

# Best Value toolkit: Governance & accountability



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# Introduction

## The Audit of Best Value

*“Achieving Best Value is about ensuring sound governance, good management, public reporting on performance and a focus on improvement”*

The duty of Best Value applies to all public bodies in Scotland. It is a statutory duty in local government, and in the rest of the public sector it is a formal duty on Accountable Officers.

Best Value has already been a powerful force for improved performance and accountability in local government, and it will play an important role in supporting the Concordat and the development of Single Outcome Agreements between the Scottish Government, councils and their partners, and in streamlining and coordinating the scrutiny of public services. It also has the potential to underpin the National Performance Framework and the ‘management scorecard’ elements of Scotland Performs.

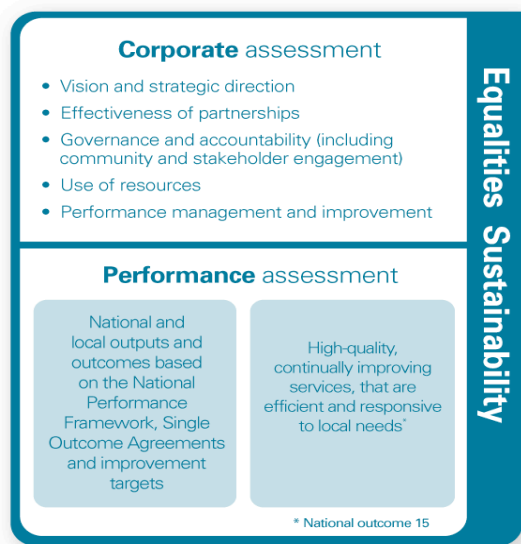
On behalf of the Auditor General and the Accounts Commission, Audit Scotland has identified a set of principles that form the basis for a consistent approach to the audit of Best Value across the public sector, although its application will differ to reflect factors such as the different accountability regimes and reporting arrangements in place in different sectors. This will enable us to apply a consistent set of expectations across all the bodies that we audit, and to reflect and support the reality of partnership working between organisations.

The Best Value toolkits are a key part of the practical application of the BV audit. They provide an evaluation framework that will help auditors to reach robust judgements on how public bodies are delivering Best Value. However, they cannot generate Best Value judgements on their own. They cover only part of the process. Judgements about Best Value also involve consideration of service standards and performance, outcomes and how effectively continuous improvement is being achieved. The framework through which the various elements of the Best Value audit are brought together to arrive at an overall conclusion on the extent to which an organisation is achieving Best Value is outlined below:

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## Exhibit 1

### Framework for a BV audit of a public body



Source: Audit Scotland

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As the diagram demonstrates, Audit Scotland's approach to the audit of Best Value entails both corporate assessment and performance assessment elements. The former focuses on how an organisation plans and conducts its business and manages its resources while the latter looks at the quality of those services and the outcomes for service users.

Audit Scotland is committed to ensuring that Best Value auditing across the public sector adds value to existing arrangements, is risk-based and builds on our existing knowledge of individual public bodies, and that of our scrutiny partners. Specifically we aim to:

- report on the delivery of outcomes for people who use services
- protect taxpayers' interests by examining use of resources
- put an increasing emphasis on self assessment by public bodies with audit support and validation
- work collaboratively with other scrutiny bodies to ensure our work is aligned and prevent duplication.

## The Best Value toolkits

The Best Value toolkits are a series of audit diagnostics, which will help reviewers to establish the extent to which public bodies' arrangements are designed to achieve, and are actually delivering, Best Value. They have been developed to support the corporate assessment process around the five corporate assessment areas noted in Exhibit 1, and the two cross-cutting themes of equalities and sustainability. However, as each toolkit also incorporates a series of questions on the impact of the area under review, they will also provide some evidence to support the assessment of service performance and outcomes.

The Best Value toolkits have been developed as audit tools in consultation with specialist practitioners, and representatives of public bodies and professional groups.

The toolkits take the form of structured key questions, with a matrix of possible levels of performance, ranging from basic to advanced practice. The matrices cannot of course capture all of the ways in which a public body may address the requirements of Best Value, so there is clearly scope for auditors to exercise balanced judgement and for public bodies to respond flexibly in demonstrating how the key areas of challenge are addressed. Individual evaluations are made about the level a public body has attained in each question or area. However, these have not been weighted and it is not intended that these be used to determine an overall scoring for any toolkit. They are designed to contribute to sound professional judgements, not to replace them.

## Using the toolkits

The toolkits are designed for application by Audit Scotland's auditors when carrying out Best Value audits of public bodies. In practice, the toolkits will be applied as part of an audit process, whereby the auditor makes enquiries, seeks supporting information and forms conclusions based on the evidence obtained.

Audit Scotland recognises that bodies may find the toolkits helpful in carrying out general organisational reviews or specific service reviews and are therefore available in the Audit Scotland website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk). It should be stressed however that public bodies using the toolkits do so at their own discretion. The toolkits are designed principally as audit tools that are part of

Audit Scotland’s overall Best Value audit methodology and are not expressly produced for self-assessment purposes.

Any organisation using the toolkits to inform their own corporate or service-based self-evaluation processes will need to consider the local context when applying them, and also the indicative rather than conclusive nature of the findings when interpreting the results. The toolkits were designed to elicit contextual information and provide evidence for arriving at professional audit judgements. They are not intended to be, and cannot be, used in a “tick-box” fashion.

