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## SCOTTISH BORDERS COUNCIL AUDIT AND SCRUTINY COMMITTEE

MINUTES of Meeting of the AUDIT AND SCRUTINY COMMITTEE held in COUNCIL CHAMBER, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS on Wednesday, 28 June 2017 at 10.15 am

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Present:- Councillors S Bell (Chairman), H Anderson, S Hamilton (Vice-Chairman), N Richards, H Scott and E Thornton-Nicol.  
Apologies:- Councillors K Chapman, J A Fullarton and R Tatler. Mr M Middlemiss.  
In Attendance:- Chief Financial Officer, Chief Officer Audit and Risk, Clerk to the Council, Democratic Services Officer (P Bolson); Mr A Haseeb – Audit Scotland.

### 1. **WELCOME**

The Chairman welcomed those present to the first meeting of the Audit and Scrutiny Committee.

### **AUDIT BUSINESS**

### 2. **MINUTE**

There had been circulated copies of the Minute of 28 March 2017.

### **DECISION**

**NOTED for signature by the Chairman.**

### 3. **SCOTTISH BORDERS COUNCIL LOCAL SCRUTINY PLAN 2017/18**

3.1 With reference to paragraph 3 of the Minute of 9 May 2016, there had been circulated copies of a report by Audit Scotland setting out its Local Scrutiny Plan 2017/18 for Scottish Borders Council. The Plan was based on a shared risk assessment undertaken by a Local Area Network (LAN) comprising representatives of all the scrutiny bodies that engaged with the Council. This shared risk assessment process drew on a range of evidence with the aim of determining any scrutiny activity required and then focusing this in the most appropriate way. The report only identified risks within the Council which had been identified by the LAN where scrutiny was required or where scrutiny was planned as part of a national programme. Planned scrutiny activity informed the National Scrutiny Plan for 2017/18. This had also been circulated for information and was available on the Audit Scotland website.

3.2 The report indicated that there was no specific additional scrutiny work required within Education beyond ongoing inspection and support activity provided to the Council by Education Scotland. With regard to Housing and Homelessness, the Scottish Housing Regulator (SHR) had reviewed the performance of all Scottish Social Landlords in March 2016 and some recommendations were made in relation to repeat recording and closure of cases. Scottish Borders Council had acted on these recommendations and was now implementing its improvement plan for the service generally, with some actions being carried forward to 2017/18. In addition, the Council was reviewing the management arrangements for its gypsy/traveller site to ensure that the requirements of the Scottish Social Housing Charter were met. Under Social Care, the Integration Joint Board (IJB) had been established in February 2016 to assume delegated authority for the provision of health and social care services in the area. Governance arrangements were in place and the IJB's strategic plan outlined the work of the partnership and the way in which services would develop over the next three to five years. Further arrangements were in place to progress locality planning. A joint inspection of Children's Services was published in June

2016 and of the nine quality indicators assessed, one was evaluated as “very good”, four as “good” and the remaining four as “adequate”. SB Cares was also assessed during 2015/16 and evaluations of “adequate” and “good” were awarded. The final joint inspection report on Older People’s Services was due to be published later in 2017. Audit Scotland would continue to monitor the effectiveness of the ICT arrangements established in October 2016 under the Digital Transformation Programme and would comment in its Annual Audit Report. Mr Haseeb advised that following a review by the Scottish Borders Community Planning Partnership (CPP) Strategic Board of its governance arrangements, it had been agreed that a CPP Consultative Group be established to develop the strategic direction of the Partnership, with the Strategic Board remaining as the decision-making group for the CPP. A review of these arrangements would be undertaken after 18 months and in the meantime, work continued to develop locality plans the Local Outcomes Improvement Plan as required under the Community Empowerment (Scotland) Act 2015. Audit Scotland would continue to monitor progress during the year.

- 3.3 Mr Haseeb explained that a new approach to auditing Best Value had been agreed by the Accounts Commission in June 2016. Best Value would now be assessed over the five year audit appointment and a Best Value Assurance Report would be considered by the Accounts Commission at least once during this time. Appendix 1 to the report detailed the scrutiny activity planned for 2017/18 and was available on the Audit Scotland website.

#### **DECISION**

**NOTED the report.**

#### **4. EXTERNAL AUDIT INTERIM MANAGEMENT REPORT 2016/17**

With reference to paragraph 8 of the Minute of 29 March 2016, there had been circulated copies of an Interim Management Report by Audit Scotland for the year 2016/17. The report summarised the key issues identified during the year and included testing key controls within the Council’s financial systems to gain assurance over the processes and systems used in the preparation of financial statements. In addition, Audit Scotland had reviewed the Council’s approach to financial planning, with further work planned on financial governance and transparency. The findings would be detailed in the Audit Scotland Annual Audit report. Mr Haseeb advised that two recommendations had been made: regular bank reconciliations being carried out; and the storage and inclusion of adequate supporting documentation for journal entries. Mr Haseeb confirmed that Audit Scotland was satisfied with the Management response for both recommendations. Officers clarified a number of points raised by Members and Mr Haseeb confirmed the way in which the transfer of data from the present financial system to Business World would continue to be monitored by Audit Scotland.

#### **DECISION**

**NOTED the report.**

#### **5. FINANCIAL REPORTING & SCRUTINY: WHY THE ACCOUNTS MATTER**

With reference to paragraph 6 of the Minute of 28 June 2016, there had been circulated copies of the Audit Scotland publication entitled ‘Financial Reporting and Scrutiny: Why the Accounts Matter’. The document outlined the role of financial reporting, emphasising that effective planning, management and scrutiny of the use of public funds were a key part of a local authority’s responsibility. It also outlined the role of the s95 officer, Elected Members and Auditor in the accounts process. With regard to developments in financial reporting in 2014/15 and the challenge faced by Councils to produce the accounts to tighter timescales, external auditors had said that Councils generally met this challenge well. Audit Scotland also commented on some areas for improvement. In light of the key messages, a list of questions had been compiled and presented in an Appendix to the paper which were for Elected Members to consider as part of the accounts scrutiny and approval process. Ms Stacey noted that membership of the new Audit and Scrutiny Committee included a number of newly appointed Elected Members and it was anticipated that these questions would be useful in considering the accounts and annual

audit report at future meetings. Discussion followed in relation to the quality of the management commentary included in reports and Mr Robertson advised that SBC compared very favourably across Scottish Councils. Members agreed that the publication was useful as a reference document for future use. Ms Stacey also explained how the Audit Self-Evaluation questionnaire was used by the Committee to ensure that Members were appropriately supported for carrying out their role.

