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## An independent review of governance arrangements in Causeway Coast and Glens Borough Council

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Stephen G Mungavin  
Integritas  
17 February 2023



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**ADDENDUM:** IFAC/CIPFA 'International Framework – Good Governance in the Public Sector' (2014)



## 1. Report summary

- I. This is a report of an independent review carried out between November 2022 and January 2023, of a Council-wide review of governance arrangements in Causeway Coast and Glens Borough Council to ensure that significant weaknesses highlighted in the Northern Ireland Extraordinary Council Report (2022) are addressed. Progress of this Review was monitored by the Department for the Communities.
- II. This Review has adapted the IFAC/CIPFA International Framework 'Good Governance in the Public Sector (2014) to benchmark the Council against governance standards and good practice to identify what the Council does well, and that needs to be sustained going forward, as well as what the Council could improve and develop further. When required, other publications and good practice guides were also referenced to help compare the Council with some specific aspects of governance.
- III. Overall, this Review identified fundamental structural governance weaknesses in the Council's leadership at a political, as well as senior Officer level. In particular in the application of roles and responsibilities, and relationships, where essential trust between Members and Officers has diminished. Unless these leadership issues are addressed by the Council and the Department for the Communities, as its primary institutional stakeholder, the risk of further governance failure remains. The reasons why the Review arrived at this overall conclusion are set out below.
- IV. The Review found that Members devote considerable time and energy to their civic duty representing their constituents, which it should be acknowledged many Members have shown over a considerable period of time. However, there is scope to implement the corporate role of Members more effectively, particularly to: provide greater leadership; be less operational; set the right tone to shape the culture throughout the Council; and to scrutinise and challenge in a more constructive and helpful way. Relationships between some Members and between some Members and Officers is sub-optimal. The Council has an opportunity after the Council elections in May 2023 to make a fresh start to improve relationships based on respect and trust. The Council and its Committees should, periodically, evaluate its leadership and governance effectiveness.
- V. The effectiveness of the role of the Chief Executive and Clerk to the Council (CEO) as the Head of Paid Service as well as the designated Chief Financial Officer is critical to effective leadership and governance of the Council. The Review found that whilst the role of the CEO is clearly set out, the application of the role in practice is mixed, including a number of weaknesses, some of these have already been highlighted by the NIAO Extraordinary Audit. The Review showed a number of positive attributes the CEO brings to the role such as good visibility, accessibility and approachability as well as a high level of commitment to get Council business done. However, the Review also shows some serious deficiencies in the application of the role such as managing relationships between Members and Officers and overseeing implementation of governance arrangements such as the strategy, performance and risk management.

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- VI. The Review also highlights some anomalies in the organisation structure and in the composition of the Senior Leadership Team (SLT). Given the lack of oversight of the Council's strategy as a whole, there is an opportunity to re-develop it further and to re-shape the structure of resources required at a senior level to support its strategy.
- VII. The Council has proactively sought to improve decision-making by publishing its Scheme of Delegation that sets out powers delegated to Officers. Like all policies and procedures, it's the implementation of this that is important to good governance. The Council has an opportunity to monitor this and make improvements, especially in light of some challenges to effective decision-making recently. For example [REDACTED]  
[REDACTED]  
[REDACTED]
- VIII. The Council has made some improvements in recent years to its performance management and financial management functions. However, there are a number of further improvements that the Council can make in these areas, as well as in risk management. This will ensure they are more effective tools to help take decisions and achieve its objectives.
- IX. The Review found that the culture of the Council is not compatible with its values. Occasionally the conduct of some Members is unacceptable as public representatives. From the evidence reviewed, at times there is an out of date and parochial mindset that strives to retain the cultural characteristics of former council areas, with a lack of leadership to have a vision and set the tone to establish a new culture and a new approach from 2015. The Review found there is too much focus on the politics of identity to the detriment of everyone in the Council area. The Review found there is a lack of confidentiality by some Members and some Officers.
- X. The Council has important ethical policies, including gifts and hospitality; raising concerns; and conflicts of interest that are up to date, based on good practice and are accessible, but more work could be done to embed these in practice.
- XI. Overall, the Review found that the Council takes a proactive and systematic approach to Member development. This is evidenced by the work of the Elected Member Working Group which the Council has established to identify learning and development needs of Members; encourage commitment to the continuous learning of all Members; acknowledge the role which Member development plays in the effective operation of Council business; and ensure that development is Member driven. The Council is well supported by Officers who make arrangements to support Member development. The Council should review its induction programme for Members given the upcoming Council elections in May 2023.
- XII. Regarding development opportunities for Officers, the Review found the Council proactively supports increasing knowledge and skills through a broad programme of training and development. The Council would benefit from some improvements in the induction programme, leadership development and financial skills for managers. The Council would have a better idea of the impact and effectiveness of its training and development support for Members and Officers if it introduced a programme of course evaluation.

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- XIII. The Council has met its statutory obligations in producing an annual report and accounts for the 2021/22 financial year, which comply with the technical standards of CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom as well as central government Accounts Directions. The Local Government Auditor (LGA) reported on the Council's 2021-22 financial statements with an unqualified audit opinion, without modification on 28 September 2022. Helpfully, the Council's annual reports and financial statements are all publicly available and easily accessible on the Council's website. The Review found that the Council should make some enhancements to its Annual Governance Statement.
- XIV. The Internal Audit service provides important assurances to the Council, via the Audit Committee, on the effectiveness of internal controls to manage risks and help the Council achieve its objectives and ensure aspects of its governance arrangements are working effectively. From this Review, the Council has an opportunity to review the model of delivery of audit services, review the position of the Audit Risk and Governance Manager in the structure to give greater operational independence and direct access to the CEO, and to ensure the work of Internal Audit is aligned with the risks facing the Council.
- XV. The Review found the Council's Audit Committee to be satisfactory with good support from the independent Member of the Committee. The Committee has an important oversight role to ensure that it monitors progress of the action plan to address all the outstanding prior year audit recommendations up to 2021/22 which is scheduled to be complete by March 2023. The Review identified some areas for improvement of the effectiveness of the Audit Committee including the good practice of periodic evaluation and self-reflection on its contribution to its purpose and terms of reference.
- XVI. The Review found that the Council's website is a useful channel to provide information to the public and wider stakeholder group. Efforts by the Council to manage social media has been difficult and the draft social media policy should help. As this falls under the generally-accepted standards in public life and codes of conduct, the Council should take steps to ensure the proper use of social media is reinforced using its impending policy, with clear sanctions against any misuse.
- XVII. Regarding proactive engagement with the public, the Council has a range of interactive activities including community planning workshops and a Council-wide survey. The Council is to be commended on its first survey of citizens during 2021/22, especially on achieving the high 82% response rate. It is important that the Council receives assurances that the citizen survey feedback results are helping to shape improvements to service delivery. From the citizen survey the overall rating for Council services was 3.15 out of 5, which is satisfactory but also provides some scope for improvement in certain areas.
- XVIII. In summary, the Review concludes that unless the Council strengthens its leadership capacity and capability and strengthen its relationships, it will be doing a disservice to, not only the wider public, but also to the staff who work in the Council and who are doing a good job in a difficult internal and external environment. In the course of conducting this Review over the last four months, there was considerable engagement with many able staff of the Council at various levels. The Review's engagement showed staff to be professional, committed and dedicated to public service. The Review also witnessed the frustration of some staff over the lack of leadership in the Council. At an individual level, the Members



who engaged with the Review showed a strong commitment to civic duty and a desire to improve governance of the Council and the lives of its citizens. This desire and commitment need to be developed on a collective and Council-wide basis.

- XIX. Regarding next steps to improve governance, the Council needs to take a fresh approach to its governance arrangements, starting with its leadership at Council and senior Officer levels. The Council needs to develop a governance improvement plan using the recommendations from the Review as a basis for a systematic approach to improving governance. For this to be effective, the Council working with the Department, will require a new mindset, create a new culture, ensure robust oversight and monitoring of progress.
- XX. Finally, the Council will need to ensure it has the leadership capacity and capability to implement improvement for the benefit of the public and all of the Council's stakeholders.

## 2. Background and introduction

1. In October 2020, the Minister for Communities directed the Local Government Auditor to conduct an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council (the Council) focussing on land disposals and easements and related asset management policies and procedures.
2. In July 2022, the Local Government Auditor reported on the findings and recommendations from the audit of land disposals and easements in the Council since its formation on 1 April 2015. The Local Government Auditor found that adherence to legislation and best practice in land and property matters was not part of the culture of the Council. On this basis, the Local Government Auditor made a number of recommendations to ensure compliance and improvement in land and property matters are priorities for the Council.
3. The eight recommendations made by the Local Government Auditor in the July 2022 report included at **Recommendation 1**: *'An independent Council-wide review of governance arrangements should be carried out immediately to ensure that significant weaknesses highlighted in this report are addressed. This review should be overseen by the Department including monitoring the implementation of any recommendations from the review'*.
4. On 9<sup>th</sup> August 2022 the Council resolved unanimously to approve an Action Plan to implement the recommendations of the Local Government Auditor's Extraordinary Audit of the Council, including Recommendation 1 above.
5. In October 2022, Integritas Consulting and Training Ltd was appointed to carry out this review and its owner, Stephen Mungavin CPFA led the review. Stephen is an acknowledged expert in public sector governance and accountability, being a former Head of CIPFA Northern Ireland and having carried out many governance and related reviews throughout the UK (including local councils), Ireland and abroad in Africa, Europe and with the United Nations in New York.
6. The terms of reference for this independent Review were clearly set out by the Council. Whilst there were specific aspects of governance highlighted below, the Review was not limited to these. The full terms of reference are shown in **Annex 1**. This includes:
  - *Consider the appropriate committees and structures within Council to enable effective decision making and scrutiny.*
  - *Examine governance arrangements with a view to identifying potential improvements considering fully the contents of the extraordinary report, any review should include:*
    - *Statutory responsibilities*
    - *Decision-making and reporting line arrangements*
    - *Scheme of Delegation*
    - *Roles and responsibilities for members and management*
    - *Financial Management arrangements*
    - *Risk Management arrangements*



- *Performance Improvement arrangements*
  - *Fraud and Anti-Corruption arrangements*
  - *Audit and scrutiny arrangements*
  - *Procedures for identifying development needs of members and senior officers*
- *Set out governance arrangements to ensure that Council addresses the weaknesses highlighted within the NIAO extraordinary audit and that Council is compliant with the governance and accountability arrangements required for a local authority.*
7. The governance weaknesses highlighted in the Northern Ireland Audit Office (NIAO) report are reflected in the terms of reference highlighted above. In order to perform an independent and Council-wide review of governance arrangements, it is important to be able to benchmark the Council against generally-accepted good governance standards and practices.
8. As well as CIPFA's role as accounting standard setter for local government in the UK, it is also a professional authority on governance standards having pioneered the first set of public sector standards in 2004. The definition of governance, as well as features, characteristics and public sector standards, are contained in CIPFA's 'International Framework – Good Governance in the Public Sector' that it published with the International Federation of Accountants (IFAC) in 2014. A summary of the Framework is included as an **Addendum** to this report for information.
9. This Review has adapted the IFAC/CIPFA framework to benchmark the Council against governance standards and good practice to identify what the Council does well, and which needs to be sustained going forward, as well as what the Council could improve and develop further. When required, other publications and good practice guides were also referenced to help compare the Council with some specific aspects of governance. The components of good governance are depicted in figure 1 below:

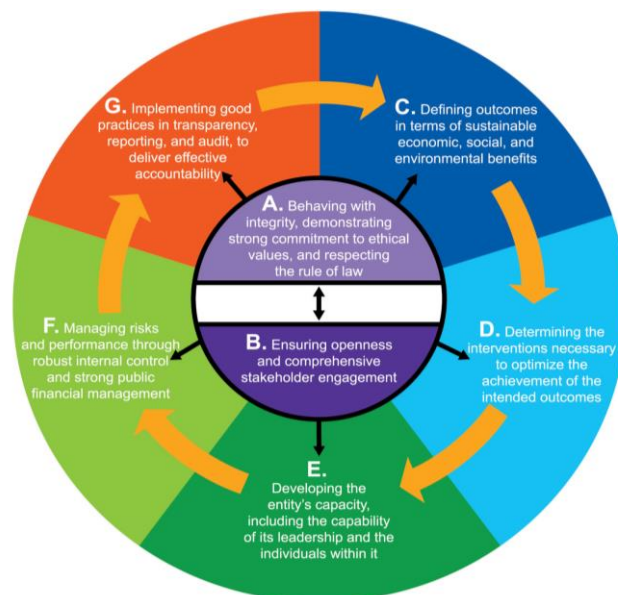


Figure 1 Good Governance Framework (IFAC/CIPFA 2014)



10. This Review has been carried out entirely independently without any influence or coercion by any Council Members, Officers or any other stakeholders. As with any review, the implementation of recommendations by actions and by changes in behaviours is paramount for the review to have any value. Improving governance in the Council to enable it to further its objectives and improve the lives of citizens and users of council services has been at the forefront of the approach to this Review. This approach is consistent with CIPFA's contemporary definition of governance as '**achieving intended outcomes whilst acting in the public interest at all times**'.
11. Progress of this Review has been monitored by senior government officials in the Department for Communities (DfC). The Review engaged with officials at the start of the Review; during it to obtain clarification on some points of detail; and at the end of the Review to share some of the emerging findings.
12. In order to benchmark the effectiveness of governance arrangements within the Council, it is necessary to gather information and evidence from a variety of sources. This enables analysis of the available information to form clear conclusions and make recommendations – a reporting process which is depicted in figure 2 below.