The Best Value toolkits are generic in nature, in that they are not specific to any one type of public body or to any one sector and are designed so that they can be applied to all public bodies. Auditors will require to be sensitive to the differences between organisations both in terms of different sectors and varying scales of operation.

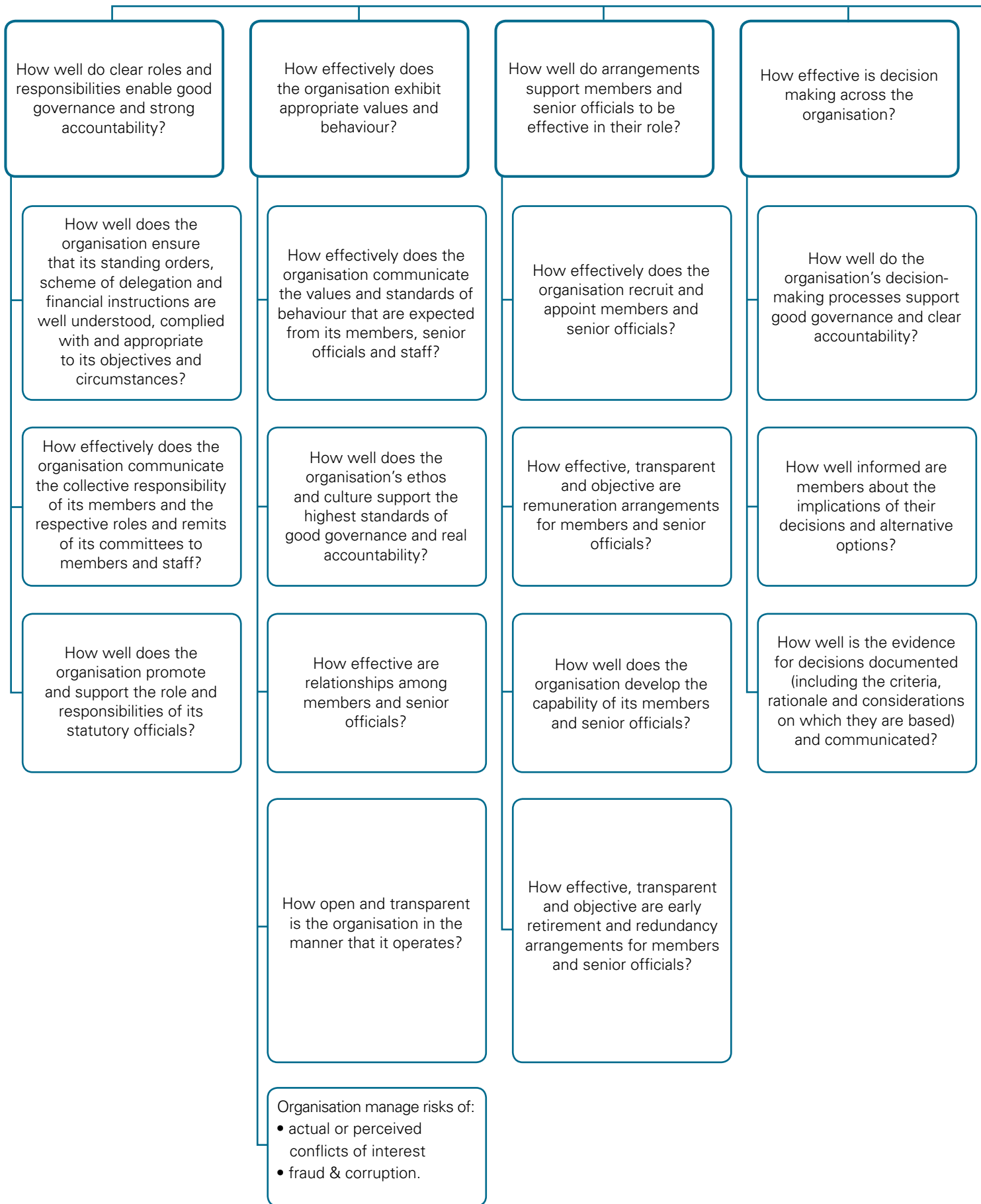
This toolkit forms part of a suite of audit products that will be applied, over time, to support a structured, evidenced based, judgment on an organisation’s approach to the use of the resources with which it has been provided and its achievement of Best Value.

### **Auditors’ evaluations**

The toolkit takes the form of a series of questions based on identified good practice. It then offers four sets of descriptors, these being:

<b>Does not meet basic requirements</b>	An organisation may not yet demonstrate the basic practice level in any particular category.
<b>Basic practices</b>	Minimum acceptable standards, which would be sufficient to allow an organisation to demonstrate sound performance.
<b>Better practices</b>	As basic, with some elements of good or even best practice, but not on a consistent basis.
<b>Advanced practices</b>	Consistently demonstrating good or best practice and contributing to innovation.

