to do so, in delivering services to meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice.	Adherence to good employment practice Partnership framework Protocol for: <ul style="list-style-type: none"> • Joint commissioning • Joint funding • Joint accountability 	<ul style="list-style-type: none"> ◆ Community Plan and Implementation Plans for each of the 6 key themes within the Community Plan ◆ Various internal and external partnerships ◆ Partnership Agreement with the Primary Care Trust ◆ Joint Working Arrangements with the Primary Care Trust ◆ Council for Voluntary Organisations Partnership ◆ Citizens Advice Bureau Partnership Agreement ◆ Ayrshire Electronic Community ◆ Commitment to working in partnership with Community Planning Partners ◆ APB 27 – External Funding Guidance for External Bodies

<p>(f) Respond positively to the findings and recommendations of external auditors and statutory inspectors and put in place arrangements for the effective implementation of agreed actions.</p>	<p>Annual audit letter and other audit reports</p>	<ul style="list-style-type: none"> ◆ New Audit of Best Value and Community Planning arrangements ◆ Value for Money Reports ◆ HMI ◆ Committee Reporting ◆ Action Plan preparation, implementation and monitoring ◆ Annual Audit Letter ◆ Audit Report ◆ Relationships between internal and external audit ◆ Statutory Reports ◆ Statutory Performance Indicators ◆ Food Standards Agency ◆ Health and Safety Executive ◆ RIPSAs ◆ HMI ◆ Local Government Ombudsman ◆ Commission for Care
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Dimension 3: Structures and Processes

How the principles of corporate governance should be reflected.

A local authority need to establish effective political and managerial structures and processes to govern decision making and the exercise of authority within the organisation. A local authority should maintain arrangements to:

- define roles and responsibility of members and officers to ensure **accountability**, clarity and ordering of the authority's business
- ensure that there is proper scrutiny and review of all aspects of performance and **effectiveness**
- demonstrate **integrity** through ensuring a proper balance of power and authority
- document clearly such structures and processes and to ensure that they are communicated and understood to demonstrate **openness and inclusivity**
- ensure such structures and processes are flexible so that they can be adapted to accommodate change and be kept **up to date**.

Requirements of Corporate Governance:	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
Balance of Power and Authority		
(a) Put in place clearly documented protocols governing relationships between members and officers.	Protocols	The Council has fully endorsed the Councillors' Code of Conduct introduced under the Ethical Standards in Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Councillors together with appropriate training. The Council's commitment to the Code has been incorporated into the Council's Standing Orders. The Code of Conduct for Councillors includes a protocol for relations between Councillors and employees.
(b) Ensure that the relative roles and responsibilities of executive and other members, members generally and senior officers are clearly defined.	Standing orders Record of decisions and supporting materials	The Council's procedural documentation clearly details the decision making structure. This includes Scheme of Delegation; Standing Orders; Standing Orders relating to contracts; Contract Procurement Protocol, Financial Regulations; Local Government Access to Information Registers; Departmental Service Descriptions; Senior Officer job descriptions and Guide to the Local Committee Network.
Roles and Responsibilities – Members		
(c) Ensure that members meet on a formal basis regularly to set the strategic direction of the authority and monitor service delivery.	Schedule of council meetings Performance and management systems Financial standards and regulations	The Council has a calendar of meetings which is reviewed regularly. Regular performance reports submitted to Service Committees. Recommendations of Best Value Service Reviews considered by Service Committees. The Council has a Corporate Governance Committee. Community Plan agreed and reviewed by Policy and Resources/Council. Other documentation as referred to in (b) of the above.
(d) Develop and maintain a scheme of delegated or reserved powers, which should include a formal schedule of those matters specifically reserved for the collective decision of the authority .	Scheme of administration/delegation	The Council has a Scheme of Delegation which is reviewed regularly