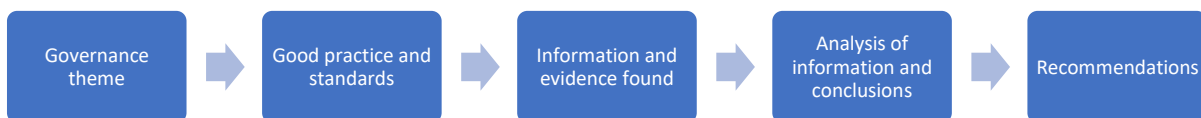



Figure 2 Review and benchmarking process

13. In this Review, information that was gathered was quantitative as well as qualitative. This information was gathered from the following sources and was then triangulated to provide evidence that would form conclusions:
- **Documents** provided a good picture of the Council's governance arrangements including the legal basis, constitution, annual report, corporate plan as well as governance policies and procedures.
  - **Audio recordings** of Council and Committee meetings available on the Council's website.
  - A **survey** was used that was designed to provide feedback on the effectiveness of governance arrangements. Responses to the survey by the Council was mixed. For Officers, there was a reasonable response rate with eleven out of nineteen surveys completed and returned. For Members, the response was disappointing with only eight from forty completed and returned, which meant limited use of the information provided.
  - A series of **Interviews** provided helpful qualitative information that is not readily available on documents or necessarily from the survey. One to one meetings with key personnel were held to discuss some of the 'softer' relationship aspects of governance



and their effectiveness as well as providing insights into governance strengths and weaknesses. For this Review, interviews were held with fifteen key senior Officers out of nineteen invited, which helpfully identified a number of governance themes. The extent of engagement in interviews by elected members in the Council was mixed. Ten Members contributed to the review. There was limited engagement in the interviews by the Democratic Unionist Party (DUP), that has overall control of the Council, and by Sinn Féin.


14. Progress of the review was overseen by Department for Communities senior officials as well as the NIAO Extraordinary Audit Implementation Team within the Council. Tribute is due to these officials for their helpful cooperation as well as to the Council Officers from the Democratic Services team who helped make the necessary logistical arrangements.
15. The review process outlined in figure 2 above forms the structure for each section of the report using the following governance themes from the CIPFA Framework:
  - Roles, responsibilities and relationships
  - Leadership capacity
  - Culture, behaviours and ethical standards
  - Managing performance, risks and finances
  - Public accountability

### 3. Roles, responsibilities and relationships

16. The Extraordinary Report by the NIAO highlights governance weaknesses in roles and responsibilities in the Council, it states *‘there was a lack of clarity over roles and responsibilities, with various Officers being involved in land transactions that appeared to be outside their remit. The effectiveness of Elected Members’ challenge and oversight was also questionable at times’*.
17. Good practice advocated by CIPFA states that *‘Good governance requires clarity about the various organisational roles and responsibilities and how they are allocated between the governing body, management at all levels, and employees. Their respective responsibilities also need to be communicated to stakeholders. Clarity about roles helps stakeholders understand how the governance system works and who is accountable for what and to whom*. The Review explores the roles of the Council, its Committees, the Chief Executive and the Senior Leadership Team, which are summarised below.


#### **The Council**

18. Under section 2 of the Local Government Act (Northern Ireland) 2014, each Council is required to prepare and keep up to date a Constitution, which forms an important part of its governance framework. The Review found that the Council agreed a new Constitution in January 2022 which *‘governs how the Council operates, how decisions are made, and the procedures which are to be followed to ensure efficiency, transparency and accountability to local people’*. The Constitution clearly sets out roles of Members which are broadly



representative as well as policy/strategy/corporate roles that are consistent with the Northern Ireland Local Government Association's (NILGA) guidelines.

19. Good practice advocated by CIPFA states that *'it is essential that governing bodies develop and articulate a clear vision for their entities given the roles and functions that public sector entities fulfil, the nature of their funding, their impact on society and the resulting need for accountability'*. From analysis of Council meeting papers and feedback from interviews, the Review found that the Council as a corporate governing body is too operational and lacking a longer-term focus on achieving outcomes. Although the Council has an agreed Corporate Strategy 2021-2025, the updating, oversight and monitoring of performance linked to risks does not feature in Council business. Further analysis of the Council's strategy in the context of leadership capability is provided in the next section of this report. Some feedback received from Officers and Members show that more use could be made of the Council's Committees. Some issues raised by Members at Council meetings, for example raising queries on behalf of constituents, could be dealt with outside of the formal governance structure by Officers who manage Members' enquiries, or by Members simply checking information on the Council's website.
20. It is also important that Members balance their role as public representatives, having a duty to their constituents, with their responsibility as a member of the Council's governing body that has a duty to act in the best interests of all citizens. From interviews, audio recordings of meetings and from analysis of documents, the Review found that, overall, the corporate role of Members was lacking in favour of an individual representative role. Only three responses in the survey from eleven senior officers believe the Council as a governing body carries out its role effectively.
21. In the context of roles and responsibilities, it is also worth highlighting good practice advocated in CIPFA's International Framework – Good Governance in the Public Sector (2014): *'Public sector entities also have the overarching mission to ensure that they are **acting in the public interest at all times**. This means governing bodies taking a longer-term view and being transparent about where there are potential conflicts between an entity's intended outcomes and shorter-term factors, such as political cycles, that favour short-term decision making, and other external pressures, **including loyalty to a political party**'*.
22. Bearing this in mind, the Review found that political divisions in the Council are at times extremely unhealthy with many references to a 'toxic environment' that sometimes exists in the Council. Of course political representatives have a responsibility to follow and promote the platform on which they were elected, but the Review believes the Council sometimes has moved beyond what are acceptable and normal political differences. This is a theme that is developed later in the ethical standards section of the Report.
23. Guidance from NILGA states that as an elected Member *'you will be expected to monitor and challenge the council's performance against targets in all aspects of Council activity'*. The Council has not included this important aspect of Members' role in the Constitution. Nor does this feature strongly in a sample of Council minutes and papers. Some feedback indicated that some Members and Officers had too close a relationship to enable objective scrutiny and constructive challenge. The Council provided a two-hour Scrutiny workshop for Members in November 2022. Overall, the Review found that effective scrutiny and



oversight of the Council's performance is limited and also, at times, not constructive or helpful. It is **recommended** that the Council should reference the scrutiny/challenge role in the Constitution as well as monitor the effectiveness of the scrutiny training provided and monitor progress of the Council in application of this important role.


24. One minor observation is the presentation of some reports to the Council or its Committees with the instruction 'for noting'. The Review found that some of these reports require scrutiny and monitoring by Members which is beyond 'noting', therefore the Review **recommends** the Council reviews such designation of reports in favour of a suitable alternative instruction.
25. To support the Council in its role as a governing body (as well as its Committees), information and papers provided were analysed. The Review found that information for meetings was professionally presented in a consistent format. The absence of any widespread negative feedback from interviews assumes that information provided to Members is satisfactory, although some information weaknesses are identified in the rate-setting process highlighted in the financial management section of this report. It is **recommended** that future evaluation of the Council as a governing body and its Committees should include reflection on the information needs of Members and the extent to which these are being met.

### **Committees of the Council**

26. The Council has the following Committees with 16 members in each (appointed using the D'Hondt system) to help with the more detailed business of the Council.
  - Environmental Services Committee
  - Leisure and Development Committee
  - Corporate Policy and Resources Committee
  - Planning Committee (with full Council powers)
  - Finance Committee
  - Audit Committee
27. When comparing with other similar sized Councils in Northern Ireland, the Review found that this Committee structure is broadly consistent with a sample of other Councils. Although Committee names may not be the same, similar functions are carried out. None of the other Councils examined had a separate Finance Committee which is addressed in the financial management section of this report.
28. The roles and responsibilities for each Committee of the Council are clearly set out in Annex 2 of the Constitution. It is good practice<sup>1</sup> to annually review, even on a 'light touch' basis e.g. at the end of one of the meetings, the effectiveness of Committees to ensure they are adding value and effectively fulfilling their role. As this does not feature in the terms of reference of any of the Council's Committees, it is **recommended** that such a periodic review should be included and put into practice to help Committees understand what aspects work well and what could be improved. This is also supported by 60% of responses in the survey


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<sup>1</sup> NIAO 'Board effectiveness' 2022



indicated that the Committee structure (including the Audit Committee) was not working effectively.


29. In 2017 the Council established a Land and Property Sub-Committee of the Corporate Policy and Resources Committee. The *Independent Review of Land and Property Policies and Procedures* Report (February 2023) identifies an opportunity for the Council to further develop the work of the Land and Property Sub-Committee, building on the positive approach taken to date. For example, the Sub-Committee should refresh its terms of reference which should also include a duty to scrutinise the implementation of the Estate Strategy, the Council's Policy and practice, and also to periodically evaluate its own effectiveness. Given the important role of this Sub-Committee, it is **recommended** that its role should be included as part of the Council's governance structure in the Constitution.
30. The Council also has a Governance Working Group which was set up on instruction of the Council in 2017 and that reports through the Corporate Policy and Resources Committee. Its purpose is to *'advise on the overarching Governance policy and procedures, including the periodic review of current practice. Its main purpose is to ensure that the Council's Governance arrangements help to deliver the best services for our citizens by seeking to improve and refine decision-making processes'*. The terms of reference clearly sets out the role of the Sub-Committee:
- Drive good governance across the Council.
  - Review the appropriateness of Committee structures and terms of reference of Council committees to ensure that responsibilities are aligned.
  - As required, propose improved decision-making processes.
  - Conduct a periodic assessment of Council Governance arrangements.
  - Review latest research and recommend best practice, including consideration of other forms of governance within the legislative parameters of the Local Government Act.
31. Given the role as set out above, the Review could not find a reference to this Working Group in the Council's Constitution (2022). It appears to be the only part of the Governance structure of the Council that is serviced exclusively by the Chief Executive with no other Officers in attendance.
32. The Review found that the Working Group is not fulfilling its role as originally laid out. This is evidenced by the NIAO Extraordinary Audit in 2022 which highlighted governance failings. This Review looked at a sample of papers for the Working Group and could see no evidence of *'driving good governance across the Council'* or *'reviewing latest research and best practice'*. The Review found the business of the Governance Working Group is very limited with most time spent reviewing aspects of standing orders, scheme of delegation and terms of reference. According to the Council website, the most recent meeting of the Governance Working Group was December 2021. The Review **recommends** that the terms of reference and the purpose of the Governance Working Group is re-examined to determine more closely what its practical role should be and how it can best support governance of the Council.
33. In addition to the Committee structure, the Council has a range of other **Working Groups** that address specific issues or projects, for example Member Development, Growth Deal,



Twinning Working Group etc. Also, Members of the Council sit on (joint) Boards and Committees of external bodies as representatives of the Council. With the monthly Council and Committee meetings as well as attendance at Working Groups and External bodies, the Review **recommends** the Council considers whether Members have sufficient time to commit to these various roles. This could form part of the evaluation of Council and its Committees.

### **The Chief Executive**

34. The Constitution also sets out (on page 18) the role of the Chief Executive and Clerk to the Council (CEO) as the Head of Paid Service. These roles can be summarised as managing the operations of the Council, advising the Council on policy etc, and representing the Council externally, which are consistent with the role of CEOs of other public bodies.
35. The Review found that whilst the role of the CEO is clearly set out in the Council's Constitution, application of the role in practice is mixed including a number of weaknesses, some of which have already been highlighted by the NIAO Extraordinary Audit. Interviews conducted in the Review showed a number of positive attributes the CEO brings to the role such as good visibility, accessibility and approachability as well as a high level of commitment and endeavouring to get Council business done. However, feedback also shows some serious deficiencies in the application of the role. For example, that the role is too operational and 'hands-on'. This may be because there is no personal secretary executive support for the CEO role to manage diary commitments, arrange meetings, channel queries to other Officers etc; and record meetings etc. This deficit of resource is a situation which, in all likelihood, must be unique across the public services in Northern Ireland. It is not the role of the CEO to take everything on personally but to use resources effectively to enable attention to be given to the bigger issues including leading change and improvements. It is **recommended** that the Council considers providing executive support for the CEO and for Directors as required.
36. The CEO has an important role establishing relationships between Members and Officers by setting the right tone for relationships and establishing professional boundaries. The Review found from interviews, as well as from audio recordings of some Council and Committee meetings, that at times Council Officers are not protected by the CEO from over-zealous and inappropriate conduct of Members towards Officers. The Review was informed that some Officers try to avoid attendance at Council and Committee meetings because of the lack of application of this role by the CEO.
37. Section 9.3 of the Constitution establishes the role of the Council's Chief Financial Officer: *'The Chief Financial Officer to the Council is the officer appointed by the Council to that position and, under current arrangements, is the Chief Executive of the Council. The Chief Financial Officer is responsible for the proper administration of the Council's financial affairs and for execution of all duties of the Chief Financial Officer as set out in the Local Government Finance Act (Northern Ireland) 2011'.*
38. Given the weaknesses and failures highlighted in the NIAO Extraordinary Audit (2022), there is scope to emphasise the role of the Chief Financial Officer in the Council by learning from good practice in central government which is set out by the Department of Finance in 'Managing Public Money Northern Ireland' (2008). Whilst aimed at central government



departments, the Department of Finance confirmed that the principles, practices and instructions contained are applicable across all public bodies in Northern Ireland.