# Best Value toolkit: Governance & accountability







**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>1. How well do clear roles and responsibilities enable good governance and strong accountability?</b>			
<b>1.1 How well does the organisation ensure that its standing orders, scheme of delegation and financial instructions are well understood, complied with and appropriate to its objectives and circumstances?</b>	<p>The organisation has in place standing orders, a scheme of delegation and financial instructions which generally adhere to relevant guidance. These cover the main aspects of the conduct of its business and set-out the primary lines of internal and external accountability.</p> <p>There are no significant departures from these documents. They are updated for significant changes and made available to relevant individuals.</p>	<p>The documents support the conduct of the organisation’s business effectively. They are regularly reviewed and updated to ensure that they are appropriate to the organisation’s objectives and circumstances.</p> <p>The key provisions any changes are actively promoted. Members, senior officials and other relevant staff understand the provisions relevant to them and seek appropriate advice on their application where necessary.</p>	<p>The organisation actively reviews how well the provisions of its standing orders, scheme of delegation and financial instructions are understood by relevant groups and individuals. It also considers how well they are operating in practice, seeking relevant experience and views.</p> <p>It acts on this information regularly, improving communication and revising provisions where necessary.</p>
<b>1.2 How effectively does the organisation communicate the collective responsibility of its members and the respective roles and remits of its committees to members and staff?</b>	<p>The organisation’s main decision making body and all of its committees have written remits. These highlight the collective and individual roles and responsibilities of members. The respective roles of committees are generally understood. Each committee operates within the scope of its role.</p>	<p>Members and senior officials regularly review roles and responsibilities of members to ensure that they remain fit for purpose. Divisions of responsibility and lines of accountability between committees are clear and well understood. Committees are generally effective.</p>	<p>Members and senior officials take the lead in communicating the roles of committees throughout the organisation. Committee members actively canvass opinion from stakeholders in how well they are fulfilling their roles. Committees are highly effective.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>1.3 How well does the organisation promote and support the role and responsibilities of its statutory officials?</b>	<p>The roles and responsibilities of statutory officials are appropriately reflected in standings orders etc. providing formal rights of access and to be heard in relevant circumstances.</p> <p>Statutory officials attend and participate in relevant meetings. There is an effective secretariat function in place to support members and senior officials.</p>	<p>The views of statutory officials are actively sought and given proper consideration. Their roles are clearly understood across the organisation.</p> <p>Statutory officials can show that they have intervened appropriately where this has been necessary to ensure legal requirements, regulations and established processes are complied with.</p>	<p>There is wide understanding of the role of statutory officials and this is valued throughout the organisation.</p> <p>Statutory officials understand how best to conduct their role effectively in the context of the organisation's arrangements, and can show they provide appropriate advice and where necessary direction to members and other senior officials.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>2. How effectively does the organisation exhibit appropriate values and behaviour?</b>			
<b>2.1 How effectively does the organisation communicate the values and standards of behaviour that are expected from its members, senior officials and staff?</b>	<p>The organisation has documented expected values and standards of behaviour in relevant statements and codes of conduct. These are brought to the attention of all relevant individuals, including compulsory training for members and senior officials.</p> <p>Any alleged breaches of these codes are investigated and/or referred to appropriate standards organisations.</p>	<p>The organisation's written values are systematically reflected in key corporate documents, and regularly reviewed. They underpin agreed policies and the behaviour of members and senior officials.</p> <p>The organisation's has a record of no, or very few, cases where standards of conduct were found to have been breached.</p>	<p>The organisation's shared values act as a guide for decision making and as a basis for developing appropriate and effective relationships within the authority, with members of the public and other stakeholders.</p>
<b>2.2 How well does the organisation's ethos and culture support the highest standards of good governance and real accountability?</b>	<p>Members and senior officials promote good governance and effective accountability through their own behaviour and decisions. They pay proper regard to due process, and investigate any potential breaches of codes of conduct, standing orders, schemes of delegation and financial procedures.</p> <p>The organisation makes relevant information on good governance and accountability available to staff. There is a widespread understanding of the importance of governance processes. Staff at all levels generally seek to comply with these and there are no significant governance concerns.</p> <p>The organisation has a whistleblowing policy that includes the option for staff to raise concerns confidentially.</p>	<p>The organisation actively promotes effective governance and accountability processes across the organisation, and staff exhibit a good understanding of requirements and recognise the importance of these.</p> <p>Effective governance and accountability is given appropriate priority in the organisation's planning and resourcing decisions. Any significant concerns about existing arrangements are quickly addressed and appropriate weight is given to such issues by members and senior officials.</p> <p>Appropriate sanctions are applied in cases where governance and accountability processes are found to have been breached.</p>	<p>Members and senior officials actively promote the highest standards of good governance and real accountability.</p> <p>They understand how well these aims are embedded into the organisation's ethos and culture and take effective action to reinforce them.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>2.3 How effective are relationships amongst members and senior officials?</b>	<p>There is a clear division of responsibility between members and senior officials, which is well understood and founded on mutual respect of each others' roles.</p> <p>No individual or small group of individuals can dominate the organisation's decision making.</p> <p>Relationships amongst members and officials are professional, objective and cordial – but not too close.</p>	<p>Members consistently operate at an appropriate level providing strategic leadership and challenge without compromising senior officials' management responsibilities.</p> <p>The quality of the information reported and otherwise supplied to members demonstrates an understanding and respect for their roles. Members do not routinely seek a high volume of operational information that is not necessary to support their roles.</p>	<p>The organisation actively considers the effectiveness of relationships in its assessments of its governance arrangements and wider reviews of performance.</p> <p>Where difficulties exist it recognises and is open about these in engaging all parties effectively in seeking solutions.</p>
