

Delivering Good Governance in Local Government: a Framework

Consultation

July 2015

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

SOLACE (Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector. We are committed to public sector excellence. We provide our members with opportunities for personal and professional development and seek to influence the debate about the future of public services to ensure that policy and legislation reflect the experience and expertise of our members.

CONSULTATION QUESTIONS

We are seeking views on the draft Framework. In particular we would welcome comments on the following :

1. Would this framework *Good Governance in Local Government* assist you in developing and modernising your own local code of governance/governance arrangements ?
2. Would this draft Framework assist you in establishing governance arrangements for collaborative working (alternative delivery vehicles, partnerships etc) ?
3. Are there any parts of the Framework that you would find difficult to follow/comply with ?
4. Have we got the terminology right, with particular reference to collaborative working ? If not, how could it be improved ?
5. Principle E looks at the relationship between members and officers. Have we got the tone and balance right ? If not, how could it be improved ?
6. Is any further guidance is required with regard to the development of a local code ?
7. What further guidance is required with regard to the preparation of the annual governance statement ?
8. Are there any other aspects of governance that are not in the draft Framework which you believe should be addressed ?
9. How might the Framework be improved ?
10. Are there any other issues or areas that are not in the draft Framework which you believe should be addressed in the guidance note?
11. It is envisaged that the revised Framework would apply from the financial year 2015/2016. Please could you let us know if you have any concerns regarding the proposed timetable ?

GUIDANCE

It is our intention to develop separate guidance notes for English, Scottish and Welsh local authorities and for the Police in England and Wales to accompany the revised Framework. The guidance notes will include:

- How the revised Framework can be mapped to the 2007 Framework
- A glossary of terms
- Examples of good practice/case studies
- Examples of the types of systems, processes and documentary evidence that might be cited by an authority to demonstrate compliance with best practice
- The principles underlying who should be nominated by the authority to take responsibility for the review on its behalf and the scope given
- Signposts to other useful tools and sources of guidance available to local authorities for self assessment purposes.

We would be very pleased to be made aware of specific examples of good practice/case studies that might be included in the guidance notes.

TIMETABLE

Responses and offers to assist with case study material should be sent by **Monday 28th September 2015** to : Kerry Ace. Email kerry.ace@cipfa.org

THE WORKING GROUP

CIPFA and SOLACE have drawn together the following members of the Joint Working Group and are grateful to them and to their employing organisations for their time and assistance in preparing this document.

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INTRODUCTION

Local authorities are set for further reductions in government funding over the course of this Parliament. To cope in this time of unprecedented change, they will need to continue to adapt the way in which they operate. Local authorities have responded to austerity through increased collaboration; developing their role as 'enablers' and making further use of alternative delivery vehicles (ADVs) for public service provision.

Authorities will need to make difficult decisions which may mean that certain services can no longer be provided, but in doing this they will need to communicate effectively with their communities, service users, stakeholders and individuals to ensure that the most vulnerable citizens continue to be protected. At the same time, local government has been undergoing significant change and the environment in which it works is increasing in complexity. In addition to economic and financial challenge, the integrated health and social care programme, devolution, the Localism Act, the Police Reform and Social Responsibility Act and other key legislation have brought new roles, opportunities and greater flexibility for authorities.

The introduction of new responsibilities and the development of new collaborative structures and ways of working provide challenges for ensuring transparency, demonstrating accountability and, in particular, for managing risk. Whether working with other public sector bodies, the third sector or private sector providers, local authorities must establish robust governance arrangements at the outset. These should include a shared view of expected outcomes supported by effective mechanisms for control and risk management thereby ensuring that the public purse is properly protected.

REVIEW OF THE CIPFA/SOLACE FRAMEWORK

It is therefore crucial that leaders and chief executives keep their governance arrangements up to date and relevant and in response, CIPFA and SOLACE, are undertaking a fundamental review of the Framework: Delivering Good Governance in Local Government to ensure that it remains 'fit for purpose'. The main principle underpinning the development of the new Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates.