39. For all equivalent Accounting Officer designations in central Government departments and their Arms-Length Bodies, Permanent Secretaries and Chief Executives receive an appointment letter which spells out in detail the accountability requirements of their designations as accounting officers and the sanctions for any failure, e.g. the removal of the designation. This role also includes the need to achieve value for money for resources and public spending as well as the need to comply with regularity, propriety and feasibility principles and practices. In addition, all designated accounting officers are required to undertake training in the role within six months of appointment. On this basis, it is **recommended** that the Council specifically highlights to the Chief Executive the significance as well as the expectations of this role in practice to help improve public accountability. It is also **recommended** that the Department for Communities review the applicability of guidance and support available in central Government to help designated Chief Financial Officers in local Councils in their public accountability role. The Review also **recommends** that the Department considers ‘accounting officer training’ for Chief Financial Officers in local government.


#### **The Senior Leadership Team (SLT)**

40. The SLT is the corporate management team of the Council consisting of the Chief Executive, Director of Corporate Services (who is also designated as the Deputy Chief Executive), Director of Environmental Services, Director of Leisure and Development and the Chief Finance Officer, who is a relatively recent addition to the SLT. The SLT meets weekly with a standard agenda that includes priority business to be discussed.
41. According to the SLT Agenda, the purpose of the group is clearly set out: *‘to ensure the effective and efficient management of Causeway Coast and Glens Borough Council services.’* and the objectives are to:
- *‘Assist our civic leadership to deliver the Community Plan and Council strategy.*
  - *Ensure the highest quality service delivery, at the lowest cost.*
  - *Co-ordinate and communicate across the service areas.*
  - *Ensure good governance in all that we do.*
  - *Deal with issues & manage risk.*
  - *Develop and look after our staff’.*
42. The Review could not see any terms of reference for the SLT beyond the basic objectives. A model of good practice from another (albeit smaller) public body has simple but clear terms of reference for its corporate management team that includes:

**Membership; Corporate responsibilities; Decisions; Information; Meetings; Secretarial support; Conflicting interests; and Reporting and communications.**

The Review therefore **recommends** that terms of reference for the SLT are developed, led by the CEO, and made widely available and put into practice.



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43. The Review could not see any minutes, actions arising or outputs from SLT meetings that could be shared with all staff. The Review was advised that communication from the SLT to staff is through the respective directorates and their team meetings and this was confirmed by review of the directorate minutes/actions. The risk of this information channel is the reliance on SLT members to provide consistent messages. To address this risk, the SLT could also use other communication methods to keep staff informed, e.g. the weekly newsletter. The Review was also advised that the Chief Executive and SLT used to hold joint meetings with the Heads of Service group of managers on a regular basis, but this no longer happens. The Review **recommends** that, in discussion with Officers at the Head of Service level, the SLT reviews its communications channels to ensure they are as effective as possible.
44. From interviews and analysis of SLT meeting agendas, the Review found that the SLT is largely a functional group that highlights particular issues relating to each of the directorates and the finance function. Some critical feedback received indicates the SLT is too small, is sub-optimal in its collegiality, and lacks urgency to deliver change. Overall, the Review struggled to see a connection between the high level objectives of the SLT as set out, e.g. help deliver the Council's strategy, and its business. The Review **recommends** that the SLT periodically evaluates the effectiveness of its role as a corporate leadership team to seek continuous improvement in its role.
45. Overall, whilst the Council has set out roles and responsibilities of the governance structure, the practical application of these need to be strengthened at each level. The Council, as the governing body, supported by Party Leaders and the CEO, has an opportunity to re-establish roles and responsibilities when the newly elected Council starts its next mandate in May 2023. In this regard, the Council has an opportunity to plan for a more meaningful and longer-term induction programme than in the past, working with Party Leaders to help embed roles and responsibilities effectively and monitoring their effectiveness.


### **Relationships**

46. As well as roles and responsibilities being effectively carried out in each part of the governance structure, it is important that relationships work well. CIPFA guidance<sup>2</sup> states that good governance is about **'curious and courageous people working well together'**. In other words, in our public services we need Members of governing bodies of our public services to challenge the status quo, challenge key assumptions, and seek innovative ways to provide better services. It takes courage to challenge; to lead on making changes; and to take a different approach. Despite political differences, we need our people to work collaboratively to improve the lives of all of our citizens.
47. Whilst many of the 40 Council Members work well together, for example in the Land and Property Sub-Committee, the Review found weakness and some dysfunctional relationships between Council Members which is beyond the normal political differences and priorities. The Council needs to be able to find a way to bridge the political divide so that Members work more effectively together. The Review concludes that it is probably too late at this stage in the political cycle to take a fresh approach to the current Membership of the Council. However, there is an opportunity for Party Leaders and any independent Members

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<sup>2</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)





to make a fresh start to building relationships when the new Council has a new mandate from May 2023. The Review **recommends** that leadership of the Council should seek, early in the life of the newly elected Council, to take a new approach to strengthen relationships between all Members.

48. The newly elected Council in May 2023 also provides an opportunity to re-set relationships between Members and its Officers, with the Chief Executive taking a lead on this to be clear to Members about the parameters of acceptable conduct and enforcing engagement processes. The Review found, through interviews and through audio recordings of Council meetings, that some Officers have too close a relationship with some Members which compromises their professional independence, and that some Members have overstepped the mark by believing they can direct and control individual Officers. The Review found that currently there are elements of good relationships between Members and Officers, there are also elements of mistrust between some Members and Officers that is not healthy. The Chief Executive needs to take a different approach to build effective professional relationships based on respect and on trust. The Review **recommends** that the CEO should seek, early in the life of the newly elected Council, to take a new approach to strengthen professional relationships between Members and Officers and Members should be reminded of their obligations under their Code of Conduct.
49. Senior and middle managers in the Council have a critical role to play to ensure that governance standards, policies and procedures, culture and behaviours are effectively embedded in the usual business of the Council. The Review found that, although there are a number of examples where this relationship works satisfactorily on an individual one to one basis, the relationship between the SLT with the Heads of Service collectively is sub-optimal. The Review was informed that there used to be periodic meetings of the Council's top three tiers of management which Heads of Service found useful. However, the Review was informed these were stopped with little, if any, explanation being provided.
50. From lessons learned where relationships are sub-optimal in public bodies in Northern Ireland<sup>3</sup>, it is because of poor communication; a lack of effective engagement between the governing body and the executive team; inexperienced CEOs with no proper induction; little executive management support for CEO; and unclear roles and responsibilities.
51. In the experience of the Review team, lack of awareness and application of roles, responsibilities and relationships is a common cause of governance weakness and failure in public bodies across various jurisdictions. At a leadership level, understanding roles and building strong relationships in practice is essential to achieve longer-term objectives. Overall, the Council, at various levels, has an opportunity to reflect and take a new approach to fulfilling roles effectively and building stronger relationship all around.

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<sup>3</sup> For example in the review of the Regulatory Quality Improvement Agency by the Department of Health (July 2021)

## 4. Leadership capacity

52. Weaknesses in executive leadership in the Council, confusing senior management roles and responsibilities and lack of record keeping to enable an understanding of decisions taken were highlighted in the NIAO Extraordinary Audit in 2022. In this section, the Review provides a critical analysis of leadership capacity in the Council to identify strengths and can be built upon as well as areas for development and improvement.
53. To help guide this analysis, good practice from CIPFA<sup>4</sup> states that *‘Public sector entities 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 governing body 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 an entity’s management has the operational capacity for the entity as a whole’.*

### Strategy and achieving longer-term outcomes

54. The Council has a well presented and comprehensive Corporate Strategy in place for the period 2021 to 2025. The overarching strategy complements the Local Development Plan and the Community Plan which complies with statutory requirements along with the Council’s Performance Improvement Plan. The strategy helpfully sets out the Council’s Vision and Mission. One minor observation from the Review is that the Council’s vision reads more like the purpose of the Council rather than an ambition to achieve a desirable future state.
55. The Council’s Strategy is very clear on its longer-term priorities and values that it stands for, which are set out in figure 3 below:

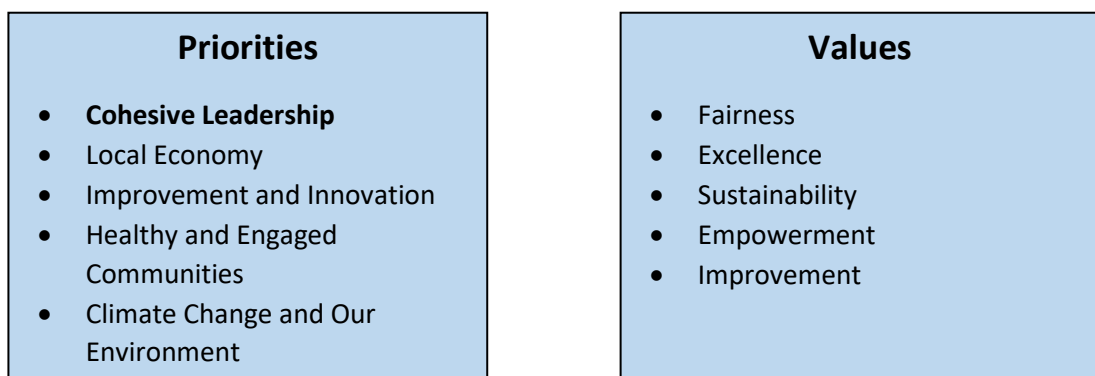


Figure 3 Council Priorities and Values

56. For each of the Council’s priorities, the Strategy lays out a delivery framework showing outcomes, indicators of progress and strategic projects that will be undertaken to achieve intended outcomes. The Review found this a very clear plan and a useful model to enable

<sup>4</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)

activities and resources to be focussed on outcomes. As an example, the Council's delivery framework for Cohesive Leadership priority is shown in Figure 4 below:


Corporate Strategy Theme: Cohesive Leadership		
Outcomes	Indicators	Strategic Delivery Projects
Council operates as one effective and efficient corporate unit with a common purpose and culture	Staff surveys undertaken annually Ratepayer's feedback	Corporate Strategy in place Members Charter agreed and adopted Annual Review of Corporate Strategy
Council has agreed policies and procedures and decision making is consistent with them	Assessment set out in the Local Government Auditors Report APSE Benchmarking Report (Annual)	Compliant decision making policies in place and underpinning Council's decisions
Our elected members work collaboratively and make decisions on	Members Charter developed and adopted by Council	Members Development Programme in place

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an evidence led basis and in line with its policies	A minimum of 85% of Elected Members engaged with the Members Development Programme	
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Figure 4 Sample delivery framework

57. A challenge for this model is the validity of the link between the delivery project, the way this is measured (i.e. the indicator) and the impact (i.e. the outcome). For example, how does the Council take assurance that if 85% of its Members engage with the Members Development Programme, which is an input measure, the outcome will be that Members will work collaboratively? The qualitative evidence gathered for this Review (reference paragraph 48 above) shows that the Council has a significant opportunity for Members to improve collaborative working. Therefore, qualitative information gathered from surveys, discussions, evaluations of Council and Committee effectiveness becomes increasingly relevant to assess collaboration between Members across the Council.
58. The biggest challenge facing entities is not the development of strategy, which is a relatively straight forward process, but its effective implementation. Various research studies (Harvard Business Review) show that a large proportion of entities (between 30% and 70%) fail to implement their longer-term plans for various reasons. The Review could not see evidence of scrutiny, oversight and monitoring of the strategic themes either at Council, Committee or SLT levels to show the extent the Council is implementing the Corporate Strategy plan and achieving its intended outcomes. Feedback from interviews shows that whilst the strategy is clear in itself, it is not fully embedded within the Council's governance structure. There is no evidence of the Council conducting an annual review of the strategy as shown in the table above. In addition, the Review found that there have not been any annual staff surveys as an indicator of corporateness and common culture. The Review



therefore has serious concerns about the effective implementation of parts of the strategy and **recommends** that the Council reviews and challenges the validity of the projects and indicators as measures of achieving its intended outcomes; dedicates time to review progress of the Plan; and take any remedial action if required. It is also **recommended** that the Council revisits the plan and reviews its currency, given its original aspirations.

59. Analysis of the Council's values highlighted in the Corporate Strategy is provided in the Culture, Behaviours and Ethical Standards section of this Report.