<b>2.4 How open and transparent is the organisation in the manner that it operates?</b>	<p>The organisation has prepared a publication scheme which is up-to-date and has been approved by the Scottish Information Commissioner. Information is published in accordance with the scheme and which reflects public interest, including:</p> <ul style="list-style-type: none"> <li>• services provided, costs and standards attained</li> <li>• the reasons for decisions made, and the facts which form the basis of these.</li> </ul>	<p>The organisation responds promptly and efficiently to Freedom of Information requests. There has been limited intervention by the Scottish Information Commissioner.</p> <p>Published information goes beyond the minimum standards required by legislation, demonstrating a commitment to convey the nature of decisions and scrutiny activity, and to make background information available unless this is unduly sensitive.</p>	<p>The organisation considers the information needs and aspirations of the potential audiences of their publication schemes as part of wider corporate strategies for engagement with the public.</p> <p>The culture and ethos of the organisation values openness and transparency and seeks opportunities to widen public understanding of the issues facing it and how it has responded to these.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<p><b>2.5 How effectively does the organisation manage risks of:</b></p> <ul style="list-style-type: none"> <li>• <b>actual or perceived conflicts of interest;</b></li> <li>• <b>fraud &amp; corruption?</b></li> </ul>	<p>There is a register of interests that is kept up to date and publicly available. All individuals are made aware of their responsibilities on joining and declarations are made immediately they arise.</p> <p>All relevant interests are declared and recorded at the start of meetings, and individuals with a relevant interest do not take part in discussions or decisions.</p> <p>Individuals and the organisation both take responsibility for declaring and registering interests.</p> <p>Levels of identified or potential fraud are not significant. There are no cases of individuals serving personal interests.</p>	<p>The organisation takes steps to publicise the existence of the register and opportunities to view it.</p> <p>The organisation has identified which of its activities have an inherently higher risk of fraud &amp; corruption and has implemented controls to mitigate these and reviews their effectiveness.</p> <p>Potential conflicts of interest are disclosed and recorded in advance of appointment of senior officials.</p> <p>A written protocol is agreed with any individuals who have a potential conflict of interest, and the management of those interests is discussed regularly between individuals and line managers or senior officials.</p>	<p>Members and senior officials promote an ethos where the organisation is alert to the risks of actual or perceived conflicts of interest and it is careful to avoid these in all aspects of its business. It has a mature dialogue about the areas of greatest risk and applies best practice and applying learning from any issues of concern.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>3. How well do arrangements support members and senior officials to be effective in their role?</b>			
<b>3.1 How effectively does the organisation recruit and appoint members and senior officials?</b>	<p>A formal, rigorous and transparent procedure for the appointment of members and senior officials, which is open to all potential applicants, is in place and complied with. Members are appointed for a limited period and submitted for re-election at regular intervals.</p> <p>Appointments are made on merit and against objective criteria. Care is taken to ensure that appointees have enough time available to devote to the job. A suitably independent nomination committee leads the recruitment process and makes recommendations to the ultimate decision maker(s).</p>	<p>The organisation periodically reviews the recruitment process to ensure it identifies people with the necessary skills and it reaches people from a wide cross-section of society.</p> <p>Plans are in place for an orderly succession for the appointment of members and senior officials, so as to maintain an appropriate balance of skills and experience.</p> <p>The performance of individuals in their roles, turnover rates and measures of corporate performance indicate that the organisation is successful in recruiting the right individuals to member and senior official positions.</p>	<p>The organisation actively monitors the success of previous appointments and adapts the recruitment process in response to this.</p> <p>The organisation attracts candidates for member position from a wide range of citizens. It attracts a consistently high calibre pool of applicants for senior manager roles.</p>
<b>3.2 How effective, transparent and objective are remuneration arrangements for members and senior officials?</b>	<p>The organisation follows a formal and transparent procedure for developing policy on remuneration and for fixing the remuneration packages of individuals. No one is involved in deciding, or has the opportunity to unduly influence, his or her own remuneration. Requirements to publish remuneration details are met.</p> <p>Levels of remuneration reflect roles &amp; responsibilities and are sufficient to attract, retain and motivate individuals of the quality required. Arrangements do not reward poor performance.</p>	<p>The organisation periodically reviews the effectiveness of its remuneration arrangements and makes necessary changes to secure improvements.</p> <p>The organisation publicises its arrangements and the rewards paid to members and senior officials in a meaningful and understandable manner.</p>	<p>Regular benchmarking of remuneration packages with other organisations is undertaken, but such comparisons are used with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding increase in performance.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>3.3 How well does the organisation develop the capability of its members and senior officials?</b>	<p>The organisation regularly reviews the performance of its members as a whole, individual committees and individual members.</p> <p>Senior officials are held to account for their contribution through regular performance reviews.</p> <p>Assessment is made of the skills required of individual members and senior officials and training and development plans are used to identify and address individual and group needs.</p> <p>A formal induction programme is in place for both new members and senior officials.</p>	<p>The organisation regularly reviews the effectiveness of its training and performance review arrangements and make changes to secure improvements.</p> <p>Performance reviews of members and senior officials are objective and robust and using valid methods.</p> <p>Training and development plans are regularly reviewed and updated.</p> <p>A comprehensive, effective induction programme tailored to the needs of the individual and their role in the organisation is in place.</p>	<p>The organisation gathers a good range of objective evidence about the performance of individuals. This indicates high levels of performance overall and is used very effectively to support further development.</p> <p>Performance of members as a whole and the effectiveness of individual committees is compared with similar organisations and actions taken where appropriate.</p>
<b>3.4 How effective, transparent and objective are severance, early retirement and redundancy arrangements for members and senior officials?</b>	<p>There are arrangements in place which ensure that contractual terms on termination, and any payments made, are fair to the individual and the organisation. Any such payments are in line with relevant requirements and made for sound business reasons, with issues of regularity, propriety and value for money being taken properly into account.</p> <p>The organisation takes professional advice before taking such decisions. All such decisions made are made in an open and transparent manner and disclosed as appropriate. Succession planning arrangements are in place.</p>	<p>The arrangements in place are regularly reviewed for effectiveness and updated as required.</p> <p>Decisions are reviewed independently before a final decision is reached.</p> <p>Succession planning is undertaken in sufficient time for appropriate actions to be taken.</p>	<p>The organisation benchmarks redundancy and retirement payments with similar organisations.</p> <p>The organisation has well developed and effective succession planning arrangements in place.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>4. How effective is decision making across the organisation?</b>			
<b>4.1 How well do the organisation's decision making processes support good governance and clear accountability?</b>	<p>The standing orders and scheme of delegation are clear where decisions should be taken. Relevant strategic decisions are reserved to all members, who make them in practice.</p> <p>There are no obvious gaps or areas of duplication in decision making arrangements. These are observed in practice.</p> <p>Officials generally lead on policy development but decisions to implement particular policies or strategies are taken by members.</p>	<p>The decision making powers and duties of members and senior officials are aligned to the organisation's priorities and strategic objectives.</p> <p>Members generally lead on policy development. Policy decisions are consistent with one another, and the stated strategic direction and priorities of the organisation.</p> <p>The effectiveness of decision making structures and schemes of delegation are regularly reviewed.</p>	<p>Policy and strategy decisions are reviewed to see whether they are working as intended, and that they continue to support the overall aims and priorities of the organisation.</p>