## **DECISION**

**(a) NOTED the report.**

**(b) AGREED that the Committee would use the questions in Appendix 1 of the report as a checklist when considering the Final Accounts at the September meeting.**

### **6. SCOTTISH BORDERS COUNCIL DRAFT REPORTS AND ACCOUNTS 2016/17**

6.1 With reference to paragraph 7 of the Minute of 28 June 2016, there had been circulated copies of a report and associated papers by the Chief Financial Officer on the draft Annual Report and Accounts for Scottish Borders Council, Common Good Funds, Charitable Trusts, Bridge Homes LLP, SB Supports LLP and SB Cares LLP. The report provided the Audit and Scrutiny Committee with an opportunity to scrutinise the draft Annual Reports and Accounts for the year ended 31 March 2017 for Scottish Borders Council and associated Group Accounts prior to submission for External Audit Inspection by the statutory deadline of 30 June 2017. The report referred to the protocols and timeline associated with the overview of accounts as set out in the Local Authority Accounts (Scotland) Regulations 2014. In addition, Section 12 of the Local Government in Scotland Act 2003 required annual accounts to be prepared in accordance with proper accounting practice, primarily comprising the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and the Service Reporting Code of Practice 2016/17 supported by International Financial Reporting Standards (IFRS). Following audit and a public inspection period the finalised Audit report and Audited Accounts would be presented to the Audit and Scrutiny Committee for approval in September 2017 prior to consideration by Council.

6.2 Mr Robertson summarised the draft Unaudited Annual Accounts for the year to 31 March 2017 for Scottish Borders Council and advised Members that the revenue out-turn showed £0.128m underspend. Financial Plan Savings of £8.96m had been achieved representing 73% on a permanent, recurring basis. An analysis of the sources of revenue funding and revenue expenditure by Department was provided. With regard to Significant Trading Operations it was noted that SBc Contracts had achieved a cumulative net surplus over 3 years of £1.25m. The report explained that in 2016/17, turnover was £18.3m, an increase of £4m (28%). 28% of the total turnover was generated by external work and this was £0.057m down on the previous year. Mr Robertson explained the Statutory Accounting Adjustments and noted that the net impact on the General Fund Balances of these adjustments was broadly neutral with no effect on Council taxpayers. He further explained that the Balance Sheet showed that net assets of the Council excluding Pensions Liabilities were £213.8m at 31 March 2017. Pensions Liabilities for year ending 31 March 2017 totalled £216m which was an increase of £74.4m from the previous year. Included in the current liabilities was a provision of £4m for de-commissioning of landfill sites. With regard to 2016/17 capital outturns, there had been a total expenditure of £51.5m with timing movement of £7.5m and underspend of £0.3m. Efficiencies of 27% were still required and Management continued to explore ways to achieve this on a permanent, recurring basis.

6.3 With reference to the Common Good and Trust Annual Report and Accounts for year ended 31 March 2017, these had been circulated and Mr Robertson highlighted the key points as detailed in the report and Appendices. With regard to the nine Common Good Funds, the total net assets for the year were £13.746m, a reduction of £149k from the previous year, and fixed assets were £10.7m. With regard to the six SBC Trust Funds, Mr

Robertson explained that each was a Registered Charity and was reported separately in terms of the Unaudited Annual Reports and Accounts for 2016/17. The Total Net Assets across the six Funds was £4.0m, with Fixed Assets of £1.8m. Mr Robertson explained that in addition to those mentioned, there were a further 177 Trusts which were not registered at this time. In response to a question, Mr Robertson advised that work was ongoing at the moment to look at how these additional 177 Trusts could be correctly closed, consolidated and relocated within the appropriate SBC Charity. Consultation within the local communities would be required and the process was likely to take some time to complete. Progress would be reported in due course. The financial statements for Bridge Homes LLP for the year ended 31 March 2017 showed a Property value of £5.4m for 45 units, which was funded by the SBC loan of £4.6m and £0.8m from Affordable Housing Contribution. The Accounts showed a 3rd year trading profit of £0.021m. With reference to Scottish Borders Supports LLP and SB Cares LLP, the financial statements for each were detailed in the Appendices to the report and it was noted that £0.647m of surplus from SB Cares was returned to SBC. Discussion followed and Mr Robertson answered questions in relation to the points raised by Members. It was also noted that Councillor Weatherston's name had been incorrectly recorded within the Common Good Funds' and Charitable Trusts' Annual Reports and Accounts. Mr Robertson would amend the reports as appropriate prior to submission to the External Auditors.