### **Decision making**

60. As the governing body, the Council takes decisions as well as delegating decision-making powers to its Committees, the Chief Executive and other Officers. It is good practice for entities to have a clear statement of decision-making powers, referred to as a Scheme of Delegation. The Council has a Scheme of Delegation for senior Officers that was first approved in 2020 and then updated in November 2022. The Review found this to be a detailed and comprehensive document.
61. The Scheme of Delegation sets out the principles for decision-making that helpfully explains the co-relationship between accountability and responsibility as well as the features of delegation, aspects that are not always understood in public bodies. The Scheme also helpfully lays out decision-making powers in emergencies. The Scheme clearly sets out the powers that the Chief Executive has, together with powers delegated to Directors and the Head of Finance and the Head of Planning. Whilst the Scheme of Delegation is clearly aimed at Officers, it should be enhanced by briefly including those decisions that must be taken by the Council. This would provide Officers (and Members) a more rounded summary of where decisions are taken in the Council. It is **recommended** that inclusion of Council decisions, as the governing body, is considered in the next revision of the Scheme of Delegation.
62. Like all governance directives, policies and procedures, it is the awareness, application and effectiveness that is critical. The Review did not find evidence of promotion, heightened awareness or embedding of the Scheme of Delegation. Feedback from the survey showed that only three responses from eleven senior Officers believed the practical application of decision-making powers was effective and half of the responses believe that transparency of decision-making in the Council is ineffective. Generally, papers considered by the Council and its Committees show when decisions are required and these are recorded in the minutes.
63. However, the Review found the Council can be reactive when taking decisions, for example, the decision to move from a fortnightly to three-weekly bin collections as an efficiency measure. The Review was advised that the Environmental Services Committee approved the introduction of a three weekly cycle of bin collections at their meeting on the 11 October pending ratification at full Council. However, at the full Council meeting on 1 November this was amended to *'That Council do not proceed with the 3 weekly bin collection and maintain the current practice of 2 weekly bin collections, until Council have the full paper outlining the potential implications of full savings and costings and an Equality Screening Impact'*. When this was considered at the Environmental Services Committee on 11 January, there was no seconder to proceed for the Council to consider. The Council also needs to ensure that

decisions are taken in good time and with clarity, such as lessons learned from the [REDACTED]


64. Setting the level of Rates, i.e. charges to help pay for local services, is one of the most important decisions for the Council to take as a governing body each year. The Council meeting on 9<sup>th</sup> February 2023 in advance of the 15<sup>th</sup> February 2023 statutory deadline, which failed to take decisions on spending and rate levels for 2023/24 year, illustrates weaknesses in the information needs of Members; the provision of information by Officers; and decision-making process.
65. Good practice decision-making for Councillors is clearly laid out in Codes of Conduct. The Northern Ireland Public Service Ombudsman Guidance<sup>5</sup> states that *'Your impartiality in the decision making process is key to achieving effective local government. You may listen to the particular views and representations of a lobbyist. However, when making a decision, you must take account of the views of all parties and any advice of guidance offered to you by council officials. Further, when you are involved in the decision making process, you must not express support for or opposition to a particular outcome in advance of the decision being made'*.
66. Therefore, decisions taken by Members should be taken objectively, taking advice from Officers, being fair and not prejudging decisions. The Review found that this was not always the case as evidenced by feedback from interviews which indicate decisions are largely taken on party political lines. From the survey, there were only two responses from eleven that believe that decisions are taken based on information provided, and **recommends** that Members are reminded of this part of the Code of Conduct which should be reinforced more rigorously.

### **Organisation structure and leadership**

67. For the Council to deliver its strategy, it has an established organisation structure which is depicted in Annex 3. Some feedback from interviews indicated that the structure was a bit top 'light' and that the SLT was small, operating largely on a functional basis without being 'joined up'. The Review explored the number of directorates in six similar sized Councils in Northern Ireland and found that the number of Directorates vary from four to eight. The Council is unique in having some third tier posts reporting directly to the Chief Executive i.e. Heads of Performance and Finance. The Review could not see the rationale for these reporting lines bypassing Director level to the CEO.
68. The Review understands that the Director of Corporate Services is designated as Deputy Chief Executive although it couldn't see the rationale for the designation. With the exception of Belfast City Council, this designation is not a common feature in Northern Ireland's local government. One other Council is currently considering introducing this role.
69. The Independent Review of Land and Property Related Policies and Procedures that accompanies this Review found that this function in the Council is somewhat fragmented


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<sup>5</sup> Guidance for Councillors from the Northern Ireland Local Government Commissioner for Standards(2017)



across a number of Council Directorates and could be linked through greater communication and coordination.

70. The Review understands that the Corporate Policy and Resources Committee in late 2020 approved the appointment of external consultants to review the organisation structure to provide: *'a review of the Council organisation design to tier 3 of its management structure. The aim of this work is to provide independent guidance to Councillors about the current organisation structure after the 5 year period since the Council was formed in April 2015. This work will help to ensure that the Council service delivery is optimised for its local citizens and can adapt and transform to the changing environment within which it operates. As part of this work, a deeper look at the Council's finance function was requested by the Finance Committee'*.
71. The analysis and recommendations emerging from the external consultant's review, which incurred a significant cost to the Council, was delivered to Council Officers in March 2021 but was not developed further. This reason for this is unclear.
72. As with periodic review and update of the Corporate Strategy, the Council would benefit from pursuing a review of its organisation structure taking into account the above specification and findings. Therefore, the Review **recommends** the Council review its management structure at tiers 1-3 with the objective of maximising use of its resources to meet its longer-term objectives.
73. As well as having the optimum structure to deliver the strategy, the Council needs to be assured that it has the leadership capacity to deliver the strategy, including meeting challenges such as leading and enabling change; addressing financial pressures; creating the right culture and ensuring strong stakeholder relationships considering rising public accountability expectations. The Council does not have a strong leadership track record. For example, in early 2020, the Council was in a financial crisis when CIPFA was brought in to advise on Rate setting following three years of zero Rate increases. In December 2020 the Council considered an independent report about complaints against senior officers that were upheld and in 2022, the NIAO was highly critical of the culture of the Council's leadership and evidenced weaknesses by some senior Officers in its Extraordinary Audit.
74. From documentation, interviews and audio recordings of Council and Committee meetings it is clear to the Review that, overall, the Council leadership has deteriorated at a political level. For example, the Review found that some Members act in their own interest and their party's interest before the greater public interest. In addition, the Review found that some Members overstep their role and try to direct and control Officers. There is a loss of trust between some Members and some Officers and vice-versa. The Review witnessed low staff morale caused by a lack of leadership support, uncertainty and insecurity. For a small minority of staff, there is a deep cynicism of the prospect of any improvement in the Council. Some dedicated staff indicated they have lost any pride in working for the Council. The Review concludes that despite hard work, commitment and dedication, leadership is lacking at CEO and at senior executive level.
75. Considering these weaknesses, the Review is doubtful if the Council has the capacity and capability at political and SLT Officer levels to strengthen leadership, or indeed if there is an



appetite within the Council to take a fresh approach with a different leadership style. The Review **recommends** that the Councils needs to take steps to strength its leadership capacity and capability.

#### **Development needs of Members and Officers**

76. One way to build leadership capacity of the Council at governing body as well as build senior Officer capacity is to develop skills required in a systematic and supportive way. In the longer-term, this will also help to identify talent and plan for succession of Members and Officers.
77. Guidance from CIPFA states that: *'All members of the governing body should receive appropriate introductory training tailored to their role. They also need opportunities to develop their skills further, such as improving their ability to challenge and scrutinize the entity's plans and actions and update their knowledge on a continuing basis'*.
78. Overall, the Review found that the Council takes a proactive and systematic approach to Member development. This is evidenced by the work of the Elected Member Working Group which the Council has established to identify learning and development needs of Members; encourage commitment to the continuous learning of all Members; acknowledge the role which Member development plays in the effective operation of Council business; and ensure that development is Member driven. The Review found the Working Group is an effective way to identify the development needs of Members.
79. Having identified needs, the Review found that Officers arrange the best and most cost effective way to meet those needs. Evidence seen by the Review shows delivery could be provided by in-house expert Officers; the Northern Ireland Local Government Staff Commission; the Local Government Training Group; or by other expert providers such as CIPFA. The Review noted that the Council does not evaluate its Members development events. This means that the Council will not know of the immediate reaction to training provided, or in the longer-term, the impact that training has had on the skills etc of Members. It is **recommended** that the Council considers the costs and benefits of evaluation of its training to help determine the impact that it makes.
80. The Review found that the Council receives a detailed annual report on the Development programme for Members as this is a performance indicator in the Corporate Strategy (reference figure 4 of paragraph 56 above).
81. Over the last 12 months, the Council has been working towards achieving a Charter Mark for Member development which is accredited by NILGA. The Review was recently informed that Council has just received confirmation from NILGA of award of the Charter. External peer recognition is an excellent achievement for the Council and demonstrates its commitment, officer support, budgetary provision, structured approach and successful delivery of Member development.
82. Regarding development opportunities for Officers, from feedback received as well as training and development documentation analysed, the Review found the Council proactively supports increasing knowledge and skills through a broad programme of training and development. However, the Review found that the Council does not have



an overarching People Strategy to support delivery of the Corporate Strategy and that sets the context for workforce planning; recruitment and retention; and training and development. The Review **recommends** that the Council should take a longer-term approach to its people development by developing a strategy that will support achievement of its corporate objectives.

83. The Review found that the Council has a systematic approach to inducting new Officers. The Council has an initial checklist of items for line managers to work through with new employees which includes health and safety; employee relations; car parking; allowances; Council policies and procedures etc. This process is audited by the Human Resources department to ensure compliance. There are additional processes for health and safety and for fire safety induction.
84. In addition to the initial induction checklist conducted by line managers, the Review found that the Council has a corporate induction programme. The content is shown below in figure 5:

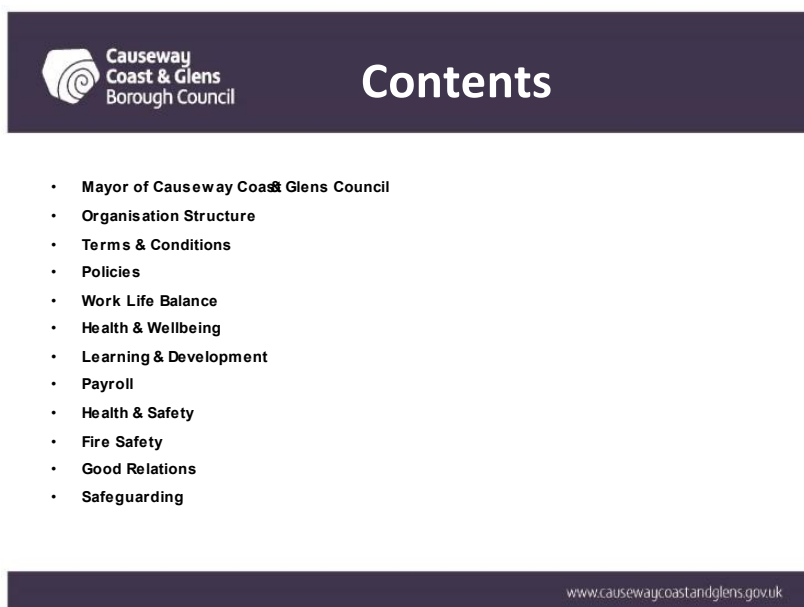


Figure 5 – Induction training for Council Officers

85. Analysis of the content of this Induction training shows, understandably, it is weighted towards compliance with statutory requirements, policies and procedures as well as providing helpful information for new Officers. Whilst there are references to some important governance directives, such as conflicting interests and ‘whistleblowing’, these could be developed further. In addition, such a programme is a useful opportunity to emphasise the Council’s values, what it stands for, expected behaviours, and its culture. The Review therefore **recommends** that the Council develops its induction programme further to highlight the softer governance requirements of all Officers.
86. The Review also found that the Council provides a range of other development support for its Officers. This includes:



- Ongoing wellbeing support for its Officers through the Inspire service which is an independent, confidential and professional counselling service.
- A range of mandatory and optional training courses on its e-learning platform, covering aspects of compliance, such as GDPR and using Display Screen Equipment, as well as personal development courses such as time management and resilience.
- Individual support for study, for example needs identified by the Personal Contribution and Development Review. Some of these needs are met by the Local Government Training Group as well as other providers.

87. Despite the broad training and development offerings provided by the Council, the Review notes that there is a gap in top level leadership development. Given some of the failings identified in the NIAO Extraordinary Audit in 2022 as well as some of the leadership weaknesses identified in this Report and the Land and Property Review, there is clearly a need for greater leadership skills at the top level. There are many practical leadership development programmes available for senior public officials. One of the benefits of leadership development, for example of Director training with the Institute of Directors, is the opportunity to engage and build networks with like-minded peers. Another benefit is the development of leadership talent and longer-term succession planning. On this basis the Review **recommends** the Council considers further the need for senior leadership development and how this may be best met.
88. Despite providing this broad programme of support for Officers, the Review found that the Council does little or no evaluation of its development interventions. This means the impact of the training is unknown and is relied upon as an input. It is **recommended** that Council explores the most effective way of evaluating its training activities for Officers to prove that needs are being met and that the desired impact is achieved.
89. Overall, the Council gives priority to training and development for Members and Officers. Building on the current approach there is an opportunity to promote good governance at induction training and the Council would benefit from learning about the effectiveness of its training interventions through meaningful evaluation.