The revised Framework (consultation draft) developed by the CIPFA/SOLACE Joint working Group on Good Governance in Local Government builds on the *International Framework : Good Governance in the Public Sector (CIPFA/IFAC 2014)*. The *International Framework* places sustainable economic, societal and environmental outcomes as a key focus for governance processes and structures. It emphasises the importance of considering the longer term and the links between governance and public financial management – all key considerations for local authorities in today's climate.

The core principles and sub principles from the *International Framework* have been adapted for the local government context and translated into a series of expected behaviours and outcomes which demonstrate good governance in practice. The principles in the consultation draft form a standard for good governance and a shared understanding of what constitutes good governance across local government.

Whatever form of arrangements are in place, authorities are urged to test their governance structures against the principles contained in the Framework by:

- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The term 'local code' essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

The Framework principles are intended to be applicable to all local authorities and associated organisations and systems ie combined authorities, joint boards, partnerships and other vehicles established through which authorities now work. However, a one-size-fits-all approach to governance is inappropriate. Not all parts of the Framework will be directly applicable to all types and size of structures and it is therefore up to different authorities and organisations to put the Framework into practice in a way that reflects their structures and is proportionate to their size.

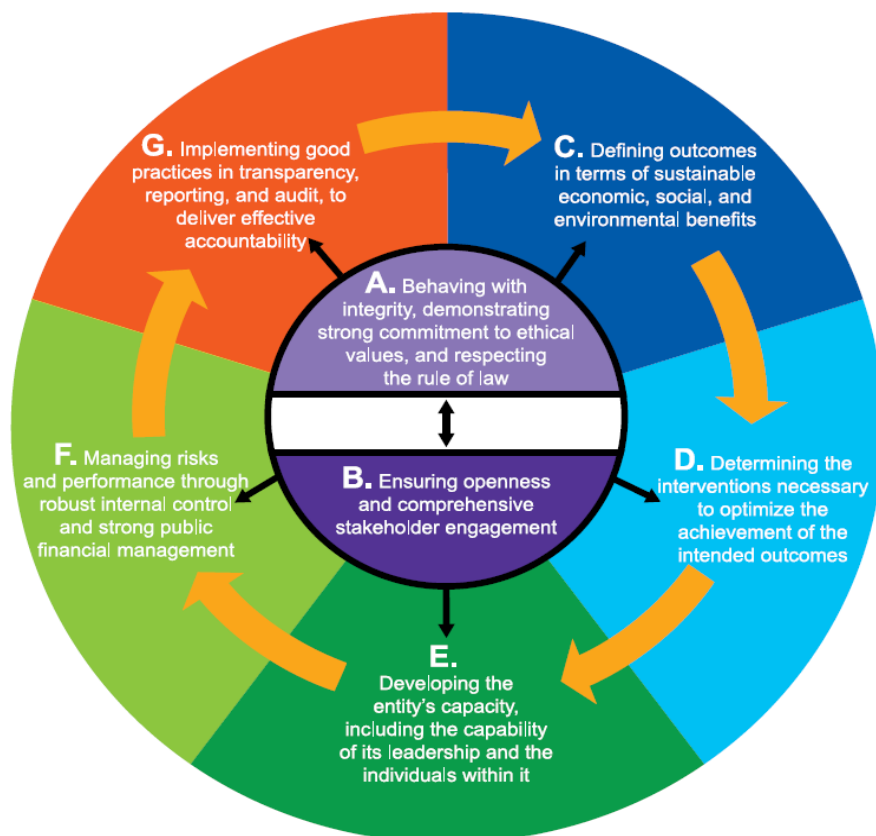
It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone.