## **DECISION**

- (a) NOTED the Draft Annual Report and Accounts 2016/17 for Scottish Borders Council and associated Group Accounts; and**
- (b) AGREED to support their submission, subject to minor amendments as discussed at the meeting, for review by the External Auditors, Audit Scotland.**

### **7. PENSION FUND ANNUAL REPORT AND ACCOUNTS 2016/17**

With reference to paragraph 8 of the Minute of 28 June 2016, there had been circulated copies of a report by the Chief Financial Officer providing an opportunity for the Audit and Scrutiny Committee to scrutinise the draft Scottish Borders Council Pension Fund Annual Report and Accounts for the year ended 31 March 2017 prior to its submission to the External Auditors. The Local Government Pension Scheme Amendment (Scotland) Regulations specified a number of elements that must be contained within the Annual Report and Accounts and these were detailed in the report. The Report and Accounts, which met these requirements, was attached as an Appendix to the report. The Annual Report and Accounts would be made available for public inspection for a 3 week period commencing 30 June 2017. Following Audit sign-off, the final Report and Accounts would be circulated to the joint Pension Fund Committee and Board, and then to Audit and Scrutiny Committee. Mr Robertson highlighted the main points of the Report, noting the continually growing governance agenda and increasingly complex pension administration environment within which the Fund operated. He advised Members that the Fund had, and continued to, perform well and that joint meetings of the Committee and Board continued to be productive and informative due to the positive engagement of out-going and newly appointed Members. Also during the past year the Investment and Performance Sub-Committee had met twice with all investment managers, allowing full scrutiny of the managed Funds to take place. The report noted that a strong market recovery and strong performance from key Fund Managers had contributed to the success of the Fund during 2016/17. Despite the level of volatility across markets during 2016/17, the Fund had managed to increase in value by £112m during the year. The overall performance of the Fund was 21.5% for the year, outperforming the benchmark by 1.0%. Other developments included the appointment of three new Fund Managers to the Fund following completion of the Strategic Asset Allocation; an agreement reached with Lothian Pension Fund that allowed access to the infrastructure market; and ongoing work continued in relation to modelling the cashflow position. In response to a question, Mr Robertson clarified the status of membership organisations and admitted bodies.

## **DECISION**

- (a) NOTED the Draft Annual Report and Accounts 2016/17 for Scottish Borders Council Pension Fund; and**
- (b) AGREED to support its submission for review by the External Auditors.**

## **ADJOURNMENT**

The Committee adjourned at 11.55am and reconvened at 12.05pm

### **8. SCOTTISH BORDERS COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE**

- 8.1 With reference to paragraph 4 of the Minute of 9 May 2016, there had been circulated copies of a report by the Chief Executive, seeking agreement for the revised Local Code of Corporate Governance of Scottish Borders Council to be presented to Council for approval. The report explained that Scottish Borders Council was responsible for ensuring that its business was conducted in accordance with the law and proper standards, and that public money was safeguarded, properly accounted for, and used economically, efficiently and effectively. Corporate Governance was essentially to ensure openness, integrity and accountability across all aspects of Council business. The revised Local Code of Corporate Governance for the Council was consistent with the principles and requirements of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" and would help to ensure that proper arrangements continued to be in place for the Council to meet its responsibilities. Members were advised of the seven core principles of good governance and of the changes included in the revised Code, as detailed in the report. The Code should be seen as a "live" document and reviewed annually to ensure that it continued to meet the requirements of the changing Council environment and Best Value principles.
- 8.2 Officers responded to questions by Members. It was acknowledged that there had been a number of new Members elected in May 2017 and it was therefore agreed that a presentation on Corporate Governance and the Local Code be offered to all Members at a suitable time during 2017. A copy of the Local Code would also be circulated to the Chairs of the new Locality Committees for information.

## **DECISION**

- \* **(a) AGREED TO RECOMMEND that Scottish Borders Council:-**
  - (i) approves the revised Scottish Borders Council Local Code of Corporate Governance as detailed in Appendix 1 to the Minute; and**
  - (ii) approves the revised Scottish Borders Council Local Code of Corporate Governance being relaunched to ensure greater awareness across the Council.**
- (b) AGREED:-**
  - (i) to request that the Chief Executive and Service Directors consider compliance with the Scottish Borders Council Local Code of Corporate Governance as part of the annual assurance statements on internal control and governance and implement actions to ensure full compliance to the elements of the Code; and**
  - (ii) that a presentation on the Scottish Borders Council Local Code of Corporate Governance be arranged for all Elected Members in due course.**

## 9. **INTERNAL AUDIT WORK TO JUNE 2017**

- 9.1 With reference to paragraph 5 of the Minute of 28 March 2017, there had been circulated copies of a report by the Chief Officer Audit and Risk which provided details of the recent work carried out by Internal Audit, the recommended audit actions agreed by Management to improve internal controls and governance arrangements and an outline of the work of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG). The work carried out by Internal Audit during the period from 3 April to 9 June 2017 was detailed in the report and it was noted that during the current period, a total of two final Internal Audit reports had been issued, namely: Corporate Transformation Programme; and Corporate and Social Work Complaints. Seven recommendations relating to these reports had been made and were accepted by Management. An executive summary of the final internal audit reports issued, including audit objectives, findings, good practice, recommendations and the Chief Officer Audit and Risk's independent and objective opinion on the adequacy of the control environment and governance arrangements within each audit area, was included in the Appendix to the report. The Chief Officer Audit and Risk summarised other assurance and consultancy work that Internal Audit had been involved in during the reporting period and which was detailed in the report.
- 9.2 In response to questions from Members, Ms Stacey advised that the Corporate Transformation Programme covered a wide range of Council business therefore each review was designed to cover one aspect of the Programme at any given time. With reference to Complaints Handling, it was noted that although excellent examples of good practice were found, the procedures were not applied consistently across all Council areas.
- 9.3 Further discussion took place relating to the Members' Induction session held on 20 June 2017 which included the role of the Audit Committee and that of the Scrutiny Committee. Ms Stacey also advised that Members would have an opportunity to assess their learning and development needs via Annual Self-Evaluation and confirmed that the first development session for Audit and Scrutiny Committee Members would be held within the Informal session on 25 September 2017 and would cover aspects of Treasury Management.