## 5. Culture, behaviours and ethical standards

90. The culture of any entity is created from the top by its leaders. CIPFA guidance<sup>6</sup> states that: *‘The governing body is a role model and it is, therefore, important that it keeps the entity’s values at the forefront of its own thinking and behavior and uses them to guide its decision making and other actions (often referred to as the “tone-at-the-top” or “leading by example”).*
91. The Council has a clearly laid out set of values that feature, for example, in its Corporate Strategy, these are laid out in figure 6 below:

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<sup>6</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)


OUR VALUES	We will make these meaningful for our people by:
FAIRNESS	<ul style="list-style-type: none"> <li>• Creating a culture where everyone is treated fairly and with respect</li> <li>• Making decisions based on evidence, need and equality</li> </ul>
EXCELLENCE	<ul style="list-style-type: none"> <li>• Achieving the highest standards in our service delivery</li> <li>• Holding ourselves and others to account.</li> </ul>
SUSTAINABILITY	<ul style="list-style-type: none"> <li>• Ensuring our unique natural environment and other assets are enhanced and protected</li> <li>• Utilising partnerships to improve the quality of life for our residents</li> </ul>
EMPOWERMENT	<ul style="list-style-type: none"> <li>• Supporting our people to reach their full potential in their role within Council</li> <li>• Supporting and facilitating communities to provide services and activities in their local areas</li> </ul>
IMPROVEMENT	<ul style="list-style-type: none"> <li>• Using our resources as efficiently as possible to deliver value for money for our ratepayers.</li> <li>• Create a culture of continuous improvement.</li> </ul>

Figure 6 Values of the Council

92. The Review found these values are accessible, meaningful and understandable, which is not always the case in some public bodies. The challenge for many public bodies is to embed values into the culture, behaviours and norms of operations. The Review was not convinced the Council has a culture where ‘everyone is treated with respect’. From the survey, only two out of 19 responses believed that Members’ behaviour is consistent with the Council’s values. For Officers, the equivalent response was nine out of 19 responses.
93. The Council has developed a role profile for Members which they are required to comply with. The profile includes a requirement to comply with the highest standards of conduct and ethics. This means that *‘Councillors will at all times observe the Northern Ireland Local Government Code of Conduct for Councillors, issued under section 53 of the Local Government Act (Northern Ireland) 2014, and also the Protocol on Member/Officer Relations (Part 4 of Council’s Constitution). Councillors will at all times abide by the NI Code of Conduct in relation to treating other Councillors with dignity and respect and will show respect and consideration to council employees at all times. Councillors will uphold to the highest possible standards the following principles:*

**Public Duty • Selflessness • Integrity • Objectivity • Accountability • Openness  
• Honesty • Leadership • Equality • Promoting Good Relations • Respect • Good Working Relationships**

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94. There is a personal responsibility on Members to ensure they behave consistently with these principles. The Review found that whilst some Members do comply with these generally-accepted standards, there are others who clearly do not.
95. The Review found that since the current local government structure was created in 2015, the Northern Ireland Commissioner for Standards, who makes determinations on breached of ethical standards, has had 28 referrals from local councils of which six were from Causeway Coast and Glens Borough Council, the second highest number in Northern Ireland. The highest number of referrals is from Belfast City Council with seven, which has 50% more Members (60) than the Council. Three Councils have had no referrals. In the survey, only three responses out of 18 believed the application of the Council's Code of Conduct is effective in enforcing the conduct of Members.
96. In addition, from feedback provided through interviews and from audio recordings of Council and Committee meetings, the Review found that occasionally the conduct of some Members is unacceptable as public representatives. From the evidence reviewed, at times there is an out of date and parochial mindset that strives to retain the culture of former council areas, with a lack of leadership to see the opportunity to establish a new culture and a new approach from 2015. That original opportunity has been lost. There is too much focus on the politics of identity to the detriment of everyone in the Council area. The Review found there is a lack of confidentiality by some Members (and some Officers) with some Council information 'leaking like a sieve'. The Review was made aware of recordings and transcripts of telephone calls between senior Officers being made available recently to Members and some Officers on a virtual platform. This is being investigated by the Council. The Review **recommends** that those Members of the Council who are in leadership positions, e.g. Chairs of the Council and its Committees as well as Party Leaders, should take appropriate actions to enforce the values of the Council as well as enforce the Code of Conduct.
97. The Chief Executive and SLT have a responsibility to embed the values of the Council and to shape its culture. The conduct of some Members has, unsurprisingly, had an impact on Officers of the Council and their relationship with Members. Feedback received indicates that the Chief Executive has not effectively managed the conduct of Members and some Officers have felt exposed, unsupported and frustrated, some to the point where they will try to avoid the Council Chamber when they can. The Review **recommends** that the Chief Executive takes action to enforce the respective roles of Members and Officers, strengthen relationships and to protect Officers if required.
98. In addition, an independent report by an external Human Resource consultancy in 2019 investigating complaints against senior Council Officers found that some of the actions of senior officials *'have not met with the Code of Conduct for local government employees and the Local Government Employee and Councillor Working Relationships Protocol'*. *The report concluded that a senior officer in the Council was as not as diligent in their responsibilities as was claimed.* At its meeting on 1 December 2020, the Council agreed that *'after full and careful consideration of the Happy Raspberry Report and its findings, that we cannot proceed any further; The report has been leaked on social media and subsequently leaked to the media'*. For this reason, despite some of the complaints being upheld by the external investigation, no further action was taken by the Council.


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99. In January 2021, the Council adopted the Local Government Staff Commission Code of Conduct for employees. The Code provides guidance to assist councils and their employees in their day-to-day work and sets out the minimum standards of behaviour expected. The aim of the Code is to *'set guidelines for council employees which will help maintain and improve standards and protect employees from criticism or misunderstanding'*.
100. Ethical standards in entities are also set by having robust and effective policies and procedures in place that people are aware of and that work in practice. This is particularly important to manage gifts and hospitality and raising concerns, which can be prominent ethical dilemmas across the public services.
101. The Review examined the Council's policies and procedures for these areas and found that:
- The Council has a Gifts and Hospitality policy for Officers which was approved in March 2022 and is based on good practice. Members have instructions on managing Gifts and Hospitality in the Code of Conduct and also in the Northern Ireland Public Service Ombudsman guidance (2017). A register of Gifts and Hospitality received or declined is maintained centrally in the Council.
  - The Council has a policy for all staff to manage any personal interests that may conflict with the interests of the Council which was approved in May 2022. A policy for Members is included in the Code of Conduct. All interests of Members are shown on the Council's website which is consistent with good practice.
  - The Council has a Raising Concerns (formerly referred to as 'whistleblowing') policy which was approved in December 2020 and which is available publicly on the Council's website.
102. The Review concludes that these important ethical policies are up to date, based on good practice and are accessible. The challenge for many public bodies is whether these are known and if they work effectively in practice. The survey shows that nine out of 19 responses believed the Council's ethical policies worked effectively in practice with the figure slightly lower, six out of 19 believing that the Council's conflicting interest policy is effective in practice. On this basis, it is concluded that the Council needs to do some further work to embed these policies effectively in practice. It is **recommended** that the Council takes appropriate steps to raise awareness of these policies and procedures and to ensure that Members and Officers take personal responsibility for their application and enforce sanctions when required.

## 6. Managing performance, risks and finances

103. One of the main governance themes highlighted by CIPFA's good practice guidance<sup>7</sup> is the management of risks and performance through robust internal control and strong public financial management. In this guidance CIPFA states: *'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*

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<sup>7</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)



*address significant risks involved in achieving an entity's outcomes.* In this section of the Report, the Review compares the Council with good practice in managing performance, risks and financial management.


### **Performance improvement**

104. This good practice highlighted by CIPFA also states: *The governing bodies of public sector entities need to ensure that the entities they oversee have implemented—and can sustain—an effective performance management system that facilitates effective and efficient delivery of planned services. Monitoring and review mechanisms should provide governing body members and senior management with regular reports on the progress of the approved service delivery plan and on progress toward outcome achievement.*
105. The Council's Corporate Strategy lays out how the Council will measure success, it says: *'The Council's Corporate Strategy for the 2021-2025 timeframe is a living document. Like all strategic documents it must and will evolve to adapt to the changing context against which it will be implemented. Central to evolving this Council Corporate Strategy will be measuring progress against the indicators set out in it whilst also adapting and evolving the indicators as new information becomes available.'*
106. The Review could not see evidence of the strategy being 'a living document' or the Council having a consolidated *'annual review where performance against each thematic action plan will be measured against the agreed indicators'* that would provide an indication of the extent to which the Council is meeting its intended outcomes. The Review concludes that at a high level there is a gap in the overall reporting of performance against the Council Corporate Strategy. It is **recommended** that the Council should take steps to implement the intended reporting arrangements set out in its strategy.
107. To its credit, the Council has, using its technical expertise, developed PERFORM, a performance management system which is still being embedded across the Council. At this stage, this system is collecting data from parts of the Council to meet legislative requirements to demonstrate performance improvement reporting as well as for benchmarking returns to the Association for Public Service Excellence (APSE) that is also reported to relevant Committees of the Council. The Review was informed that the system is not yet in a position to provide real time performance monitoring as a management tool.
108. Councils are required under the Local Government (Northern Ireland) Act 2014 to gather information to assess improvements in their services and to issue a report annually on their performance against indicators which they have either set themselves or that have been set by Central Government Departments. Improvements in Council performance are subject to annual assessment by the Local Government Auditor (LGA). In the most recent assessment the LGA said: *'During the audit and assessment we identified no issues requiring a formal recommendation under the Act. We made four proposals for improvement. These represent good practice which should assist the Council in meeting its responsibilities for performance improvement'*.
109. The Council also periodically validates performance data using the Internal Audit service. Performance Improvement was audited in May 2022 and a number of recommendations



were made e.g. about the process; links between output measures and outcomes; increasing SMART measures and being more joined up across the Council.

110. Given the independent assessment of performance by the LGA as well as the Internal Audit report of May 2022, the Review concludes that at an operational performance level, the Council is satisfactory but there are some areas where improvement in performance management can be made. This is supported by the survey where a clear majority of respondents thought that performance information provided to the Council and to the SLT was mainly effective. To continue with improvements, the Review **recommends** that the Council oversee a timely and systematic implementation of the improvements recommended by internal and external auditors.
111. In addition to independent scrutiny by the LGA and internal audit, the Council is a member of APSE which provides a method for monitoring and benchmarking performance indicators used across Councils in Northern Ireland. The PERFORM system of online data monitoring has been developed to include APSE indicators and their monitoring. In the May 2022 audit report, the Internal Auditor confirms that detailed reports on APSE indicator results are now being reported to the relevant Committees in Council. The Review concludes that performance information on specific measures and projects is being reported to Committees to enable them to scrutinise and oversee progress against their part of the strategy.
112. Managing performance is not simply about information and reports being analysed at the top of an entity. Middle managers, teams and individuals need to know how they are performing; the effectiveness of their contribution to their own objectives and responsibilities; and any support they need to equip them to perform better.
113. In 2021, the Council introduced a system of periodic staff appraisal called a Personal Contribution and Development Review (PCDR). The roll out of the PCDR is designed to help *'the Council's approach to good governance, accountability and effective performance management which has at its core a focus on learning and continuous improvement. Ensuring all staff across the Council have a clear line of sight between their contribution and the delivery of the Council's plans and priorities is a critical first step in achieving sustainable organisational success'*. This objective is entirely consistent with good practice, especially in highlighting the link between individual contributions and corporate objectives.
114. However, despite the worthy objectives of the system, it is not working effectively in practice, which is not uncommon in large public bodies where sometimes staff appraisal systems become a 'tick box' process that soaks up considerable resources rather than a tool to help improve performance. Many private sector professional firms are now abandoning the traditional appraisal system in favour of more regular and ongoing dialogue about performance, as well as contributions to values and positive behaviours. The feedback received about the system from interviews and from the survey was largely very negative. It is not clear from the Review whether weaknesses are structural i.e. in the system itself such as the themes covered or in the application of the system i.e. the way appraisals are conducted. Analysis of the documentation showed that more emphasis could be given to a values-based and behavioural approach to the system. The Review also found from feedback received that the Council does not manage poor individual performance well.



Whilst this is a similar challenge across all our public services, these weaknesses reflect on the leadership of the Council by senior Officers.

115. Therefore, the Review **recommends** that the Council reviews the value of the PCDR system and considers alternative options that will strengthen leadership and management and help to achieve the system's aims and objectives.


### **Risk management**

116. Government guidance<sup>8</sup> states that *'If we are serious about meeting objectives successfully, improving service delivery and achieving value for money, risk management must be an essential and integral part of planning and decision-making'*.
117. The Review found that the Council has a clearly identifiable risk management strategy that was published in 2017. The strategy covers a variety of elements of risk management including identification, analysis, treatment and monitoring. However, the strategy needs to be updated as it:
- Is not linked to current corporate strategy.
  - Is not linked to current government guidance i.e. the Orange Book (2020) and Risk Appetite Application Note (2020).
  - Does not provide any indication of the limitations of risk-taking (i.e. risk appetite).
  - Contains an outdated role with its reference to the Director of Performance.
  - Has not been reviewed and updated annually as specified in section 9: *'The Risk Management Strategy will be reviewed and updated annually by the Senior Management Team, and presented to Audit Committee for approval. Interim amendments may be required and communicated to all staff'*.
118. The Review **recommends** that the Council refreshes its risk management strategy with a view to updating it with latest good practice and ensuring that it can be implemented as a practical tool to help management. In addition, it is **recommended** that the strategy should be reviewed annually overseen by the Audit Committee, which should include this as a standard item on its agenda.
119. As well as having a risk management strategy in place, it is important to ensure that the strategy is embedded in the entity and works effectively as a management tool and a form of assurance for the Council. From survey responses, only three out of 20 responses believed that risk management and the appetite for taking risks was effectively embedded in the Council. Therefore, much more needs to be done to make **risk management** more effective, particularly:
- Identifying and embedding risk appetite i.e. being clear about the Council's limitations for risk-taking.
  - Making risk management effective at every level.
  - Improving the effectiveness of the Audit Committee overseeing risk management.

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<sup>8</sup> HM Treasury 'Orange Book' 2020



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120. Feedback from interviews with Members and Officers showed a very mixed response on the effectiveness of risk management in the Council. There was a common theme that risk management is a ‘tick box’ process rather than a tool to help make decisions and help achieve objectives, which is a common risk management theme in public bodies. In order to address this approach, it is **recommended** that the need to effectively manage risks should be included in the Council’s Constitution as well as terms of reference for its Committees and Scheme of Delegation for Officers.
121. The Review found that risks facing the Council have been identified in the corporate risk register which is well set out and is consolidated from Directorates and other functions. Risk owners are identified, some risk owners are designated as ‘All’, which is a danger that everyone but no one owns the risk. The register helpfully assesses risk to differentiate between those that need more urgent attention than others. The register also includes a summary of mitigating actions. Many of these are inputs e.g. ....a policy or strategy is in place. It would be preferential for the Council to link actions to assurances that controls are in place that are working effectively. For these reasons the Review **recommends** that the Council should review its corporate risk register in particular making risk ownership more specific and assessing the effectiveness of the impact of mitigations.
122. The Review also found that risk management has been audited in 2017 and again in 2021 by the internal auditor (Moore Stephens). The audits concluded satisfactory assurance (2017) and limited assurance (2021) identifying a number of weaknesses and making recommendations for improvement. A limited assurance from the internal auditor means there *‘is a significant weakness within the governance, risk management and control framework which, if not addressed could lead to the system objectives not being achieved’*. It is **recommended** that as a priority, the Council, through the Audit Committee, should seek evidence-based assurances that the risk management recommendations of internal auditors have been implemented at the earliest opportunity.


