

## APPENDIX 1

### Delivering Good Governance in Public Sector - Refreshed Code - 2016

#### PRINCIPLE A

##### Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law

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| <b>A1</b> | <b>Behaving with Integrity</b> <ul style="list-style-type: none"><li>▪ Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated.</li><li>▪ Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood.</li><li>▪ Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</li><li>▪ Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes.</li></ul>                |
| <b>A2</b> | <b>Demonstrating strong commitment to ethical values</b> <ul style="list-style-type: none"><li>▪ Seeking to establish, monitor and maintain the organisation ethical standards and performance.</li><li>▪ Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisations culture and operations.</li><li>▪ Developing and maintain robust policies and procedures which emphasis on agreed ethical values and performance.</li><li>▪ Ensuring that external providers of services on behalf of the organisation are required to act with integrity and compliance with ethical standards expected by the organisation.</li></ul>  |
| <b>A3</b> | <b>Respecting the rule of the law</b> <ul style="list-style-type: none"><li>▪ Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations.</li><li>▪ Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li><li>▪ Striving to optimise the use of full powers available for the benefit of citizens, communities and other stakeholders.</li><li>▪ Dealing with breaches of legal and regulatory provisions effectively.</li><li>▪ Ensuring corruption and misuse of power are dealt with effectively.</li></ul> |

#### PRINCIPLE B:

##### Ensuring openness and comprehensive stakeholder engagement.

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| <b>B1</b> | <b>Openness</b> <ul style="list-style-type: none"><li>▪ Ensuring an open culture through demonstrating, documenting and communicating the organisation commitment to openness.</li><li>▪ Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes.</li><li>▪ Providing clear reasoning and evidence for decisions both in public records and explanations to stakeholders and being explicit about criteria, rationale and considerations used.</li><li>▪ Using formal and informal consultation and engagement.</li></ul>                                      |
| <b>B2</b> | <b>Engaging comprehensively with institutional stakeholders</b> <ul style="list-style-type: none"><li>▪ Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes are clear.</li><li>▪ Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved effectively.</li><li>▪ Ensuring that partnerships are based on trust; a shared commitment to change; a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit.</li><li>▪</li></ul> |

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| <b>B3</b>  | <b>Engaging with individual citizens and service user effectively</b> <ul style="list-style-type: none"><li>▪ Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes.</li><li>▪ Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</li><li>▪ Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</li><li>▪ Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</li><li>▪ Taking account of the impact of decisions on future generations of tax payers and service users.</li></ul> |
| <b>PRINCIPLE C:</b><br><b>Defining outcomes in terms of sustainable economic, social and environmental benefits</b>        |  |
| <b>C1</b>  | <b>Defining Outcomes</b> <ul style="list-style-type: none"><li>▪ Having a clear vision, which is in an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.</li><li>▪ Specifying the intended impact on, or changes for stakeholders including citizens and service users.</li><li>▪ Delivering defined outcomes on a sustainable basis within the resources that will be available.</li><li>▪ Identifying and managing risks to the achievement of outcomes.</li><li>▪ Managing service users' expectations effectively with regard to determining priorities and making the best use of resources available.</li></ul>  |
| <b>C2</b>  | <b>Sustainable economic, social and environmental benefits</b> <ul style="list-style-type: none"><li>▪ Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decision about service provision.</li><li>▪ Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between organisation's intended outcomes.</li><li>▪ 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.</li><li>▪ Ensuring fair access to services.</li></ul>   |
| <b>PRINCIPLE D:</b><br><b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b> |  |
| <b>D1</b>  | <b>Determining Interventions</b> <ul style="list-style-type: none"><li>▪ Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks.</li><li>▪ Considering feedback from citizens 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.</li></ul>   |
| <b>D2</b>  | <b>Planning Interventions</b> <ul style="list-style-type: none"><li>▪ Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</li><li>▪ Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</li><li>▪ Considering and monitoring risks facing each partner when working collaboratively, including shared risks.</li><li>▪ Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</li></ul>  |