THE PRINCIPLES OF GOOD GOVERNANCE – APPLICATION

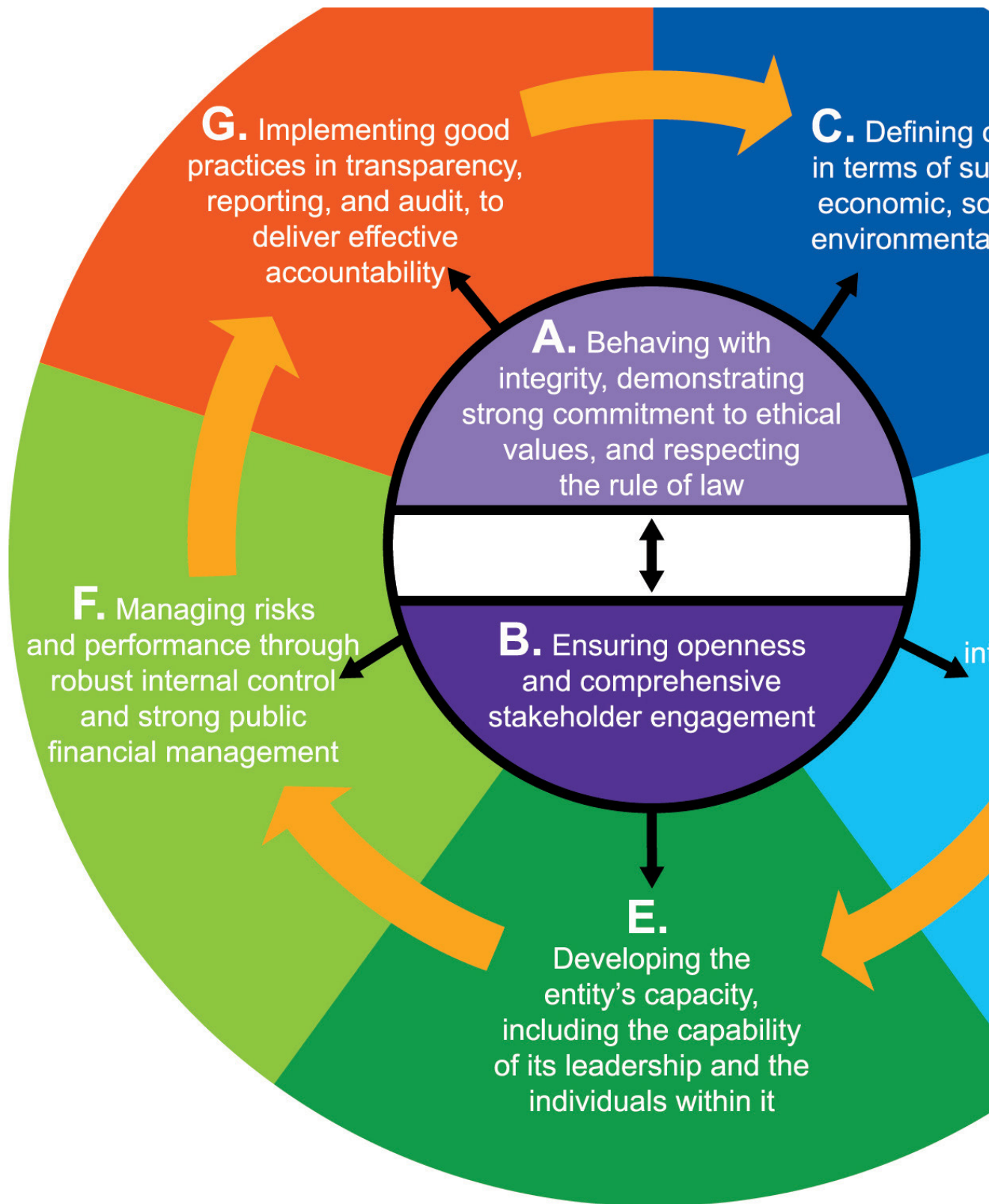
Defining the core principles and sub principles of good governance

The diagram from the *International Framework*, below illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



To achieve good governance, each local authority should be able to demonstrate that its governance structures are consistent with the core and supporting principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the behaviours and outcomes set out in the next section.