### **Financial management**

123. Good practice from CIPFA<sup>9</sup> states that: *‘A strong system of financial management is essential for the implementation of public sector policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability’*. The Council has had a number of financial management challenges over the last few years, for example:
- For three years in a row (from 2016 to 2019) the Council decided not to increase the level of rates but has had relatively high percentage increases in rates compared with other councils since then.
  - The General Fund balance was as low as £1.745M at December 2019 having stood at £7.876M at 31 March 2017.
  - A ‘zero-based’ budget review was undertaken with support from PwC to help inform the 2020/21 rate-setting process.
  - CIPFA provided an urgent review of the 2020/21 budget estimates in February 2020.

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<sup>9</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)



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124. Analysis of documents and feedback from interviews shows there have been some improvements in financial management compared to previous years:
- The Council's usable reserves have been built up to £21,990,000 as reported at 31 March 2022.
  - The quality and regularity of financial management information is improving but could still be enhanced.
  - The Finance team is providing more 'business partnering' type support which is in line with good practice.
  - A finance policy and procedures manual were developed in June 2020.
  - A new finance system due to be operational from April 2023 is expected to add to the effectiveness of financial management.
125. The Review **recommends** that progress of these improvements should be monitored by the Finance Committee to gauge their effectiveness including the finance manual that indicated that it should have been reviewed in 2021.
126. Review of the Committee papers and feedback received from interviews indicates that, overall, the Finance Committee has helped to strengthen financial management and scrutiny of the Council's finances. The Finance Committee reviews and scrutinises the Council's monthly management accounts to provide important assurances to the Council. However, this monthly scrutiny role is largely operational and would be better taken by the senior leadership team which should provide a 'second line' control and assurance to the Finance Committee. The Review was informed that Officers have monthly Financial Management Team meetings attended by the CEO, Directors and Finance Business Partners. Reports from this group, for example minutes, would provide assurances on financial management to the Committee and enable it to address more strategic financial matters, which are currently lacking. The Review **recommends** that minutes from the Financial Management Team meetings are provided to the Finance Committee to give financial management assurances and allow the Committee to consider more strategic financial matters.
127. Building on progress to date, there are areas of financial management that the Council could develop further. CIPFA guidance states that *'The governing bodies of public sector entities should ensure that their financial management supports both long-term achievement of outcomes and short-term financial and operational performance'*.
128. The Review found that the Council does not have a medium-term or longer-term financial strategy which is good practice<sup>10</sup> and essential to provide a backcloth to the annual review of Rates. As the Local Government Association states: *'Every council will have a Medium Term Financial Strategy covering estimated revenue income and expenditure over at least three forward years. It will also have a similar plan for likely capital income and expenditure, known as the Capital Programme. These are important financial documents and are updated and approved annual by elected members.'*
129. For a Council, the Medium Term Financial Plan (MTFP) is a key part of a Council's policy and budget framework and financial planning process. It should set out the Council's strategic

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<sup>10</sup> Local Government Association 'Councillor Handbook – Local Government Finance' (2019)

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- approach to the management of its finances and provides a financial framework within which delivery of the Council's priorities will be progressed. The MTFP is usually a rolling five-year plan which outlines, in broad terms, the specific service and funding issues over the 5 year period and how the Council will, within its financial constraints, fund its priorities and ensure financial sustainability and resilience can be achieved.
130. The Council approved a MTFP in March 2020. However, the Review could not see any reference to this in financial planning, Rate-setting or financial management following the Plan's approval. The Review understands that the Council has developed a draft updated MTFP which has not been considered by the Council. The Audit Committee was informed in July 2022 that the Council's updated MTFP was nearing completion, the minutes of the meeting state: *'Council are addressing the Medium Term Financial Plan and the component parts are in final draft, but not formalised or finalised through Committee. There has been a lot of background work undertaken in reconciling capital spend and capital projects, commitments including what Council have signed up to at Stage 1, 2, 3 and 4, and building in cash flow/grants. A final document is expected in the next 3 – 6 months.* The Review **recommends** the Council completes this planning process as early as possible to enable the Medium Term Financial Plan to be used as a basis for a rolling five-year financial plan from 2023/24 onwards.
131. The Review found that the Senior Leadership Team (SLT) meets weekly and includes a finance update on the agenda. Since November 2022 the Chief Finance Officer, who is the most senior qualified finance professional in the Council, has been a full member of the SLT. The Review understands that an interim Director of Finance was appointed by the Council for a fixed term to help address some of the more acute financial challenges of the Council. Given the gaps at a strategic finance level in the Council as well as a need to continually develop the function to support the longer-term objectives of the Council, the Review **recommends** that the Council provides a business case to help consider creating a Director of Finance post on a permanent basis in the context of the review of the organisational structure referred to in paragraph 70.
132. Setting the level of Rates, i.e. charges to help pay for local services, is one of the most important decisions for the Council to take as a governing body each year. The Review found that the timetable for the 2023/24 Rate-setting process has considerably slipped behind schedule as originally planned by the Council. This was evident at the recent special Rate-setting meeting of the Council on 9<sup>th</sup> February 2023. Whilst the Review found that the governance model for the Rate setting process is consistent with other Councils in Northern Ireland, it would be much more effective if the process was started earlier e.g. from the mid-year of the previous year to allow for an earlier consideration, decisions and conclusion. This would be more consistent with the timetable adopted by other Councils. The Review **recommends** that the Council should review its 2023/24 year Rate-setting process to integrate lessons learned, including the timetable, into the 2024/25 exercise.
133. Feedback provided to the Review by Officers identified a need to increase financial management skills in the Council, such as training on budget-setting and financial management would be useful for Heads of Service and above, especially when new to the role. The Review **recommends** that the Council undertakes an analysis of financial skills to identify the scale of need.

## Fraud and Anti-Corruption arrangements

134. Good practice from CIPFA<sup>11</sup> states that: *'Public sector entity governing bodies and staff should demonstrate a strong commitment to the rule of law, as well as comply with all relevant laws and regulations. They should also strive to utilize their powers for the full benefit of their communities and other stakeholders and avoid corruption or any other misuse of power'*.
135. Fraud and Anti-Corruption arrangements fall under the scope of the Council's Audit Committee which the Review found has fraud/whistleblowing as a standing item on its agenda and receives a verbal update report at each meeting. The Annual Assurance Report 2021/22 to the Audit Committee references fraud and proper arrangements which are referred to the NIAO in an annual questionnaire.
136. The Council's Audit Committee approved an update to its Anti-Fraud, Bribery and Corruption Policy in December 2021. The Policy was first put in place in 2015. The Review found that the Policy makes a very clear commitment to preventing fraud, bribery and corruption by stating: *'Causeway Coast and Glens Borough Council is committed to developing and maintaining effective controls to prevent fraud, bribery and corruption, and to ensure that if any instances do occur that they be dealt with promptly'*. The Policy provides useful links to other relevant Council procedures to address issues like gifts and hospitality; conflicting interests; and raising concerns. It also includes a fraud response plan that sets out the procedures that should be followed if fraud is suspected.
137. The Review found the content of the Council's Policy is consistent with good practice although there is an opportunity to enhance it further by expanding accountabilities to include the Council as a corporate body and its Audit Committee in section 4.
138. The Review found that the Anti-Fraud Policy features on the Council's website and is easily accessible, although (a minor point) is that as it the original version the Review **recommends** that it is replaced with the most recent Policy.
139. The Review found that the Council provided fraud awareness training for its Officers in March 2021 delivered by Moore Stephens, the Council's externally commissioned Internal Auditor.
140. From the Review's survey only two respondents from ten believed the Council was ineffective at managing fraud risks.
141. Overall, the Review concludes that the Council has the necessary systems, policies and procedures in place to monitor performance, manage risks, finance and fraud. However, there is scope for the Council to make a number of improvements in these areas.

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<sup>11</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)


## 7. Public accountability

142. Good practice from CIPFA<sup>12</sup> states that: *‘As public sector entities are established and run for the public good, their governing bodies 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. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the entity plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability’*. This section of the Report analyses the Council’s statutory Annual Reporting, communications with the public as stakeholders and the provision of independent third level assurances by the internal audit function.
143. The Council has met its statutory obligations in producing an annual report and accounts for the 2021/22 financial year which comply with the technical standards of CIPFA’s Code of Practice on Local Authority Accounting in the United Kingdom 2021 as well as central government Accounts Directions. The Local Government Auditor (LGA) reported on the Council’s 2021-22 financial statements with an unqualified audit opinion, without modification on 28 September 2022. Helpfully, the Council’s annual reports and financial statements are all publicly available and easily accessible on the Council’s website.
144. A statutory reporting requirement, as part of the annual report, is for the Council to report on the effectiveness of its governance arrangements including risk management and the system of internal controls. The Council’s Annual Governance Statement for the 2021/22 financial year is included in its annual report (pages 7 to 20). The Review found this to be comprehensive, covering the main themes to be expected from the Statement. Having had the benefit of examining the governance arrangements in the Council in the course of this Review, the governance statement is quite descriptive and with a focus on inputs e.g. the introduction of a policy or the provision of training. In future years, the Statement would be strengthened by analysis of the effectiveness of some of the inputs referenced.
145. The Review also found that some of the intentions referenced in the governance statement have not materialised. For example, the reference to the recognition that *‘the strategy should be seen as a ‘living’ document and be reviewed on a regular basis (at least annually)’*; and *‘The draft Medium Term Financial Plan is currently progressing and it is envisaged that it will be finalised in autumn 2022’*. The Review found no evidence that these have happened. It is concerning that the Council’s governance structure has not scrutinised the non-delivery of these intentions.
146. The Review notes the Council’s **External Auditor**, the Northern Ireland Audit Office (NIAO) *‘provided management with a number of observations and suggested changes to improve the narrative and completeness of disclosures within the Governance Statement’*. The Review **recommends** that the Audit Committee seeks assurances that a fresh approach is taken to future Annual Governance Statements considering the above observations along with those highlighted by NIAO’s 2021/22 Report To Those Charged With Governance.

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<sup>12</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)

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147. As well as scrutiny by the External Auditor, the Council will take assurances from the work of its **Internal Audit** Service. Internal Audit exists to provide independent, objective, assurance and consulting activity designed to add value and improve the Council's operations. Internal Audit supports the Council to achieve its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the risk management, control and governance processes.
148. The Council's Internal Audit service is provided by a hybrid model consisting of the Audit Risk & Governance Manager in the Council augmented by a co-sourcing arrangement with a private sector supplier, Cavanagh Kelly, who was appointed in October 2022. This model of internal audit provision has been in place in the Council since 2015. Traditionally Councils in Northern Ireland provide either an in-house service or an outsourced service. As well as the periodic review of internal audit as required by Public Sector Internal Audit Standards (PSIAS), the Review **recommends** that the model of provision is reviewed to ensure the Council obtains the most effective model of provision and maximises value for money.
149. To provide independent assurances to the Council, the Internal Audit service requires to be independent of the management structure (except for 'pay and rations'). The Review found from documentation that the audit services provided by the Audit Risk & Governance Manager is part of the Corporate Services directorate overseen by the Director. As well as being independent from management control, internal audit requires to have unfettered and direct access to the Chief Executive and to the Chair of the Audit Committee, as evidenced by PSIAS and in practice by most other Councils the Review researched. In this way, Internal Audit should be a source of independent assurance for the Chief Executive who is also designated as the Chief Financial Officer. To be fully compliant with PSIAS, the Internal Auditor requires the right of access to any of the Council's resources, documents or assets, which the Review found is not always the case. Therefore, the Review **recommends** that the Council amends its organisation structure to provide the Audit Risk & Governance Manager with sufficient position, status and independence to enable provide the required assurances and help the Council meet its objectives as well as to conform to good governance standards.
150. The work programme of Internal Audit is determined by an annual plan which sets out the resources available and how these can be used to audit the Council's priorities. The Council's revised Audit Strategy 2019-2023 sets out a longer-term plan identifying priority areas and resources available. The strategy is risk-based stating: *'The approach is risk-based, identifying risk areas facing the Council and examining these on a rolling basis over a 4-year period.'* The Review struggled to see this link between the Council's audit plan and its risks. The 2022/23 Internal Audit Plan shows the biggest priority (48 days) is for various environmental services such as licensing, energy, animal welfare etc whereas the risk register shows the biggest risk to the Council is compliance – *'Risk that Council does not comply with law and regulations. Areas of potential non-compliance include GDPR (compromised/loss of personal data), S75, Procurement and Health & Safety where failure to follow Legislation, Policies, Procedures, Commitments and guidance leads to litigation, loss of reputation and fines'*. These risks do not feature on the Council's Internal Audit Plan. The Review therefore **recommends** that the Council validates the risks it faces and ensures that future Internal Audit Plans are consistent with the Council's risk profile.