**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>4.2 How well informed are members about the implications of their decisions and alternative options?</b>	<p>A schedule of meetings is agreed and agendas are planned in advance. Members attend meetings and participate in discussions.</p> <p>Decisions are not taken without having first sought and considered an assessment of the main implications.</p> <p>Reports are provided that contain information that is directly relevant to the decision to be taken, including a robust business case and a summary of the main implications and alternative options.</p> <p>Information is timely, objective and gives clear explanations of any technical issues. Professional advice on legal and financial matters is available and referred to by members.</p>	<p>Members and senior officials regularly discuss the effectiveness of reporting to support decision making, and agree standardised approaches that meet needs and support members' roles.</p> <p>Business cases demonstrate that key decisions provide best value for money.</p> <p>The main implications of decisions are clearly and concisely outlined, using standardised formats appropriately.</p> <p>Reports contain an objective appraisal of available options supported by clear and robust analysis.</p> <p>Reporting is of a consistently high standard across policy areas and different member committees. Members recognise that they are provided with high quality and effective reports to support their roles.</p>	<p>The organisation regularly reviews the effectiveness of its reporting to members to support decision making. In doing so it seeks the views of all members and senior officials and responding to these.</p> <p>Reports routinely contain an analysis of the impact anticipated, and this is used in future reviews of the effectiveness of policy implementation.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>4.3 How well is the evidence for decisions documented (including the criteria, rationale and considerations on which they are based) and communicated?</b>	<p>Members and senior officers promote a culture where accurate and informative record keeping in relation to decisions is essential.</p> <p>Meetings of members and senior officials are accurately minuted, recording the decisions that have been taken and (where appropriate) the results of any votes.</p> <p>The minutes record the extent of considerations, making reference to supporting papers as appropriate. It is possible to determine the rationale and criteria for any decisions by referring to the minutes and supporting papers.</p> <p>Minutes are prepared promptly and their accuracy is confirmed by those who attended. Confirmed minutes are readily available to all members and officials.</p> <p>Any professional advice on financial, legal or other matters is available and recorded well in advance of decision making. The record of this is clear and unambiguous.</p>	<p>Minutes and reports are maintained in a manner that facilitates easy retrieval of all related decisions and linked considerations.</p> <p>Staff responsible for implementation are informed promptly of the detail of the decision taken.</p> <p>The organisation reviews the standard of its record keeping and acts to improve this continually through changes to processes and development and other support for responsible staff.</p> <p>The organisation communicates key decisions and the rationale for them to those affected.</p>	<p>Evidence of the criteria, rationale and considerations on which decisions are based, including any underlying analysis available to decision makers, is held in an accessible and understandable form.</p> <p>Those affected by key decisions understand clearly the rationale for them and the criteria and considerations on which they were based.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>5. How well do challenge, scrutiny and review processes ensure a range of informed views are sought and actively considered to aid decision making and improvement?</b>			
<b>5.1 How effective, objective and transparent is the scrutiny and challenge of decisions and policies?</b>	<p>There is sufficient opportunity for objective challenge and questioning of decisions by members before they are taken or confirmed, built into policy development and decision making processes. There is a process to challenge and rethink decisions in exceptional circumstances.</p> <p>Some member challenge to policy or decisions takes place. It incorporates a dispassionate exploration of issues, alongside any challenge to decisions on grounds of politics or principle.</p> <p>The nature and extent of the scrutiny and challenge that has taken place is transparent.</p>	<p>The organisation regularly reviews how effectively it scrutinises decisions, making continuing improvements to processes and support for members.</p> <p>Independent members actively challenge key decisions before they are taken or confirmed in an, objective and constructive manner. This scrutiny is treated seriously by decision makers, with time taken to explore the issues raised.</p> <p>Scrutiny processes are structured and well managed as part of a systematic approach. Challenge is focussed on significant issues and does not unduly delay decisions.</p>	<p>Effective, objective and transparent scrutiny and challenge of policy development and decision making is embedded in the organisation’s culture and ways of working.</p> <p>Members and senior officials that are responsible for decision making actively seek informed and constructive challenge, value and respond positively to this.</p> <p>Members and senior officials routinely challenge each other in an objective, effective and open manner – achieving an appropriate balance between challenge and timeliness of decision making.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>5.2 How effective, objective and transparent is scrutiny of the organisation’s performance and the effectiveness of its policies and procedures?</b>	<p>There is sufficient opportunity for members to review and objectively challenge the performance of the organisation and the implementation of policies and decisions through:</p> <ul style="list-style-type: none"> <li>• ongoing monitoring of quality, performance, implementation and management processes</li> <li>• post implementation reviews of policies and improvements.</li> </ul> <p>Time is set aside on agendas for this purpose and members are provided with appropriate and objective reports.</p> <p>Some challenge takes place, including questioning of responsible senior officials about important aspects of performance and management effectiveness.</p> <p>The nature and extent of the scrutiny and challenge that has taken place is transparent.</p>	<p>The organisation regularly reviews how effectively it scrutinises performance, making continuing improvements to processes and support for members.</p> <p>Scrutiny is led by independent members who take a constructive and objective approach. Senior officials are held to account in a meaningful way, and are open and helpful in their response to questioning.</p> <p>Challenge is based on objective sources of evidence and effort is targeted at significant issues related to the priorities and the overall objectives of the organisation.</p> <p>Scrutiny leads to the identification of areas for improvement. Members responsible for scrutiny follow-through to make sure appropriate action is being taken and whether it has been effective. They report their activity and significant exceptions to all members.</p>	<p>Effective, objective and transparent scrutiny of performance is embedded in the organisation’s culture and ways of working.</p> <p>Members and committees that lead and undertake performance scrutiny functions are well supported and respected. They have a clear understanding of the issues and aspects of performance that are important to the success of the organisation, and robustly challenge and hold to account in these areas.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>5.3 How effective is the Audit committee?</b>	<p>An audit committee has been established and meets regularly. Its remit and operation meets the minimum applicable standards for the organisation. It has the right to report to and be heard by all members.</p> <p>An appropriate focus is given to the risk management, internal control and financial management &amp; reporting.</p> <p>Internal and external auditors attend meetings and submit reports summarising their plans and the results of their work.</p>	<p>The audit committee regularly reviews its own performance against best practice and takes action to continuously improve its effectiveness. It reports annually to all members and can demonstrate good performance.</p> <p>The committee specialises in scrutiny of risk management, including the effectiveness of financial management and reporting. Wider scrutiny of performance is dealt with elsewhere.</p> <p>At least one member of the committee has recent financial experience.</p>	<p>The audit committee's role is well understood and valued across the organisation. It is seen as apolitical and authoritative.</p> <p>Members of the committee are well informed, and skilled in effective challenge and open discussion. They are able to confirm to other members that the right processes are in place to give confidence that financial stewardship and overall governance arrangements can be relied upon.</p>
<b>5.4 How well does the Internal audit function provide assurance to management on the integrity of the organisation's corporate governance framework and identify areas for improvement?</b>	<p>The organisation has established an internal audit function with sufficient status and resources to review and report on key aspects of the system of internal control.</p> <p>The Internal Audit function complies with relevant minimum standards and the head of internal audit has unfettered rights of access to members and senior officials.</p>	<p>The Internal Audit function maintains a recognised quality accreditation, actively reviews its own effectiveness, and continuously improves.</p> <p>The Head of Internal Audit respected and authoritative, and is consulted on governance and internal control arrangements for new and existing business initiatives during the development phase.</p>	<p>The internal audit function can demonstrate the highest standards of performance. The value and impact of its work is recognised by all members and senior officials.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>5.5 How effective is the organisation's annual review of its overall corporate governance arrangements?</b>	<p>The organisation completes an annual review of its corporate governance arrangements that meets the relevant minimum standard. It publishes details of this review in line with requirements placed on it.</p> <p>The review is informed by the work of internal audit, the audit committee and reports from external auditors and the conclusions are consistent with this.</p> <p>The review is effective in identifying significant concerns and action is taken to address these.</p>	<p>An annual governance statement is published, summarising the extent of and conclusions from a review of the effectiveness of the system of internal control.</p> <p>It is underpinned by a robust approach to review and is signed by the most senior member and most senior official on behalf of the organisation.</p> <p>No significant control weakness exist. The review process is itself reviewed regularly.</p>	<p>The overall review of governance is underpinned by ongoing review of control frameworks operated across the organisation and any subsidiaries.</p> <p>Senior officials are committed to an effective review of internal control in their own areas of responsibility. They show an understanding of the nature and value of the control framework and act promptly to address any areas of concern.</p>
<b>5.6 How well does the organisation respond to external review and scrutiny?</b>	<p>Relevant staff engage constructively and professionally with external auditors and other scrutiny bodies, making genuine attempts to answer questions and provide evidence that is requested.</p> <p>Reports by external auditors and other scrutiny bodies are considered by relevant members and senior officials, and action is taken to address any significant issues that are raised.</p> <p>Where external scrutiny identifies any significant areas of concern or weakness, members and senior officials engage with the relevant scrutiny body to better understand how to address the issues raised.</p>	<p>The organisation engages meaningfully with external audit and other relevant scrutiny bodies about their plans, providing views on where external reviews would add most value alongside internal review and improvement activity.</p> <p>The views and support of external auditors and inspectors are sought in relevant circumstances, and members and senior officials display a real understanding of their role and remit.</p> <p>The organisation systematically considers the wider implications of significant issues raised in external reports (for example whether similar concerns exist in other areas of the organisation).</p>	<p>The organisation systematically reviews the findings and conclusions of reports about other organisations and any national or cross-cutting reports, to considering potential implications for it and opportunities to apply best practice.</p> <p>Members and senior officials value the independent challenge and assurance provided by proportionate and risk based scrutiny activity. They respond to this in a manner that strengthens the organisation's own review and improvement activity.</p>