Requirements of Corporate Governance:	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
Roles and Responsibilities – Members		
<p>(e) Put in place clearly documented and understood management processes for policy development, implementation and review and for decision-making, monitoring and control, and reporting and formal procedural and financial regulations to govern the conduct of the authority's business.</p>	<p>Standing orders Scheme of administration/delegation Financial regulations .</p>	<p>Service Departments are responsible for the review of their services, reporting through their respective Service Committees.</p> <p>The Budget Scrutiny Group is a standing monitoring and scrutiny body.</p> <p>A Performance Review Group has been established to review the performance of Council services.</p> <p><i>The Chairs' Monitoring Group has been established to monitor the implementation of the Council's Conditions of Service and other employment matters.</i></p> <p><i>A Risk and Audit Scrutiny Group has been established to monitor and review audit plans, performance and reports and ensure compliance with the Corporate Risk Management Strategy</i></p> <p>The Council also has other procedural documentation as referred to under (b) above.</p> <p>The Council also has in place the Corporate Strategy Group as a forum for discussion on policy development.</p> <p><i>An Extended Management Team has been established. This involves all Chief Officers and is chaired by the Chief Executive.</i></p> <p>The Budget and Service Planning process serves as a management tool for policy development.</p> <p>Financial Regulations are explained and expanded via Accounting Policy Bulletins</p>
<p>(f) Put in place arrangements to ensure that members are properly trained for their roles and have access to all relevant information, advice and resources as necessary to enable them to carry out their role effectively.</p>	<p>Members' induction scheme Training for committee chairs Regular update sessions Training plan</p>	<p>Members' training falls into 3 categories – early overview training for all new Members; more detailed training for all Members on the functions and responsibility of the Council's various Departments and Committees and more detailed training for all Members on the Council's Corporate Policy and Procedures. A review of services for Members is ongoing (initial emphasis on Members' IT requirements/training).</p>

Requirements of Corporate Governance:	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
		Members' training is ongoing and it has been recognised that Members themselves should determine their training needs and how they might be met.
Roles and Responsibilities – Members		
(g) Ensure that the role of the executive member(s) is/are formally defined in writing, to include responsibility for providing effective strategic leadership to the authority and for ensuring that the authority successfully discharges its overall responsibilities for the activities of the organisation as a whole.		The Council does not have executive members. The roles of Members are detailed within various Council procedural and information documents.
(h) Ensure that the roles and responsibilities of all members of the local authority, together with the terms of their remuneration and its review, are defined clearly in writing.	Members' allowance and expenses scheme	The Council has a Scheme for Members' allowances and expenses in place.
Roles and Responsibilities – Officers		
(i) Ensure that a chief executive of equivalent is made responsible to the authority for all aspects of operational management.	Conditions of employment Scheme of delegation Statutory provisions Job descriptions/person specifications Performance management system	The Chief Executive has responsibility as Head of Paid Service for all aspects of operational management.
(j) Ensure that a senior officer is made responsible to the authority for ensuring that appropriate advice is given to it on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	Section 95 responsibilities Statutory provision Statutory reports Budget documentation Job description/person specification	The Executive Head of Finance is responsible for Section 95 proper officer responsibilities and other financial/budget responsibilities. The Executive Head of Finance reports regularly to the Budget Scrutiny Group and in turn to the Policy and Resources Committee on all budgetary matters. Specific reference is given to the Executive Head of

Requirements of Corporate Governance:	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
(k) Ensure that a senior officer is made responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations and other relevant statements of good practice are complied with.	Monitoring officer provisions Statutory provision Job description/person specification	Finance's responsibilities in the Financial Regulations. The Executive Head of Administrative and Legal Services and Solicitor to the Council acts as Monitoring Officer. Reference made in the Scheme of Delegation to the appointment of Monitoring Officer.
Roles and Responsibilities – Officers		
(l) Ensure that the roles and responsibilities of all senior officers, together with the terms of their remuneration and its review, should be defined clearly in writing.	Job description/person specification Pay and conditions of service Performance review/appraisal	The roles and responsibilities of all senior officers are clearly set out in their job descriptions. The Chief Executive conducts annual objective setting reviews for all Directors. <i>The Chief Executive conducts annual Performance Review and Quarterly Monitoring for each Executive Director.</i> Scheme of Delegation refers to specific areas of delegated responsibility.
(m) Adopt clear protocols and codes of conduct to ensure that the implications for supporting community political leadership for the whole council are acknowledged and resolved.	Protocols governing member/manager relations	The Council complies and refer to documentation under (a) above.

Dimension 4: Risk Management and Internal Control

How the principles of corporate governance should be reflected.

An authority needs to establish and maintain a systematic strategy, framework and processes for managing risk. Together these arrangements should:

- include making public statements to stakeholders on the authority's risk management strategy, process and framework to demonstrate **accountability**
- include mechanisms for monitoring and reviewing **effectiveness** against agreed standard and targets and the operation of controls in practice
- demonstrate **integrity** by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks
- display **openness and inclusivity** by involving all those associated with planning and delivering services, including partners
- include mechanisms to ensure that the risk management and control process is monitored for continuing compliance to ensure that changes in circumstances are accommodated and that it remains **up to date**.