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151. The Council's **Audit Committee** plays an important role to further public accountability through oversight of the Internal Audit service, compliance with the regulatory framework including governance policies and procedures, and review of the financial statements including liaising with the External Auditor considering their annual Report to Those Charged with Governance.
152. The Review found that the work of the Audit Committee is satisfactory but could be much more effective in providing assurances to the Council and to the Chief Financial Officer. The survey showed that four responses from ten thought the Audit Committee was effective in carrying out its role. The Review could not see when the Council's Chief Executive attended an Audit Committee meeting, which is highly unusual for accounting officers in public bodies in Northern Ireland.
153. Feedback from interviews as well as from documents and audio recordings shows that the independent Member of the Audit Committee adds considerable value. There is evidence of a lack of challenge from Members, with the exception of the independent Member. There may be an over-reliance on the expertise of the independent Member that may result in a lack of challenge, for example when considering the draft financial statements.
154. Based on documentary evidence as well as feedback from interviews, Internal Audit reports that are provided to the Audit Committee are professional and helpful. The reports provide an audit opinion as well as any recommendations which are prioritised to show those that are greater priority than others. During the Review, there was a total of 27 outstanding audit recommendations that management had not implemented, some were going back to the 2016/17 audit year. Eleven recommendations were more than three years old.
155. The Council has recently developed an action plan to address all the outstanding prior year audit recommendations which was agreed at a recent Audit Committee meeting. The Review understands that a deadline has been set for all outstanding audit recommendations up to 2021/22, to be progressed by March 2023. The Review **recommends** that the Audit Committee monitors progress of this plan, seeking evidence of effective implementation of prior year audit recommendations, for example the responsible Officers could provide a presentation of their implementation actions to future Audit Committee meetings.
156. It is good practice for the Audit Committee to periodically evaluate its effectiveness to examine the value of the contribution it makes to the governance framework and public accountability. The Review found that the Audit Committee's most recent self-evaluation only received a low number of survey responses – from four out of 17 Committee Members. The Review **recommends** that the Audit Committee considers an alternative methodology to evaluate its effectiveness so it can be based upon more substantive feedback and analysis.


### **Stakeholder engagement**

157. Good practice from CIPFA<sup>13</sup> states that: *'As public sector entities are established and run for the public good, their governing bodies 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*

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<sup>13</sup> IFAC/CIPFA International Framework – Good Governance in the Public Sector (2014)





*institutional stakeholders.* To show that the Council is acting in the public interest at all times, and to maintain public trust and confidence, it is good practice to be as open as possible about the business of the Council i.e. decisions, actions, plans, resource use, forecasts, outputs, and outcomes.

158. The Review found that the Council's website is a useful channel to provide information to the public and wider stakeholder group. Council and Committee minutes and papers for all its meetings are available on its website, excluding confidential items which are reserved for Members only. Article 3 of the Council's Constitution helpfully sets out citizen's right of access to information with the rules clearly set out in section 3.1. The Council's complaints policy is also well laid out in the Constitution and on its website.
159. As well as the Council's website, the internet provides opportunities to share information, using social media platforms, with the public and receive valuable feedback and some public bodies use this to their and their users' benefit, e.g. Translink and the Police Service of Northern Ireland. With this opportunity also comes risks, for example it is a challenge to control what individual Council Members and Officers state via social media platforms and also to protect confidentiality. The use of social media therefore requires boundaries of what is acceptable and what is not.
160. From feedback provided from interviews, the Review found that currently arrangements are not working effectively. The scope of using social media falls under the generally-accepted standards in public life and Codes of Conduct. The Review found that the Council has a draft social media policy for staff, contractors etc. The scope of the draft policy does not include Members as this falls within the Councillors Code of Conduct. The Review **recommends** that the Council takes steps to ensure the proper use of social media is reinforced with clear sanctions against any misuse.
161. Feedback received from Officers and Members shows a very low level of trust between some Members; between some Members and Officers; and between some Officers. This is evidenced by the leaking of confidential information ('like a sieve') and also by the withholding of information. The Review was informed that some Members are only able to access Council information by successfully making Freedom of Information (Fol) requests. This process to obtain information from the Council does not appear to be within the spirit of public accountability and openness. During 2021/22 year there was a total of 633 Fol requests for information from the Council, an average of 12 requests per week.
162. Regarding proactive engagement with the public, the Council has a range of interactive activities including community planning workshops and a Council-wide survey. The Council is to be commended on its first survey of citizens during 2021/22, especially on achieving the high 82% response rate, which it reported in January 2022. Generally, the information gained from the survey should help the Council to shape services. For example, in the survey citizens identified refuse collection as the most important service provided by the Council with 99% of responses identifying the frequency of response as being important. The survey shows that 90% of respondents rated the refuse collection service as good or excellent. Given the high level of importance as well as high levels of satisfaction with the refuse collection service, it is surprising that the Council is considering reducing the collection service from fortnightly to three-weekly.

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163. The survey by the Review on effectiveness of the Council's mechanisms to ensure regular dialogue with, and accountability to, the wider public showed that only two out of 11 responses believe this to be effective. The Review **recommends** that the Council receives assurances that the citizen survey feedback results are impacting on improvements to service delivery.
164. The overall rating for Council services was 3.15 out of 5, which is satisfactory. This does provide some scope for improvement which was identified in the Report as the following services:


Fly-tipping; emptying of litter bins; car park charges; litter bins and dog bins in parks; and community facilities for young people.

165. Regarding engagement with institutional stakeholders and the wider local government sector, the Review found little evidence of regular engagement with the Department for Communities except for its interventions e.g. the Extraordinary Audit by the NIAO. At Heads of Service level, there is evidence of participation with functional networks of Councils in Northern Ireland which should bring the Council benefits of understanding issues, challenges and good practice in the wider environment. The Review understands that the Council is no longer a member of the Society of Local Authority Chief Executives (SOLACE) in Northern Ireland, which is rare. The rationale for this is non-participation is unclear, especially given the benefits of being part of the wider CEO group, including participation in topical events.

## 8. Overall conclusions and next steps

166. Over recent years there have been a number of governance weaknesses and failures in the Council, highlighted most recently in the NIAO Extraordinary Audit in 2022. This wider governance Review has identified fundamental structural weaknesses in the Council's leadership at a political, as well as senior Officer level. In particular is the application of roles and responsibilities, and relationships, where essential trust between Members and Officers has diminished. Unless these leadership issues are addressed by the Council and the Department for Communities, as its primary institutional stakeholder, the risk of further failure remains.
167. Overall, there is an unhealthy culture, driven by some behaviours, that pervades the Council at the moment which is characterised by blame, spin and denial when something goes wrong. This contributes to a climate of mistrust and fear. The Council needs to move to a much healthier culture of openness and acceptance of mistakes and weakness, with leadership that is determined to learn from mistakes and to put things right.
168. Unless the Council strengthens its leadership capacity and capability, it will be doing a disservice to, not only the wider public, but also to the staff who work in the Council and who are doing a good job in a difficult internal and external environment. In the course of conducting this Review over the last four months, there was considerable engagement with many able staff of the Council at various levels. The Review's engagement showed staff to be professional, committed and dedicated to public service. The Review also witnessed the





frustration of some staff over the lack of leadership in the Council. At an individual level, the Members who engaged with the Review showed a strong commitment to civic duty and a desire to improve governance of the Council and the lives of its citizens.

169. Regarding the other aspects of governance covered by the Review, such as strategy, performance, risk, finance etc., in the main the Council has appropriate governance routines, policies, procedures and processes in place. However, the challenge for the Council is making sure that these are working effectively in practice and these are beyond simply 'ticking a box' that they are in place. The Review found that many of these aspects of governance could be improved with more effective implementation and scrutiny. This, again, is the responsibility of the Council's leadership.
170. Regarding next steps to improve governance, the Council has two options to consider. Firstly, it can continue as at present, i.e. the status quo, and take a big risk to hope that there will be no further governance weakness and failures. Or secondly, the Council can take a fresh approach to its governance arrangements, starting with its leadership at Council and senior Officer levels.
171. If the second, and much preferred, option is taken the Council should develop a governance improvement plan using the recommendations from the Review as a basis for improvement actions. For this to be effective, the Council working with the Department, will require a new mindset, create a new culture, ensure robust oversight and monitoring of progress.
172. Finally, the Council will need to ensure it has the capacity and capability to implement improvement for the benefit of the public and all of the Council's stakeholders.



## Terms of Reference

### 1.0 Background

- 1.1 On 30th November, the Minister for Communities directed the Local Government Auditor to hold an extraordinary audit of Causeway Coast and Glens Borough Council concentrating on land disposals and easements and related asset management policies and procedures.
- 1.2 On 7<sup>th</sup> July 2022 the Local Government Auditor published a report summarising the findings of an extraordinary audit of Causeway Coast and Glens Borough Council, it details the findings and recommendations emanating from the audit of land disposals and easements since the Council was formed in April 2015. Because of the issues found the report recommended:  
  
'An independent review of the Council's governance arrangements, overseen by the Department for Communities.'
- 1.3 Paragraph 5 of the NIAO report notes 'There was also evidence of poor governance, for example, there was a lack of clarity over roles and responsibilities, with various Officers being involved in land transactions that appeared to be outside their remit.'
- 1.4 On 26<sup>th</sup> July 2022 the Council unanimously resolved to accept all eight of the recommendations contained in the extraordinary audit report.
- 1.5 On 9<sup>th</sup> August 2022 the Council resolved to approve an Action Plan to implement the recommendations.

### 2.0 Scope

- 2.1 To perform an independent Council-wide review of governance arrangements to be carried out immediately to ensure that significant weaknesses highlighted in this report<sup>14</sup> are addressed. This review should be overseen by the Department including monitoring the implementation of any recommendations from the review.

### 3.0 Objective

- 3.1 The objective of these terms of reference will be to address recommendation 1 contained within the Extraordinary Audit being to perform 'An independent Council-wide review of governance arrangements should be carried out immediately to ensure that significant weaknesses highlighted in this report are addressed. This review should be overseen by the Department including monitoring the implementation of any recommendations from the review.'



The review to include but not limited to:

- Consider the appropriate committees and structures within Council to enable effective decision making and scrutiny
- Examine governance arrangements with a view to identifying potential improvements considering fully the contents of the extraordinary report, any review should include:
  - *Statutory responsibilities*
  - *Decision-making and reporting line arrangements*
  - *Scheme of Delegation*
  - *Roles and responsibilities for members and management*
  - *Financial Management arrangements*
  - *Risk Management arrangements*
  - *Performance Improvement arrangements*
  - *Fraud and Anti-Corruption arrangements*
  - *Audit and scrutiny arrangements*
  - *Procedures for identifying development needs of members and senior officers*
- Set out governance arrangements to ensure that Council addresses the weaknesses highlighted within the NIAO extraordinary audit and that Council is compliant with the governance and accountability arrangements required for a local authority.

#### **4.0 Source**

The sources of information and evidence which the review may draw upon include:

- *Extraordinary Audit Report*
- *Documenting current arrangements*
- *Comparative with other Northern Ireland Councils of a similar size*
- *Engagement with significant stakeholder groups, (not limited to): Elected Members, Council officers, other statutory bodies and stakeholders as required.*

#### **5.0 Appointment**

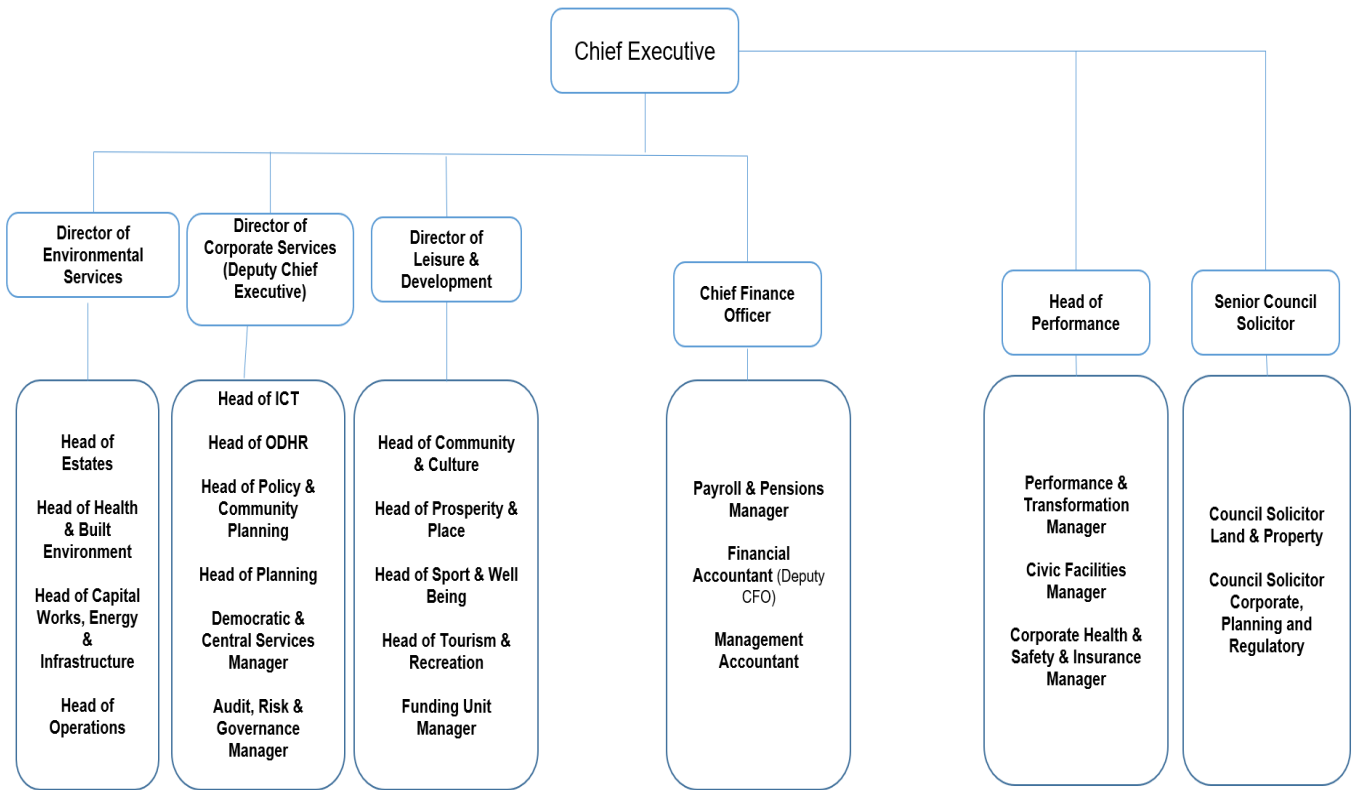
- 5.1 The appointment of the Reviewer will be made on the agreement of the Department or by appointment process.
- 5.2 The Reviewer will present a report directly to the Department and to Council.
- 5.3 Support during the review will be provided by the Audit Risk and Governance Manager and the Head of Information and Governance.