### **DECISION**

#### **(a) NOTED:-**

- (i) the final assurance reports issued in the period from 3 April to 9 June 2017 associated with the delivery of the approved Internal Audit Annual Plan 2016/17; and**
- (ii) the Internal Audit consultancy and other work undertaken in the period.**

#### **(b) ACKNOWLEDGED:-**

- (i) the assurance provided on internal controls and governance arrangements in place for the areas covered by Internal Audit work; and**
- (ii) the benefits to Scottish Borders Council Internal Audit function arising from its participation in the SLACIAG national forum for Heads of Internal Audit.**

*Audit Business concluded at 12.35pm.*

### **SCRUTINY BUSINESS**

## 10. **SCRUTINY REVIEWS**

With reference to paragraph 3 of the Minute of the Scrutiny Committee of 23 March 2017, there had been circulated copies of a list detailing the work undertaken by the Committee since 2001/02 including Working Groups; Briefings; Hearings; Call-ins of Executive Committee decisions; and Notices of Concern. The Clerk to the Council, Ms Wilkinson, explained the various ways in which subjects could be brought forward to the Committee for consideration and the criteria used to determine how each would proceed. Members were advised of the need to develop a programme of Reviews for approval by full Council and that the Programme should include, where possible, cross-cutting service subjects across SBC. It was anticipated that a draft Programme of Reviews for Scrutiny would be presented to the August meeting of the Committee for consideration. Following discussion, a number of areas for Review were identified as detailed in Appendix 2 to the Minute.

## **DECISION**

- (a) NOTED the list of work undertaken by the Scrutiny Committee since 2001/02.**
- (b) AGREED that a draft Programme of Reviews for Scrutiny be presented to the Committee in September 2017 for consideration.**

### **11. PROPOSED DATES OF FUTURE MEETINGS.**

There had been circulated copies of a list of proposed dates for meetings of the Audit and Scrutiny Committee and these were agreed as follows:-

<u>Date of Meeting</u>	<u>Business to be considered</u>
Thursday 17 August 2017	Scrutiny
Monday 25 September 2017	Audit
Thursday 26 October 2017	Scrutiny
Monday 13 November 2017	Audit and Scrutiny
Thursday 30 November 2017	Scrutiny
Monday 15 January 2018	Audit and Scrutiny
Thursday 15 February 2018	Scrutiny
Monday 19 March 2018	Audit
Thursday 26 April 2018	Scrutiny
Monday 14 May 2018	Audit and Scrutiny
Thursday 31 May 2018	Scrutiny
Tuesday 26 June 2018	Audit

## **DECISION**

**AGREED the schedule of meetings for Audit and Scrutiny Committee as detailed in the Minute.**

***The meeting concluded at 1.05 pm***

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Scottish Borders Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council operates through a governance framework for the conduct of its affairs which brings together an underlying set of legislative requirements, governance principles and management processes. The Council's revised Local Code of Corporate Governance, which is consistent with the principles and requirements of the CIPFA/SOLACE Framework 2016 "Delivering Good Governance in Local Government", will help to ensure proper arrangements continue to be in place to meet the Council's responsibilities.

The concept underpinning the Framework is that it assists local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework helps authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The environment in which it works local government is increasing in complexity. The Public Bodies (Joint Working) (Scotland) Act 2014 and other legislation have brought about new roles, opportunities and greater flexibility, as well as challenges for authorities.

The development of new structures, such as health and social care partnerships, necessitates the design of governance structures from the bottom up, ensuring that the core principles of good governance covering openness and stakeholder engagement, defining outcomes, monitoring performance and demonstrating effective accountability are integrated and embedded within the new structures and that mechanisms for effective scrutiny are established.

Whether working with other authorities, public sector bodies, the third sector or private sector providers, local authorities must ensure that robust governance arrangements are established at the outset. The 'Framework' defines the seven core principles of good governance, which the Council fully supports, namely:

- (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- (ii) Ensuring openness and comprehensive stakeholder engagement
- (iii) Defining outcomes in terms of sustainable economic, social, and environmental benefits
- (iv) Determining the interventions necessary to optimise the achievement of the intended outcomes
- (v) Developing the entity's capacity, including the capability of its leadership and the individuals within it
- (vi) Managing risks and performance through robust internal control and strong public financial management
- (vii) Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Scottish Borders Council aims to meet the highest standards of corporate governance to help ensure that it meets its objectives. It will test its structure against these principles by:

- Reviewing its existing governance arrangements against the 'Framework'
- Developing and maintaining an up-to-date Local Code of Governance including arrangements for ensuring its ongoing application and effectiveness
- Preparing a governance statement (Annual Governance Statement) in order to report publicly on the extent to which it complies with its own code on an annual basis, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes for the coming period.

The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils the statutory requirement for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. This process not only creates an opportunity for the Council to set out its standards for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

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

Local government 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 and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

**A1 Behaving with integrity**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Ensuring 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	Standards are set out in the Councillors Code of Conduct. Employees Code of Conduct reflects the values of the Council, incorporates “The Seven Principles of Public Life” identified by the Nolan Committee on Standards in Public Life, and includes Whistleblowing Policy. The Performance Appraisal scheme in place for officers (PRD) is based upon the Council’s Values and Standards and includes Demonstrating Positive Behaviours.
2	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. These should build on the Seven Principles of Public Life (the Nolan Principles)	The Corporate Plan (led by CMT, approved by Council and published on website) sets out the Council’s vision, values and standards to guide the way it works and to inform strategies and policies based on priorities.
3	Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Declarations of Interest are set out in the Council's Procedural Standing Orders which govern the conduct of each Committee meeting. Members Registers of Interest is published on the Council’s website. Monitoring Officer produces an Annual Report to the Standards Committee in accordance with Monitoring Officer Protocol (best practice).
4	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	Counter Fraud Policy and Strategy approved by Council. Councillors and Employees Codes of Conduct outline the arrangements for identifying, mitigating and recording conflicts of interest, hospitality and gifts. Declarations of Interest are set out in the Council's Procedural Standing Orders which govern the conduct of each Committee meeting. Members Registers of Interest is published on the Council’s website. Employees Code of Conduct includes Whistleblowing Policy. Complaints and comments policy and procedures in place for both Corporate and Social Work (statutory) service areas. Annual Complaints Reports to relevant committee. Chief Social Worker Annual Report presented to Council.