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|   | <ul style="list-style-type: none"> <li>▪ Establishing appropriate performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.</li> <li>▪ Ensuring capacity exists to generate the information required to review service quality regularly.</li> <li>▪ Preparing budgets in accordance with objectives, strategies and the medium financial plan.</li> <li>▪ Informing medium and long term resource planning by drawing up realistic revenue and capital expenditure aimed at developing a sustainable funding strategy.</li> </ul>  |
| <b>D3</b>   | <p><b>Optimising achievement of intended outcomes</b></p> <ul style="list-style-type: none"> <li>▪ Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.</li> <li>▪ Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</li> <li>▪ Ensuring the medium financial strategy sets the context for ongoing decisions on significant delivery issues or response to charges in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</li> <li>▪ Ensuring the achievement of 'social value' through service planning and commissioning</li> </ul>  |
| <p><b>PRINCIPLE E:</b><br/> <b>Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p> |  |
| <b>E1</b>   | <p><b>Developing the entity's capacity</b></p> <ul style="list-style-type: none"> <li>▪ Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</li> <li>▪ Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</li> <li>▪ Recognising the benefits of partnership and collaborative working where added value can be achieved.</li> <li>▪ Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</li> </ul>  |
| <b>E2</b>   | <p><b>Developing the capability of the entity's leadership and other individuals</b></p> <ul style="list-style-type: none"> <li>▪ Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</li> <li>▪ Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</li> <li>▪ Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads by implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and balance for the other's authority.</li> <li>▪ Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, policy and environmental changes and risks by:             <ul style="list-style-type: none"> <li>- Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</li> <li>- Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.</li> <li>- Ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.</li> </ul> </li> </ul> |

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|   | <ul style="list-style-type: none"> <li>▪ Ensuring that there are structures in place to encourage public participation.</li> <li>▪ Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</li> <li>▪ Holding staff to account through regular performance reviews which take account of training or development needs.</li> <li>▪ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</li> </ul>   |
| <b>PRINCIPLE F:</b><br><b>Managing risks and performance through robust internal control and strong public financial management</b> |   |
| <b>F1</b>   | <b>Managing risk</b> <ul style="list-style-type: none"> <li>▪ Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</li> <li>▪ Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</li> <li>▪ Ensuring that responsibilities for managing individual risks are clearly allocated.</li> </ul>   |
| <b>F2</b>   | <b>Managing performance</b> <ul style="list-style-type: none"> <li>▪ Monitoring service delivery effectively including the planning, specification, execution and independent post implementation review.</li> <li>▪ 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.</li> <li>▪ Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible for a (common system).</li> <li>▪ Encouraging effective and challenge and debate on policies and objectives to support balanced and effective decision making.</li> </ul> |
| <b>F3</b>   | <b>Robust Internal Control</b> <ul style="list-style-type: none"> <li>▪ Aligning the risk management strategy and policies on internal control with achieving objectives.</li> <li>▪ Evaluating and monitoring risk management and internal control on a regular basis.</li> <li>▪ Ensuring effective counter fraud and anti-corruption arrangements of the framework of governance, risk management and control is provided by the internal auditor.</li> <li>▪ Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> <li>- Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.</li> <li>- That its recommendations are listened to and acted upon.</li> </ul> </li> </ul>                               |
| <b>F4</b>   | <b>Manging Data</b> <ul style="list-style-type: none"> <li>▪ Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</li> <li>▪ Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</li> <li>▪ Reviewing and auditing regularly the quality and accuracy of data used in decisions making performance monitoring.</li> </ul>  |
| <b>F5</b>   | <b>Strong public financial management</b> <ul style="list-style-type: none"> <li>▪ Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.</li> </ul>   |

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|   | <ul style="list-style-type: none"><li>▪ Ensuring well-developed financial management is integrated at all levels of planning and control including management of financial; risks and controls.</li></ul>   |
| <b>PRINCIPLE G:</b><br><b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b> |   |
| <b>G1</b>   | <b>Implementing good practice in transparency</b> <ul style="list-style-type: none"><li>▪ Writing and communicating reports for public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</li><li>▪ 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.</li></ul>   |
| <b>G2</b>   | <b>Implementing good practice in reporting</b> <ul style="list-style-type: none"><li>▪ Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.</li><li>▪ Ensuring members and senior management own the results reported.</li><li>▪ Ensuring robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publishing results on the assessment, including an action plan for improvement and evidence to demonstrate good governance (the Annual Governance Statement).</li><li>▪ Ensuring that this framework is applied to jointly manage or share service organisations as appropriate.</li><li>▪ Ensuring performance information that accompanies the financial statement is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</li></ul> |
| <b>G2</b>   | <b>Assurance and effective accountability</b> <ul style="list-style-type: none"><li>▪ Ensuring that recommendations for corrective action made by external audit are acted upon.</li><li>▪ Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.</li><li>▪ Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</li><li>▪ Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.</li><li>▪ Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</li></ul>  |