¹ In local government, the governing body is the full council or authority. In the Police, Police and Crime Commissioners (PCCs) and Chief Constables (CCs) are corporations sole and are jointly responsible for governance.

Principles and sub principles	Behaviours and outcomes that demonstrate good governance in practice
Acting in the public interest requires:	This commitment will require :
<p data-bbox="233 510 724 645">A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p data-bbox="284 725 708 1330">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.</p>	<p data-bbox="807 510 1098 539">Behaving with integrity</p> <ul data-bbox="818 595 1362 1397" style="list-style-type: none"> • Ensuring members and officers behave with integrity • Ensuring members and officers lead a culture where acting in the public interest is the norm • Ensuring members take the lead in establishing specific values² for the organisation and its staff and that they are communicated and understood • Ensuring members and officers lead by example and demonstrate the organisation's values through their own thinking and behaviours and use them as a guide to decision making and other actions • Demonstrating and communicating values through appropriate policies/processes such as codes of conduct and policies dealing with whistle blowing and conflicts of interest and reviewing such policies and on a regular basis to ensure that they are operating effectively <p data-bbox="818 1435 1362 1503">Demonstrating strong commitment to ethical values</p> <ul data-bbox="818 1541 1362 1783" style="list-style-type: none"> • seeking to understand , monitor and maintain the organisation's ethical performance • underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's operation for example, procurement and staff appointments

² These should build on The Nolan Principles – *The Seven Principles of Public Life*

	<p>Respecting the rule of law</p> <ul style="list-style-type: none"> • ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations • creating the conditions to ensure that the statutory officers and other key post holders are able to fulfil their responsibilities • striving to use the authority's full powers for the benefit of its citizens, its communities and other stakeholders • Dealing with breaches of legal and regulatory provisions effectively • Ensuring corruption and misuse of power are dealt with effectively
<p>B. Ensuring openness and comprehensive stakeholder engagement</p> <p>Local authorities are run for the public good, they 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.</p>	<p>Openness</p> <ul style="list-style-type: none"> • Demonstrating, documenting and communicating the organisation's commitment to openness • making decisions that are open³ about actions, plans, resource use, forecasts, outputs and outcomes • 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, that they are clear about the impact and consequences of those decisions <p>Engaging comprehensively with</p>

³ The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided

	<p>institutional stakeholders⁴</p> <ul style="list-style-type: none"> • effectively engaging with stakeholders to ensure that outcomes are achieved successfully and sustainably • developing formal and informal collaborative arrangements with other institutional stakeholders (such as other public sector bodies, third sector or private sector entities) to allow for resources to be used more efficiently and outcomes achieved more effectively • defining the purpose, objectives and intended outcomes for each stakeholder relationship • using formal and informal consultation and engagement to determine the most appropriate and effective interventions <p>Engaging stakeholders effectively, including individual citizens and service users</p> <ul style="list-style-type: none"> • 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. • collecting and evaluating the views and experiences of citizens, service users
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⁴ The other entities a public sector entity needs to work with to improve services and outcomes or for accountability reasons

	<p>and organisations of different backgrounds</p> <ul style="list-style-type: none"> • implementing effective feedback mechanisms for those consultees in order to demonstrate what has changed as a result • balancing feedback from more active stakeholder groups with other stakeholder groups to ensure that no one group becomes too dominant • taking account of the interests of future generations of tax payers and service users to ensure intergenerational equity
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Principles and sub principles	Behaviours and outcomes that demonstrate good governance in practice
<p>In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the local government also requires effective arrangements for:</p>	<p>This commitment will require :</p>
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that</p>	<p>Defining outcomes</p> <ul style="list-style-type: none"> • having a clear vision - an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators • ensuring the vision statement provides the