**A2 Demonstrating strong commitment to ethical values**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Annual Governance Statement is the outcome of self-evaluation of compliance. The Audit and Scrutiny Committee remit includes role to ensure the highest standards of probity and public accountability are demonstrated.
2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Standards of conduct and behaviour including communication are set out in the Councillors and Employees Codes of Conduct (embodies Nolan principles). Induction programmes include the above to ensure competency.
3	Developing and maintaining robust policies and procedures	Employees Code of Conduct reflects the values of the Council, incorporates "The Seven Principles of Public Life" Council's values from Corporate Plan are included within PRD templates for appraisal.
4	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	Council's values from Corporate Plan are included within the Procurement Charter for external suppliers. Council policies and standards are incorporated into SB Cares service performance agreement.

**A3 Respecting the rule of law**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Advice and overseeing compliance on legal matters is provided by the Chief Legal Officer, the Monitoring Officer and the Clerk to the Council as set out in Scheme of Delegation, job descriptions, and protocols.
2	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	The Scheme of Delegation sets out the roles and responsibilities of statutory officers (Chief Executive, Chief Social Work Officer, Chief Financial Officer, and Monitoring Officer). Membership of Professional Bodies is required.
3	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	The Local Code of Corporate Governance includes Scheme of Administration, Procedural Standing Orders, Scheme of Delegation and Financial Regulations which reflect the legal requirements placed upon the authority.
4	Dealing with breaches of legal and regulatory provisions effectively.	The Service Director Regulatory Services fulfils the Monitoring Officer statutory role. Advice and overseeing compliance on legal matters is provided by the Chief Legal Officer, the Monitoring Officer and the Clerk to the Council as set out in Scheme of Delegation, job descriptions, and protocols.
5	Ensuring corruption and misuse of power are dealt with effectively	Revised Counter Fraud Policy and Strategy approved 2015. Counter Fraud Annual Report presented to Audit and Scrutiny Committee including assurance self-assessment.

**B. Ensuring openness and comprehensive stakeholder engagement**

Local government is run for the public good; organisations therefore should ensure openness in their 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

**B1 Openness**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	The Corporate Plan (led by CMT, approved by Council and published on website) sets out the Council's vision, values and standards (including "Be fair, equal and open") to guide the way it works and to inform strategies and policies based on priorities.  Compliance with Data Protection and Freedom of Information legislation.
2	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Calendar of main Council and Committee meetings.  Minutes and committee reports are published on the Council's website.  Council meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.
3	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. In due course, ensuring that the impact and consequences of those decisions are clear	Committee report templates include a section on implications covering financial, risks and mitigations, equalities, environmental, rural, schemes.  Guidance on preparing Committee reports includes mandatory consultation in advance with the Chief Legal Officer, Chief Financial Officer, Monitoring Officer, Clerk to the Council, Chief Officer HR, and Chief Officer Audit and Risk.  Calendar of main Council and Committee meetings.  Committee reports are published on Council's website one week in advance of meeting dates.
4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	The Scottish Borders Community Planning Partnership (SBCPP) Community Engagement Framework (2015) sets out principles for engagement and the Toolkit shares best practice methods and enables engagement activities to be delivered in a consistent, cost effective and transparent manner.

**B2 Engaging comprehensively with institutional stakeholders**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Engage and communicate with institutional stakeholders in an appropriate manner e.g. health and social care integration; Scottish Borders Council is a partner in the Scottish Borders Health & Social Care Partnership along with NHS Borders through which there has been an extensive process of engagement leading to the publication of Locality Plans in October 2017 for integrated health and social care joint services.
2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	The SBCPP Community Engagement Framework (2015) sets out principles for engagement and toolkit provides prompt lists of stakeholders.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	<p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> <li>• trust;</li> <li>• a shared commitment to change;</li> <li>• a culture that promotes and accepts challenge among partners; and</li> <li>• that the added value of partnership working is explicit</li> </ul>	<p>The Strategic Assessment underpins the strategic vision for the Council and its partners and the commitment to change.</p> <p>The SBCPP Community Engagement Framework (2015) sets out principles for engagement and toolkit provides prompt lists of stakeholders. The SBCPP Governance Structure provides forum for challenge, and themes and priorities include sub-groups to support delivery. The SBCPP Improvement Action Plan arising from Audit Scotland review states Performance Management Framework is in development.</p> <p>SBC Support resources in kind e.g. to SB Cares, Live Borders, IJB</p> <p>SBC Elected Members are appointed to the Scottish Borders Health and Social Care Integration Joint Board.</p>

### B3 Engaging stakeholders effectively, including individual citizens and service users

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</p>	<p>The SBCPP Community Engagement Framework (2015) sets out principles for engagement and toolkit provides prompt lists of stakeholders.</p> <p>The Scottish Borders Health &amp; Social Care Partnership's Strategic Plan 2016-2019 was developed following consultations with interested parties including members of the public, therefore highly co-produced.</p>
2	<p>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p>	<p>The Community Plan produced in conjunction with local partners in public services, the private sector, voluntary sector and communities focusses on themes and includes targets and challenges in the plan.</p>
3	<p>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</p>	<p>The SBCPP Community Engagement Framework (2015) sets out principles for engagement and toolkit provides prompt lists of stakeholders.</p> <p>SBC also has its own tool kit which is more prescriptive.</p> <p>Bi –annual Household survey conducted in 2015. (Survey will not be conducted in present form but consultation will take place in a more cost effective manner in 2017.)</p>
4	<p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p>	<p>The SBCPP Community Engagement Framework (2015) sets out principles for engagement and toolkit provides prompt lists of stakeholders.</p>
5	<p>Taking account of the interests of future generations of tax payers and service users</p>	<p>The Strategic Assessment is the body of evidence which underpins the strategic vision for the Council and its partners.</p> <p>Local Housing Strategy led by Council working with 4 main RSL's towards delivering future housing needs.</p> <p>School-Employer partnerships as part of developing the Young Workforce objectives and priorities (The Wood Report).</p> <p>SBC Elected Members are appointed to the Scottish Borders Health and Social Care Integration Joint Board</p>