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	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>6. How well does the engagement the organisation has with its stakeholders support real accountability?</b>			
<b>6.1 How well does the organisation understand its accountabilities to key stakeholders and the public, and communicate these effectively internally and externally?</b>	Formal accountabilities to the public, institutional stakeholders and staff are appropriately documented and made available to relevant individuals and organisations. Specific arrangements that have been put in place to support these accountabilities are complied with.	The organisation can show that it has a good understanding of its accountability to a range of stakeholders and the public, and how this operates in practice. It actively promotes this to its staff, partners and to the public in an understandable way.	The organisation actively explores the extent to which the public and other key stakeholders understand its role and accountabilities. It acts on this information to ensure that it communicates key aspects of its accountability arrangements effectively.
<b>6.2 How effective are the organisation’s arrangements for regular dialogue with the Scottish Government on its aims, performance and improvement activity?</b>	The organisation meets information requirements outlined by the Scottish Government and responds to any requests for further explanation or meetings to discuss specific aspects of corporate or operational performance.	The organisation has a programme of meetings with the Scottish Government to discuss its aims, corporate performance and improvement activity. Discussions cover matters of significance to both parties in a meaningful way, and the organisation is open about its performance on Scottish Government priorities and responsive to any concerns.	The organisation has established strong and productive relationships with the Scottish Government, within which a mature discussion of its aims, performance and improvement activity takes place. The organisation can show it values and responds to the interests and concerns of the Scottish Government, and actively seeks to explore these.
<b>6.3 How well does the organisation provide opportunities for members of the public to raise and receive answers to specific questions on corporate and service performance?</b>	<p>The organisation provides some opportunities for the public and community representatives to raise specific questions on aspects of performance and makes genuine attempts to provide answers to these.</p> <p>Complaints are taken seriously and meaningful replies are provided. In more significant cases circumstances are investigated. Apologies and/ or compensation is offered where merited.</p>	<p>Public meetings are held at least annually where members and senior officials are open to public questioning and challenge on the overall performance of the organisation, and engage meaningfully with these.</p> <p>In cases where the service experienced by individuals or groups is below acceptable levels, the organisation is open about this and takes appropriate action (including disciplinary action where merited).</p>	<p>The organisation engages regularly with challenge and questioning from members of the public on all aspects of its performance, using a structured range of approaches at corporate and operational levels.</p> <p>The results of this activity are systematically considered in the course of review and improvement activity.</p>