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
<p>(a) Develop and maintain robust systems for identifying and evaluating all significant risk which involve the proactive participation of all those associated with planning and delivering services.</p>	<p>Risk management protocol Control framework Scrutiny Performance management and planning system Risk Management guide</p>	<ul style="list-style-type: none"> ◆ Audit Strategy ◆ Business Continuity Planning Group ◆ Coverage of all auditable control systems ◆ Risk assessment strategy ◆ Annual audit planning process ◆ Fire and Security Working Group ◆ Civil Emergency Plan ◆ Audit assignment process ◆ Risk Management Policy Statement and Risk Matrix, forms the basis of monitoring the control, of operational and strategic risk. ◆ Health and Safety Corporate Action Plan and departmental support plans
<p>(b) Put in place effective risk management systems, including systems of internal control and an internal audit function. These arrangements need to ensure compliance with all applicable statutes, regulations and relevant statements of best practice and need to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively, and in accordance with the statutory and other authorities that govern their use.</p>	<p>Scheme of delegation Internal audit protocol Performance appraisal Performance management system Financial standards and regulations Risk Management guide</p>	<ul style="list-style-type: none"> ◆ Scheme of Delegation / Financial Regulations ◆ Standing Orders Relating to Contracts ◆ Internal Audit function, including specialist audit skills ◆ Fire and Security Working Group ◆ Internal Audit Manual / APBs ◆ Budget Scrutiny Group ◆ Risk and Audit Scrutiny Group ◆ Annual Service Plans for Internal Audit clients ◆ Internal Control - Self Assessment Package ◆ IT Security Policy ◆ IT Strategy ◆ Audit reporting line direct to Chief Executive ◆ External Audit ◆ Self assessment package for internal controls ◆ Codes of Conduct ◆ Value for Money reviews by Internal and External Audit ◆ Statutory Inspections ◆ Risk Manager / Health & Safety ◆ Corporate Procurement Strategy ◆ RoSPA Health and Safety auditing arrangement

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
(c) Ensure that services are delivered by trained and experienced people.	Job description/person specification Training plan	<ul style="list-style-type: none"> ◆ Job Description / person specification ◆ EAGER process / Continuing Professional Development ◆ Training and Development Needs plans ◆ Best Value Regime / European Foundation for Quality Management ◆ Internal Audit Manual ◆ Recruited specialist professionally qualified staff ◆ Audit tools – hardware and software to support staff ◆ Effective recruitment & selection ◆ Service reviews to ensure best use of staff ◆ Targeted recruitment in occupations where it is difficult to recruit ◆ Qualified Risk Manager ◆ Code of Practice for Internal Audit in Local Government in the UK ◆ Quality Assurance processes
(d) Put in place effective arrangements for an objective review of risk management and internal control, including internal audit.	Performance management system	<ul style="list-style-type: none"> ◆ Internal Audit <ul style="list-style-type: none"> - Authority - Independence - Reporting Line ◆ Audit reporting to Corporate Governance Committee ◆ Audit Brief and planning process ◆ Post Audit appraisal ◆ External Audit ◆ Risk assessment process and appointment of Risk Assessment Manager ◆ Chief Executive's Health & Safety Strategic Review Group ◆ Fire and Scrutiny Working Group ◆ RoSPA Auditing ◆ Action taken on Audit Scotland reviews ◆ Risk Management Policy ◆ Departmental Quality Assurance Systems
(e) Maintain an objective and professional relationship with their external auditors and statutory inspectors.	Inspection report Annual audit letter and other audit reports Audit protocol	<ul style="list-style-type: none"> ◆ Regular meetings with External Audit ◆ Internal Audit reports passed to EA for information ◆ External Audit programme of work ◆ External Audit Management Letter including Action Plan ◆ Food Standards Agency

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
		<ul style="list-style-type: none"> ◆ Education and Social Work Inspectorates ◆ <i>Procedure note on contact arrangements with the External Auditor</i>
(f) Publish on a timely basis, within the annual report, an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness.		<ul style="list-style-type: none"> ◆ External Audit statement on the financial accounts and processes ◆ Statement on the System of Internal Control (SSIFC) by Executive Head of Finance ◆ Chief Auditor's mid year plan performance report to clients and Members ◆ Chief Auditor's Annual Report to Committee ◆ Risk Management Reports

Dimension 5: Standards of Conduct

How the principles of corporate governance should be reflected.

The openness, integrity and accountability of individuals within a local authority form the cornerstone of effective corporate governance. The reputation of the authority depends on the standards of behaviour of everyone in it, whether members, employees or agent contracted to it.