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

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

**C1 Defining outcomes**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	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>The Council has a Single Outcome Agreement (SOA) in place agreed with the Scottish Government and Scottish Borders community planning partners. The Council’s vision, strategic objectives and priorities underpinned by the Strategic Assessment are reflected in the Council’s Corporate Plan and the SOA which are approved by Council. The SOA will be replaced by the Local Outcomes Improvement Plan (published 1<sup>st</sup> October 2017) underpinned by Locality Plans.</p> <p>The LOIP is essentially partnership based and will set out measures for reducing inequality and improving outcomes, thereby setting context for future service planning.</p> <p>The Scottish Borders Health &amp; Social Care Partnership’s Strategic Plan 2016-2019 sets out the vision, strategic objectives and outcomes related to integrated health and social care services.</p>
2	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Decision-making reports to Committees outlining any proposals to change policies, strategies and plans include a section on implications covering financial, risks and mitigations, equalities, environmental, rural and governance.
3	Delivering defined outcomes on a sustainable basis within the resources that will be available	The Council has approved an Executive / Scrutiny model of decision making. The Executive Committee is the key decision-making and monitoring committee, and the Audit and Scrutiny Committee (through its scrutiny functions) reviews the achievement of policy objectives and priorities.
4	Identifying and managing risks to the achievement of outcomes	<p>Risk Management Policy and Strategy approved by the Council.</p> <p>Risk management practice embedded in business planning and performance management processes, underpinned by a corporate training programme.</p>
5	Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available	The Council’s Performance Management Framework establishes the mechanism for all services across the Council to ensure the Council meets its legal duty to provide best value to people. There is annual development and monitoring of Service plans and PIs which are aligned to Priorities. This includes a self-assessment process to evaluate actual versus standard service quality

**C2 Sustainable economic, social and environmental benefits**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Project Business Cases for Capital Programme include assessment of need and strategic fit. As part of this asset life, as well as social and economic impact, is implicitly considered.  Strategic Asset Management Plans (SAMPs) are being developed. Plans focus on social, economic, equality and regeneration using a locality approach.
2	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	The Corporate Transformation programme was approved to respond to the social, economic and demographic challenges facing the Council and still deliver high quality and improved services.
3	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	Decision-making reports to Committees outlining any proposals to change policies, strategies and plans include a section on implications covering financial, risks and mitigations, equalities, environmental, rural and governance.
4	Ensuring fair access to services	Rural Proofing Policy and Committee reports include section on Rural implications  Equality Impact Assessments relating to any new proposals; Equality Mainstreaming Report being prepared. Ensure consistent application of EIAs at approval and review during implementation.

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

Local government achieves 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.

**D1 Determining interventions**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	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. Therefore ensuring best value is achieved however services are provided	Decision-making reports to Committees outlining any proposals to change policies, strategies and plans include a section on implications covering financial, risks and mitigations, equalities, environmental, rural, governance. Guidance on preparing reports for committee approved by Council. Committee reports are published on Council's website one week in advance of meeting dates. Officers attend Committee meetings to advise as appropriate.
2	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 and bearing in mind future impacts	Public engagement and communication as part of Financial Planning Process to reflect reducing resources e.g. Dialogue Community Engagement Tool, Q&A with Executive Members. Asset Reviews in tandem with Locality Plans. Citizen's views form outline for property rationalisation / prioritisation. First iteration to be complete by October 2017. Actions taken subject to Community Empowerment Act.

**D2 Planning interventions**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Calendar of main Council and Committee meetings.
2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Community Engagement Toolkit Member / Officer Working Groups TU consultation forums Area Forum meetings
3	Considering and monitoring risks facing each partner when working collaboratively including shared risks	Risk Management Policy; improvement required on identification and management of shared risks.



	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Business Planning, Financial Planning and People Planning processes aligned to Corporate Plan priorities. The Corporate Transformation Programme sets out a far-reaching programme of change to enable the Council to respond to unprecedented social, demographic and economic challenges. The Programme supports the delivery of the Council's 8 Corporate Priorities and the delivery of the significant savings set out in the Financial Strategy and Plans.
5	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	Performance Management Framework approved by Council. KPIs set out in Corporate Plan / Business Plans reported monthly to CMT based on availability and within themes. Quarterly performance reporting to Executive Committee in themes; published on website. KPIs performance reporting feed through to wider partnerships including IJB performance reporting.
6	Ensuring capacity exists to generate the information required to review service quality regularly	Consolidated Business Management resources. Business Intelligence Programme is being developed with a view to delivering improvements to the quality of that data and the quality of management information and management reporting and assurance practices.
7	Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Themed savings in Revenue plans. Project Business Cases for Capital Programme include assessment of need and strategic fit.
8	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Medium Term Financial Strategy and plans for revenue (5-year) and capital (10-year) based on priorities led by CMT. Corporate Plan led by CMT reflects Priorities.

### D3 Optimising achievement of intended outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Medium-Term Financial Strategy approved alongside Financial Plans.
2	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Corporate financial planning process led by CMT; new obligations reflected in plan.
3	Ensuring the medium-term financial strategy 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	Medium-Term Financial Strategy The Corporate Transformation Programme supports the delivery of the Council's 8 Corporate Priorities and the delivery of the significant savings set out in the Financial Strategy and Plans.
4	Ensuring the achievement of 'social value' through service planning and commissioning <i>(Social Value is technically referred to as Community Benefit in Scotland)</i>	'Adding Value for Communities through Procurement' community benefit guidance policy; will be subsumed into the next revision of the Procurement Strategy due April 2017.

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

Local government 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 in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

**E1 Developing the entity's capacity**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	CMT Away Days – review progress of Corporate Transformation Programme. Senior Managers events – focus on transformation.
2	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	Performance Management Framework approved by Council. Local Government Benchmarking Framework; data submission August each year.
3	Recognising the benefits of partnerships and collaborative working where added value can be achieved	Options considered as part of cost rationalisation / corporate transformation e.g. SB Cares, ICT Contract with CGI
4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	People Planning Process underway across the Council. Organisation-wide People Plan to be developed.