<p>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</p>	<p>basis for the organisation's overall strategy, planning and other decisions</p> <ul style="list-style-type: none"> • specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer • delivering defined outcomes on a sustainable basis within the resources that will be available • developing and publishing sustainability indicators in terms of economic, social and environmental benefits as a means of measuring whether intended outcomes have been achieved • identifying and managing risks to the achievement of outcomes as part of delivering goods and services • managing expectations effectively with regard to determining priorities and making the best use of the resources available <p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> • considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision • taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the authority's intended outcomes and short-term factors such as the political cycle or financial constraints • determining the wider public interest associated with balancing conflicting
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	<p>interests between achieving the various economic, social and environmental benefits , through consultation where possible, in order to ensure appropriate trade offs</p> <ul style="list-style-type: none"> ensuring equality of access
<p>D. Determining the interventions necessary to optimize the achievement of the intended outcomes</p> <p>Local authorities achieve their intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of interventions is a critically important strategic choice and authorities have to make to ensure they achieve their intended outcomes. 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 optimized.</p>	<p>Determining interventions</p> <ul style="list-style-type: none"> Ensuring decisions 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 Ensuring best value is achieved however the authority's services are provided <p>Planning interventions</p> <ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets Simultaneously engaging with internal and external stakeholders in determining how services and other interventions can best be delivered Considering and monitoring risks facing each partner when working collaboratively including shared risks Ensuring arrangements are flexible/agile so that the mechanisms for delivering outputs can be adapted to changing circumstances Establishing appropriate KPIs as part of the planning process in order to assess how the performance of services and projects is to be measured Ensuring the organisation has the capacity to generate the information required to

	<p>review service quality regularly</p> <ul style="list-style-type: none"> • Preparing budgets in accordance with organizational objectives, strategies and the medium term financial plan • Informing medium and long term resource planning by realistic estimates of expenditure and revenue, aiming to develop a sustainable funding strategy that fully supports future expenditure and liabilities in accordance with available funding • 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 <p>Optimizing achievement of intended outcomes</p> <ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and trades off service priorities, affordability and other resource constraints • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term • 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 optimizing resource usage • Ensuring the achievement of 'social value' through service planning and
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	commissioning
<p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p> <p>Local authorities need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. The authority 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 entity 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 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 their communities</p>	<p>Developing the entity's capacity</p> <ul style="list-style-type: none"> • Ensuring the capabilities of senior management enable the authority to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks • Reviewing operations and performance on a regular basis to ensure their continuing effectiveness and enable organizational learning • Improving resource use through appropriate application of benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently • Developing and maintaining robust procurement policies and procedures which place emphasis on the organisation's ethical values and objectives and deliver cost effective goods and services <p>Developing the entity's leadership</p> <ul style="list-style-type: none"> • Ensuring a constructive relationship exists between members and officers by setting out a clear statement of the respective roles and responsibilities of the executive, of the executive's members individually and the authority's approach to putting this into practice • Clarifying roles and responsibilities of authority members and management at all levels • Developing protocols to ensure that