Therefore, members and senior officers of local authority will need to:

- exercise leadership by conducting themselves as role models for others within the authority to follow
- define the standards of personal behaviour that are expected from members and staff and all those involved in service delivery, and put in place arrangements to ensure:
 - **accountability**, through establishing systems for investigation breaches and disciplinary problems and taking actions where appropriate, including arrangements for redress
 - **effectiveness** in practice through monitoring their compliance
 - that objectivity and impartiality are maintained in all relationships to demonstrate integrity
 - that such standards are documented and clearly understood to display **openness and inclusivity** and are reviewed on a regular basis to ensure that they are kept **up to date**.

Requirements of Corporate Governance	Council documents or processes to which reference may be made to demonstrate compliance	Demonstration of Local Compliance
(a) Develop and adopt formal codes of conduct defining the standards of personal behaviour, to which individual Members, Officers, and agents of the Authority should be required to subscribe and put in place appropriate systems and processes to ensure that they are complied with in practice.	Members'/Officers' Code of Conduct Anti fraud and corruption policy Complaints procedures Performance management system Performance appraisal.	The Council operates a protocol for Member/Officer relations; a Code of Conduct for Employees; a Complaints Procedure and an Anti Fraud Strategy. IT User and Security Policy.
(b) Put in place arrangements to ensure that Members and employees of the Authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	Standing Orders Codes of Conduct Financial Regulations.	The Council complies through its procedural documentation including Standing Orders, Standing Orders relating to contracts; Financial Regulations; Scheme of Delegation; Councillors' Code of Conduct introduced under the Ethical Standards in Public Life etc (Scotland) Act 2000 and Code of Conduct for Employees. Register of Members Interests. Register of Gifts and Hospitality.
(c) Put in place arrangements to ensure that their procedures and operations are designed in conformity with appropriate ethical standards, and to monitor their continuing compliance in practice.	Codes of Conduct.	The Council has fully endorsed the Councillors' Code of Conduct introduced under the Ethical Standards in Public Life etc (Scotland) Act 2000 and has provided a copy of the Code to all Councillors together with appropriate training. The Council's commitment to the Code has been incorporated into the Council's Standing Orders. The Code of Conduct for Councillors includes a protocol for relations between Councillors and employees. The Council has adopted a Code of Conduct for Employees.
(d) Put in place arrangements for whistle blowing to which staff an all those contracting with the Council have access.	Whistle blowing policy.	The Council has introduced a whistle-blowing policy.

May 2005

Appendix 3 – Corporate Governance Improvement Action Plan 2005/06

Action Required	Officer Responsible	Timetable
Dimension 1 – Community Focus		
Review arrangements for Public Performance reporting under Section 13 of the Local Government in Scotland Act 2003 to ensure compliance with the terms of the Scottish Executive's Performance and Improvement Circular 1/2005 issued in February and April 2005.	Head of Corporate Development and Communication	October 2005
Undertake a Community Planning Residents Survey	Head of Corporate Development and Communication	August 2005
Establish a Representative Resident's Panel and Geographic Focus Groups	Head of Corporate Development and Communication	November 2005
Establish a Citizen's Forum/ question time to receive feedback on existing activity and to identify new priorities	Head of Corporate Development and Communication	November 2005
Within Community Planning generally, establish an Annual Consultation Plan under Public Performance Reporting arrangements, linked to Community Consultation	Head of Corporate Development and Communication	2006
Dimension 2 – Service Delivery Arrangements		
Convene the Performance Review Group involving Elected Members to review the performance of Council Services	Depute Chief Executive/Executive Director of Corporate Support	June 2005

Dimension 3 – Structures and Processes		
Extend further Best Value, Scrutiny and Performance development for Members and Officers.	Depute Chief Executive/Executive Director of Corporate Support	Commencing June 2005
Undertake further review of Standing Orders for Contracts arising from revised approach to Business Planning by Building and Works and other Trading Units.	Head of Admin, Legal and Procurement	March 2006
Dimension 4 – Risk Management and Internal Control		
Review and further develop the Council's Asset Management arrangements in accordance with the recommendations of the 2003/04 and 2004/05 External Audit Reports.	Executive Director of Development and Property Services	March 2006
Risk Management development for Members and Officers	Executive Head of Finance	September 2005
Develop IT based Risk Register system.	Executive Head of Finance	April 2006
Develop Business Continuity Plans	Executive Head of Finance	April 2006
Dimension 5 – Standards of Conduct		
Review Members Code of Conduct.	Head of Admin, Legal and Procurement	May 2005

May 2005