**E2 Developing the capability of the entity's leadership and other individuals**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	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	Regular meetings are held between Chief Executive and Leader.
2	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	The Council's Code of Corporate Governance, which is reviewed on a regular basis, includes Scheme of Administration, Procedural Standing Orders, Scheme of Delegation and Financial Regulations which reflect the powers delegated to specific committees and officers to enable effective and efficient fulfilment of their roles.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority 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	Regular meetings are held between Chief Executive and Leader. The Chief Executive is a Statutory post with job description. Responsibilities delegated to Chief Executive are detailed within the Scheme of Delegation.
4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:-	Induction Programme and access to Courses, Seminars and e-learning. Members Briefings Staff Team Briefings
-	- 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	'Introduction to becoming a Councillor' programme in advance of local elections (best practice). Identification of training needs for elected members as part of Elected Members Development Programme. Development and performance review process in place for all employees (PRD). Ongoing training programme (including e-learning, seminars and courses) for all staff and elected members. Training provided to elected members and officers in areas of identified need e.g. licensing, planning, employment, pension, audit, and data protection. CMT Away Days, Senior Manager Events and relaunch of Managers Training.
-	- 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	Identification of training needs for elected members as part of Elected Members Development Programme. Development and performance review process in place for all employees (PRD).
-	- ensuring personal, organisational and system wide development through shared learning, including lessons learnt from both internal and external governance weaknesses	People Planning Process and toolkit; improvement required on full compliance and consistency across Services. Work Opportunities policy.
5	Ensuring that there are structures in place to encourage public participation	The SBCPP Community Engagement Framework (2015) sets out principles for engagement and the Toolkit shares best practice methods and enables engagement activities to be delivered in a consistent, cost effective and transparent manner.
6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	The mid-term report in October 2015 of performance against Corporate Plan provides evidence of how the Executive Committee is fulfilling its remit. Annual self-evaluation of effectiveness of Audit and Scrutiny Committee against best practice guidance and Annual Report to Council thereon.
7	Holding staff to account through regular performance reviews which take account of training or development needs	Development and performance review process in place for all employees (PRD).
8	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	HR Attendance Management Policy and Procedure. Occupational Health arrangements (Contract with People Asset Management (PAM)). Employee Assistance Programme (PAM). Employee Benefits roll-out. HR Training – Mindfulness and Personal Resilience; 'Small Changes Big Differences'.

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

Local government needs to ensure that the organisations 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.

**F1 Managing risk**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Risk management practice embedded in business planning and performance management processes. Corporate, Strategic and Operational risk registers, programme and project risk registers, and partnership risk registers developed. Committee Report templates include a section on implications covering risks and mitigations.
2	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Risk Management Policy and Strategy scrutinised by Audit and Scrutiny Committee and then approved by the Council. Risk Management Annual Report to enable Audit and Scrutiny Committee to evaluate effectiveness of managing risk. Improvement Plan includes management engagement and more consistent application across service areas.
3	Ensuring that responsibilities for managing individual risks are clearly allocated	Risk Management Policy sets out Roles and Responsibilities to manage risks effectively.

**F2 Managing performance**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	Monitoring and progress reports on the Corporate Transformation Programme, Financial Plans and Corporate Performance are presented quarterly to Executive Committee for monitoring and review purposes. Public Performance Reporting published on Council's website.
2	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	Reports to Committees include a section on implications covering financial, risks and mitigations, equalities, environmental, rural, and governance. Committee reports are published on Modern.gov one week in advance of meeting dates. Guidance on preparing Committee reports.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	<p>Ensuring an effective scrutiny or oversight function is in place which encourages 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 (OR, for a committee system)</p> <p>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>The Council's scrutiny arrangements are established through the Scheme of Administration (approved January 2015; amended January 2017) through committee structures and specified remits.</p> <p>The Scrutiny Committee's main remit is for monitoring and reviewing policy decisions, and to also act as a focus for value for money and service quality exercises.</p> <p>The Scrutiny Committee agenda and minutes are published on Modern.gov</p>
4	<p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>Calendar of meetings approved by Council in advance. Timetables for preparation of and consultation on reports to meet publication dates.</p>
5	<p>Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)</p>	<p>Code of Corporate Governance documents includes Procedural Standing Orders and Financial Regulations which are reviewed on a regular basis.</p>

### F3 Robust internal control

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	<p>Aligning the risk management strategy and policies on internal control with achieving objectives</p>	<p>Risk Management Policy and Strategy scrutinised by Audit and Scrutiny Committee and then approved by the Council.</p> <p>Risk-based Internal Audit plans and reports approved by Audit and Scrutiny Committee.</p>
2	<p>Evaluating and monitoring risk management and internal control on a regular basis</p>	<p>Risk Management Annual Report to enable Audit and Scrutiny Committee to evaluate effectiveness of managing risk.</p>
3	<p>Ensuring effective counter fraud and anti-corruption arrangements are in place</p>	<p>Counter Fraud Policy and Strategy approved by the Council scrutinised by Audit and Scrutiny Committee.</p> <p>Improvement Plan includes compliance with CIPFA Code of Practice on Managing the Risk of Fraud.</p>
4	<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>	<p>Internal Audit assurance as part of preparation of the Council's Annual Governance Statement.</p> <p>Reports to Audit and Scrutiny Committee on provision of Internal Audit statutory service and conformance with Public Sector Internal Audit Standards (PSIAS).</p>
5	<p>Ensuring an Audit and Scrutiny 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"> <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>	<p>The role of the Audit and Scrutiny Committee is to have high-level oversight of internal control, governance and risk management.</p> <p>Independence is maintained through membership of those not on the Executive Committee.</p> <p>Learning &amp; development includes Induction, seminars and individual sessions.</p> <p>Annual self-evaluation of effectiveness of Audit and Scrutiny Committee against best practice guidance and Annual Report to Council thereon (best practice).</p>