	<p>elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p> <ul style="list-style-type: none">• publishing a statement that specifies the types of decisions delegated to the executive and those reserved for the collective decision making of the authority• 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• appointing a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and maintaining an effective system of internal financial control• appointing a senior officer (usually the monitoring officer) is responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with• ensuring members and senior officers have the appropriate skills, knowledge resources and support to fulfil their roles and responsibilities• ensuring members are independent of management and free from relationships that would materially interfere with their role• ensuring members receive appropriate induction tailored to their role and ongoing
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	<p>training and development</p> <ul style="list-style-type: none"> • developing members skills and ensuring that they are able to update their knowledge on a continuing basis • reviewing individual member performance on a regular basis and considering any training or development needs as well as taking account of their attendance record • Regularly assessing skills required by members and making a commitment to fill gaps • Encouraging a wide range of people stand for election and that there are career structures in place to encourage participation and development • taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections • ensuring personal, entity and system-wide development through shared learning <p>Developing the capability of individuals within the entity</p> <ul style="list-style-type: none"> • implementing appropriate human resource policies and ensuring that they are working effectively • creating an environment where staff can perform well and ideas and suggestions are welcomed • ensuring staff have realistic job descriptions so that their core responsibilities can be carried out effectively and senior managers' core responsibilities are not compromised by having too wide a portfolio of duties. • Appointing and promoting all staff based
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	<p>on merit</p> <ul style="list-style-type: none"> • Ensuring all new staff receive induction tailored to their role and subsequent training and development matching individual and organisational requirements • Holding staff to account through regular performance reviews which take account of training or development needs • Considering how benefits, personal development opportunities and potential career progression can promote an engaged and competent work force • 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
<p>F. Managing risks and performance through robust internal control and strong public financial management</p> <p>Local authorities need to ensure that the entities and governance structures that they oversee 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. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes.</p> <p>A strong system of financial management is essential for the</p>	<p>Managing risk</p> <ul style="list-style-type: none"> • Recognising that risk management is an integral part of all activities and must be regarded as a continuous process • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively <p>Managing performance</p> <ul style="list-style-type: none"> • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review • Ensuring at all levels, those making decisions are presented with relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental

<p>implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p>	<p>position and outlook</p> <ul style="list-style-type: none"> • 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 authority's performance and that of any organization for which it is responsible • providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement • ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) <p>Robust internal control</p> <ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the authority's objectives • Evaluating and monitoring the authority's risk management and internal control on a regular basis • Ensuring effective counter-fraud and anti-corruption arrangements are in place • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor • Ensuring an audit committee or equivalent group or function which is independent of the executive provides
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	<p>a further source of assurance regarding the authority's arrangements for managing risk and maintaining an effective control environment</p> <p>Managing Data</p> <ul style="list-style-type: none"> • Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to ensure the security of personal data used • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring • Ensuring effective arrangements for sharing data with other bodies are in place <p>Strong public financial management</p> <ul style="list-style-type: none"> • Ensuring the authority's financial management supports both long term achievement of outcomes and short-term financial and operational performance • Ensuring well-developed financial management is integrated at all organizational levels of planning and control, including management of financial risks and controls
<p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>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</p>	<p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> • 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 • Striking a balance between providing the right amount of information to satisfy

<p>and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>transparency demands and enhance public scrutiny whilst not being too onerous for the authority to provide and for users to understand</p> <p>Implementing good practices in reporting</p> <ul style="list-style-type: none"> • Reporting at least annually in a timely manner to demonstrate to stakeholders in an understandable way on issues including how the authority is performing, whether it is delivering value for money and the stewardship of its resources • Ensuring members and senior management own the results • Assessing the extent that the authority is applying the principles contained in this Framework and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance in action • 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 entities • Publishing separately an assessment of governance arrangements for jointly managed organisations <p>Assurance and effective accountability</p> <ul style="list-style-type: none"> • Ensuring that an effective external audit service is in place and acting on recommendations made for corrective action • Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to the authority's governance arrangements
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	<p>and recommendations are acted upon</p> <ul style="list-style-type: none"> • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
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ANNUAL REVIEW AND REPORTING

Delivering Good Governance in Local Government: Framework urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the corporate governance and internal control framework.

The annual governance statement should provide a brief communication regarding the review of governance that has taken place and the role of the governance structures involved (such as the authority and the audit and other committees). It should be high level, strategic and written in an open and readable style. It should be focused on outcomes and value for money and relate to the authority's vision for the area. As a matter of best practice, the annual governance statement should normally be approved at the same time as, and certainly no later than, the statement of accounts.

The preparation and publication of an annual governance statement in accordance with *Delivering Good Governance in Local Government: 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.