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	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<p><b>6.4 How well does the organisation’s published annual report (or equivalent) provide a fair and understandable account of its:</b></p> <ul style="list-style-type: none"> <li>• <b>activities and achievements</b></li> <li>• <b>use of resources and financial position</b></li> <li>• <b>performance</b></li> <li>• <b>improvement activity</b></li> <li>• <b>corporate governance arrangements?</b></li> </ul>	<p>Annual accounts are published in a timely manner and have an unqualified audit opinion.</p> <p>An annual report is published in a timely manner. This provides some commentary in each of the areas highlighted, but focuses largely on achievements. Performance measures are presented selectively and/ or with limited prospect of readers understanding key aspects of overall performance.</p>	<p>The annual report provides an understandable, accessible and balanced account of key aspects of overall performance including:</p> <ul style="list-style-type: none"> <li>• outcomes, particularly those where the organisation has a lead role</li> <li>• performance of individual services, and extent to which these are improving</li> <li>• the financial performance and position of the organisation, including the allocation of resources to relevant activities</li> <li>• an account of relevant scrutiny activity, including the outcome of reviews of corporate governance.</li> </ul>	<p>The organisation has a good understanding of the diverse needs of users of its published annual report and accounts. It can show that it actively tailors the content to meet these needs in a way that provides a balanced and reliable account of its use of resources and performance.</p> <p>Primary stakeholders place significant value on the annual report and annual accounts and rely on these to inform significant decisions of their own.</p>
<p><b>6.5 How accessible are key decision making and scrutiny processes to members of the public and institutional stakeholders?</b></p>	<p>Key decision making and scrutiny meetings are held in public and facilities support public access. Meeting schedules, agendas and papers are publicly available in advance.</p> <p>Representatives from partners and other key stakeholders attend relevant meetings and can contribute.</p>	<p>Key decision making and scrutiny meetings provide opportunities for representation on issues of significant public interest directly from members of the public or specific interest groups (e.g. deputations, petitions etc.).</p> <p>Relevant meetings are well attended by members of the public, specific interest groups &amp; other stakeholders.</p>	<p>The organisation actively seeks views from members of the public and relevant interest groups the accessibility of its key decision making and scrutiny processes and acts on these.</p> <p>Partners and other key stakeholders are systematically engaged in the organisation’s scrutiny processes.</p>



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	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>6.6 How effectively does the organisation engage with its staff and representatives in relation to key decisions?</b>	There is a clear policy on how staff and their representatives are involved in decision making and this is followed.	The organisation takes an active approach to engaging with staff and their representatives in relation to the key decisions that affect them, and can show that it is responsive to their concerns.	The organisation systematically engages with staff and their representatives on its aims, performance and improvement activity – seeking and responding to views on overall direction and key decisions.