#### F4 Managing data

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<p>Information Governance Policy and Framework in place. The Council's Senior Information Risk Owner (SIRO) has overall responsibility for Information Management and is chair of the Information Governance Group (IGG). The IGG meets regularly and follows an agreed themed programme of work: Records Management; Information Access; Information Security; and Information Governance. The Information Manager leads the Information Team within Legal Services, reporting to Chief Legal Officer and SIRO.</p> <p>Information Management Procedures available on the Intranet include: Data Protection; Data Sharing; Freedom of Information; Information Management and Records Management (Retention and Disposal).</p> <p>Information Technology Policies and Procedures available on the Intranet include: Email &amp; Internet Use Policy; Information Security Policy; Protective Marking Policy.</p> <p>Information Asset Registers (IARs) have been developed. The Records Management Plan has been submitted for agreement by Keeper of Records Scotland. Work is ongoing to implement remaining Improvement Actions and further work is planned to enable compliance with General Data Protection Regulations, due to come into force May 2018.</p>
2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	<p>Procedures Protocol on sharing of information are published on the Intranet:</p> <ul style="list-style-type: none"> <li>• General Protocol for Sharing Information</li> <li>• Privacy by Design Guidance and prompt list</li> <li>• Sharing Information Code of Practice</li> </ul> <p>Register of Data Sharing agreements is in place (for PSN Compliance). Monitoring through an annual Audit by the Information Management Team.</p>
3	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	<p>Quality and Validation of data used in decision making and performance reporting is the responsibility of the service area, ultimately the Service Director.</p> <p>Internal Audit annual reviews on Performance Management cover validation of the KPI data submitted for Local Government Benchmarking Framework and for Corporate Priorities.</p> <p>The Executive Committee has responsibility for monitoring and challenge including the quality of data relating to decision making.</p>

#### F5 Strong public financial management

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	<p>Medium Term Financial Strategy and plans for revenue (5-year) and capital (10-year) based on priorities, led by CMT, and approved by Council in February.</p> <p>Transformation Programme approved by Council in February same time as financial plans.</p>
2	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	<p>Revenue and Capital Budget Monitoring reports presented to Executive Committee on a quarterly basis.</p> <p>Financial Strategy Risk Register presented at Approval stage.</p>

**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.

**G1 Implementing good practice in transparency**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	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	Public Performance Reporting published on Council's website Committee reports are published on the modern.gov site for transparency to reflect the decision-making structure within the Council's Scheme of Administration, including the Health and Social Care IJB.
2	Striking a balance between providing the right amount of information to satisfy <b>transparency</b> demands and enhance public scrutiny while not being too onerous to provide and for users to <b>understand</b>	The Council produces and publishes annual accounts that set out the financial position and performance. Public Performance Reporting published on Council's website. Service-specific Annual Reports presented to relevant committee and made accessible to the public e.g. Chief Social Work Officer Annual Report, Education Standards and Quality Report.

**G2 Implementing good practices in reporting**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Reporting at least annually on performance, value for money and the stewardship of its resources	The Statement of Accounts, incorporating a Management Commentary, provides financial and other performance information regarding the operation of the Council, its wider achievements and areas for development. External Audit Annual Report provides assurance and key recommended improvements.
2	Ensuring members and senior management own the results	Guidance on preparing Committee reports includes mandatory consultation in advance, and templates incorporate appropriate approvals.
3	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Annual Governance Statement is the outcome of self-evaluation of compliance which includes the Governance Framework, the Review of Framework, and Improvement Areas of Governance.
4	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Annual Governance Statement covers assurances from SB Cares and other partners as reflected within the Group Accounts.

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
5	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	The Management Commentary in Statement of Accounts provides financial and other performance information regarding the operation of the Council, its wider achievements and areas for development.

**G3 Assurance and effective accountability**

	<b>Behaviours and actions that demonstrate good governance</b>	<b>Demonstration of good governance in practice</b>
1	Ensuring that recommendations for corrective action made by external audit are acted upon	Reports outlining findings and recommendations (including follow-up progress) presented to the Audit and Scrutiny Committee.
2	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	Regular reports on Internal Audit performance and compliance presented to the Audit and Scrutiny Committee. Chief Officer Audit & Risk meets regularly with Chair of Audit and Scrutiny Committee.
3	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Annual Scrutiny Plan by Audit Scotland presented to Audit and Scrutiny Committee. Reports by external scrutiny and inspection bodies outlining findings and recommendations presented to relevant committee.
4	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	The existing governance framework including alternative service delivery arrangements is outlined in the Annual Governance Statement.
5	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	The Strategic Assessment is the body of evidence which underpins the strategic vision for the Council and its partners.



## Scrutiny Committee – Review Subjects 2017/18

### Reviews for Consideration

Source	Issue/Description	Stage	Scrutiny Committee Meeting Date
Audit & Scrutiny Committee (Cllr H Scott)	Health and Social Care Integration Joint Board.		
Audit & Scrutiny Committee (Cllr H Scott)	IT within Scottish Borders Council.		
Audit & Scrutiny Committee (Cllr H Scott)	Waste Disposal Unit at Langlee in Galashiels.		
Audit & Scrutiny Committee	Examining Risk within the Council (Service Directors attend under Audit Business.)		
Audit & Scrutiny Committee (Cllr Bell)	Community Access to Schools (Considered in 2007 – to be reviewed again due to time lapse and changing dynamics.)		
Audit & Scrutiny Committee (Cllr Bell)	Provision of janitorial services in schools.		
Audit & Scrutiny Committee (Cllr H Anderson)	Review of the Provision of Services - 1. SB Cares; 2. LiveBorders.  (Internal Audit work ongoing and will be reported later in 2017.)		
Audit & Scrutiny Committee (Cllr H Anderson)	Contract Management.		
Audit & Scrutiny Committee (Cllr H Anderson)	Following the Public Pound.		
Audit & Scrutiny Committee (Cllr Thornton-Nicol)	Cost of delivery of services per person across the Scottish Borders.		
Audit & Scrutiny Committee (Cllr Thornton-Nicol)	Performance Criteria and Outcomes, eg Common Good Funds.		

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