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>7. How well does the organisation ensure that effective governance and accountability is maintained when the organisation delivers services through companies, trusts or other external entities?</b>			
<b>7.1 How clear is the organisation about its reasons for delivering services through external entities?</b>	<p>The decision to set up or engage with an external entity is within the organisation's powers, follows an appraisal of options for service delivery and is linked to its strategic aims/policy.</p> <p>The organisation establishes from the start clear limits to its involvement, a timetable for achieving objectives and the circumstances in which the agreement will be terminated.</p>	<p>An overall statement of purpose is expressed in key documents.</p> <p>A regular review is carried out to ensure that the services provided by the external entity remain aligned with the organisation's current objectives.</p> <p>The organisation identifies specific circumstances that will trigger a review of its involvement eg changes in key personnel in the external entity.</p>	<p>Where services are delivered through external entities, the organisation has a well developed and soundly based strategy for the delivery of services in this manner which is clearly linked to the organisation's wider strategic objectives and priorities.</p>
<b>7.2 How well does the organisation understand the financial commitment and risk to which it is exposed through external entities?</b>	<p>The organisation defines the nature of the financial relationship, its commitment to the external entity (shareholding, grant, loan etc) and contributions are not open-ended in duration or amount.</p> <p>There is a written agreement about the transfer of public assets which safeguard their title and use.</p> <p>Minimum accounting and auditing arrangements are stated in the agreement.</p>	<p>Before entering into an agreement with an external entity the organisation assesses risks and documents the results.</p> <p>Service Level Agreements or equivalent are in place which specify the financial arrangement.</p> <p>A corporate register of all financial commitments to external entities allows the organisation to assess its overall commitment to individual entities.</p>	<p>Risk assessment extends beyond financial risks to other areas eg reputational risk.</p> <p>The organisation identifies specific governance, finance and performance indicators that give early warning of potential problems and acts when required.</p> <p>Contingency plans are in place to ensure that service delivery is maintained if the agreement ends.</p>

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	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>7.3 How effective are the organisation’s arrangements for monitoring the financial and service performance of external entities, maintaining accountability and for ensuring audit access?</b>	<p>The organisation stipulates how and at what intervals it intends to monitor financial and service performance.</p> <p>The organisation has identified members of staff who will monitor the external entity’s performance.</p> <p>The organisation ensures its external auditors have right of access to key records of the external entity and to any explanations they consider necessary from representatives of the external entity.</p> <p>There are no significant performance of financial concerns about the external entity that are not being actively managed.</p>	<p>Targets (SMART) and methods of measurement are agreed and documented at the start.</p> <p>Monitoring reports provide timely and good quality information about the external entity’s performance in delivering services and impact.</p> <p>The organisation scrutinises monitoring reports and follows-up where performance does not meet agreed standards.</p> <p>Staff of the organisation responsible for monitoring the external entity are clear about their role and are supported in it; those involved in monitoring financial performance are suitably qualified.</p> <p>Access rights for internal and external audit are covered in the agreement.</p>	<p>Monitoring extends beyond financial and service performance to employment practices, equality requirements, purchasing policies and sustainability.</p> <p>The organisation receives and scrutinises forward plans. The organisation takes a risk-based approach to monitoring and targets resources accordingly.</p> <p>Where the organisation is one of a number of public organisations involved in the external entity, the organisation explores opportunities for joint working to avoid duplication.</p> <p>The reasons for providing services through an external entity and the impact are clear in reports to stakeholders, including the public.</p>

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	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<p><b>7.4 Where members or senior officers are appointed to the board or equivalent of external entities, how clear are they about their role?</b></p>	<p>The organisation has considered the question of representation and is clear about why it wants representation and is transparent in its decision about which members or senior officers will be involved and why.</p> <p>Members and senior officials are properly advised of their responsibilities to the organisation and the external entity, including on questions of declaration of interests. They exhibit this understanding through their behaviour and performance.</p>	<p>Training and support is provided to members/senior staff selected to represent the organisation so they are clear about their responsibilities to the organisation and the external entity.</p> <p>The organisation has a register of interests which records potential conflicts of interest that may arise from member or senior officer involvement in the external entity.</p> <p>Members and senior officials are effective in performing their role as board members.</p>	<p>The organisation safeguards itself from risks incurred by members/senior officers in their dealings with the external entity eg liability insurance.</p> <p>Specialist training is provided to members/senior officers eg on company or trust law. Training continues over the period of the member/senior manager involvement and impact of training is measured.</p> <p>The organisation reviews representation in external entities, makes changes in light of experience and considers rotating representation.</p>

# Best Value toolkit: Governance & accountability

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