#### **6.0 Timescale**

- 6.1 The Review will be completed and presented to Council by 30<sup>th</sup> December 2022.

# Council Organisation Structure

ANNEX 2



## Summary table of recommendations from the review

## ANNEX 3

No.	Para. Ref.	Recommendation	Priority
1	23	The Council should reference the scrutiny/challenge role in the Constitution as well as monitor the effectiveness of the scrutiny training provided and monitor progress of the Council in application of this important role.	Medium
2	24	The Council should review designating reports 'for noting' in favour of a suitable alternative instruction.	Low
3	25	For any future evaluation of the Council as a governing body and its Committees, it should include reflection on the information needs of Members and the extent to which these are being met.	Medium
4	28	A periodic review of Committees should be included in the terms of reference and put into practice to help Committees understand what aspects work well and what could be improved.	Medium
5	29	The role of the Land and Property Sub-Committee should be included as part of the governance structure in the Council's Constitution.	Low
6	32	The terms of reference and the purpose of the Governance Working Group should be re-examined to determine more closely what its practical role should be and how it can best support governance of the Council.	High
7	33	The Council should consider whether Members have sufficient time to commit to Council, Committee, Working Group and External Body roles which could form part of the evaluation of Council and its Committees.	Medium
8	35	The Council should consider providing executive support for the CEO and Directors as required.	High
9	39	The Council should specifically highlight to the Chief Executive the significance and expectations of the Chief Financial Officer role in practice to help improve public accountability.	High
10	39	The Department for the Communities should review the applicability of guidance and support available in central Government to help designated Chief Financial Officers in local councils in their public accountability role.	Medium
11	39	The Department should consider 'accounting officer training' for all existing and newly appointed Chief Financial Officers in local government.	Medium
12	42	Terms of reference for the SLT should be developed, led by the CEO, and made widely available and put into practice.	High
13	43	In discussion with Officers at the Head of Service level, the SLT should review its communications channels to ensure they are as effective as possible.	High
14	44	The SLT periodically evaluates the effectiveness of its role as a corporate leadership team to seek continuous improvement.	High
15	47	Leadership of the Council should seek, early in the life of the newly elected Council, to take a new approach to strengthen relationships between all Members.	Urgent

No.	Para. Ref.	Recommendation	Priority
16	48	The CEO should seek, early in the life of the newly elected Council, to take a new approach to strengthen professional relationships between Members and Officers and Members should be reminded of their obligations under their Code of Conduct.	High
17	58	The Council should revisit its Corporate Strategy and review its currency, given its original aspirations.	High
18	58	The Council should review the validity of the projects and indicators in the Corporate Strategy as measures of achieving its intended outcomes; dedicates time to review progress of the Plan; and take any remedial action if required.	High
19	61	Inclusion of Council decisions, as the governing body, is considered in the next revision of the Council's Scheme of Delegation.	Low
20	66	Members should be reminded of the decision-making principles included in the Code of Conduct which should be reinforced more rigorously.	High
21	72	The Council should review its management structure at tiers 1-3 with the objective of maximising use of its resources to meet its longer-term objectives.	High
22	75	The Councils should take steps to strength its leadership capacity and capability.	Urgent
23	79	The Council should consider the costs and benefits of evaluation of its training to help determine the impact that it makes.	Medium
24	82	The Council should take a longer-term approach to its people development by developing a strategy that will support achievement of its corporate objectives.	Medium
25	85	The Council should develop its Officer induction programme further to highlight the softer governance requirements such the Councils values, behaviours and culture.	Medium
26	87	The Council should consider the need for senior leadership development and how this may be best met.	Medium
27	88	The Council should explore the most effective way of evaluating its training activities for Officers to prove that needs are being met and that the desired impact is achieved.	Medium
28	96	Members of the Council who are in leadership positions, e.g. Chairs of the Council and its Committees as well as Party Leaders, should take appropriate actions to enforce the values of the Council as well as enforce the Code of Conduct.	High
29	97	The Chief Executive should take action to enforce the respective roles of Members and Officers, strengthen relationships and to protect Officers if required.	High
30	102	The Council takes appropriate steps to raise awareness of ethical policies and procedures such as gifts and hospitality, raising concerns, and conflicts of interest to ensure that Members and Officers take personal responsibility for their application.	Medium

No.	Para. Ref.	Recommendation	Priority
31	106	The Council should take steps to implement the intended corporate reporting arrangements set out in its strategy.	High
32	110	The Council should oversee a timely and systematic implementation of the improvements to performance management recommended by internal and external auditors.	Medium
33	115	The Council should review the value of the PCDR system and considers alternative options that will strengthen leadership and management and help to achieve the system's aims and objectives.	High
34	118	The Council should refresh its risk management strategy with a view to updating it with latest good practice and ensuring that it can be implemented as a practical tool to help management.	High
35	118	The risk management strategy should be reviewed annually overseen by the Audit Committee e.g. as a standard item on its agenda.	High
36	120	The need to effectively manage risks should be included in the Council's Constitution as well as in the terms of reference for its Committees and Scheme of Delegation for Officers.	High
37	121	The Council should review its corporate risk register, in particular making risk ownership more specific and assessing the effectiveness of the impact of mitigations.	High
38	122	As a priority, the Council, through the Audit Committee, should seek evidence-based assurances that the risk management recommendations of internal auditors have been implemented at the earliest opportunity.	High
39	126	Minutes from the Financial Management Team meetings should be provided to the Finance Committee to give financial management assurances and allow the Committee to consider more strategic financial matters.	High
40	129	The Council should complete its financial planning process as early as possible to enable the Medium Term Financial Plan to be used as a basis for a five-year financial plan from 2023/24 onwards.	High
41	130	The Council should provide a business case to help consider creating a Director of Finance post on a permanent basis in line with the previous review of the structure.	High
42	131	The Council should review its current rate-setting process to integrate lessons learned, including the timetable, for 2024/25.	High
43	132	The Council should undertake an analysis of financial skills at Head of Service level and above to identify the development needs	Low
44	137	The Council should upload the current Anti-Fraud policy to its website.	Low
45	146	The Audit Committee should seek assurances that a fresh approach is taken to future Annual Governance Statements considering the above observations along with those highlighted by NIAO's 2021/22 Report To Those Charged With Governance.	Medium
46	148	The Council should review the model of internal audit provision to ensure the Council obtains the most effective model of provision and maximises value for money.	Medium
47	149	The Council should amend its organisation structure to provide the Audit Risk & Governance Manager with sufficient position, status and independence to enable provide the required assurances and help the Council meet its objectives, as well as to confirm to good governance standards.	High



No.	Para. Ref.	Recommendation	Priority
48	150	The Council should validate the risks it faces and ensure that future Internal Audit Plans are consistent with the Council's risk profile.	High
49	155	The Audit Committee should monitor progress of the prior year audit recommendations implementation plan, seeking evidence of effective implementation of recommendations.	High
50	156	The Audit Committee should consider an alternative methodology to evaluate its effectiveness so it can be based upon more substantive feedback and analysis.	Medium
51	160	The Council should take steps to ensure the proper use of social media is reinforced with clear sanctions against any misuse.	High
52	163	The Council should receive assurances that the citizen survey feedback results are impacting on improvements to service delivery.	Medium

### Interpretation of Priorities

Urgent	To be addressed immediately. If these priorities are not addressed, there is a risk that other recommendations may not be implemented or of further governance failures.
High	A need to have some of the governance basics such as policies and plans working effectively at pace, e.g. within the next 6-9 months.
Medium	Recommendations that are not critical but will help to add value to, and provide greater assurances to stakeholders of, the Council's governance arrangements e.g. over a 9-18 month period.
Low	Are desirable, not critically essential, but helps to tidy up governance arrangements. May be done fairly easily and quickly or can be left for the longer-term.

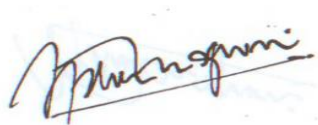
## Tribute and Personal Statement

The terms of reference for this review emphasises the independent nature of the Review. This need was re-emphasised to me at meetings with Departmental Officials, Members of the Council's Implementation Team and some Council Officers and Members.

I can confirm that the work undertaken in the Review by me and my associate, including the feedback and reporting processes, was wholly independent and not subject to any form of influence by Council Officers or Members.

I would like to pay tribute to the professional oversight of this Review by the Council's Implementation Team and the team's adviser Elma Murray. I would also like to put on record my thanks for the cooperation and timely response of those Council Officers and Members who contributed to this Review and who promptly provided the required information.

I would also like to confirm that, prior to and during this Review, I have no conflicting interests or conflicting loyalties with Causeway Coast and Glens Borough Council and have acted as best I can in the interests of the residents and users of the Council's services.



Stephen G Mungavin



**INTERNATIONAL FRAMEWORK:  
GOOD GOVERNANCE IN THE PUBLIC SECTOR**  
EXECUTIVE SUMMARY



International  
Federation  
of Accountants®

**CIPFA** / The Chartered Institute of  
Public Finance & Accountancy

# International Framework: Good Governance in the Public Sector

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.

## Purpose of the Framework

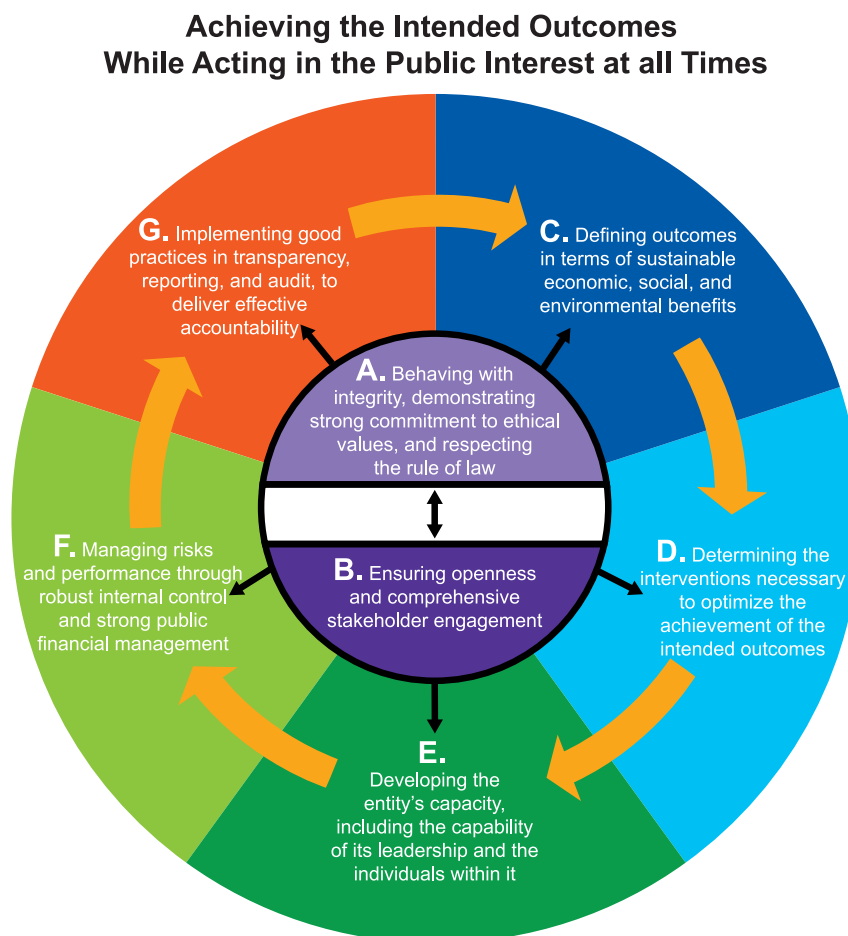
The aim of *Good Governance in the Public Sector* (the Framework) is to encourage better service delivery and improved accountability by establishing a benchmark for aspects of good governance in the public sector. It is intended to apply to all entities that comprise the public sector.

The Framework is not intended to replace national and sectoral governance codes. Instead, it is anticipated that those who develop and set governance codes for the public sector will refer to the Framework in updating and reviewing their own codes. Where codes and frameworks do not exist, the Framework will provide a powerful stimulus for positive action.

The real challenge for public sector entities, however, remains in the implementation of such codes and frameworks, as it is often their application that fails in practice. The supplement to the Framework provides more detailed explanatory material for each of the principles—a series of examples, evaluation questions, and references to other sources of information. The aim is to assist public sector entities in interpreting the principles in a way that is appropriate to their structures, taking account of the legislative and constitutional arrangements that underpin them.

## Principles for Good Governance in the Public Sector

The diagram 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.



The core, high-level principles characterizing good governance in the public sector set out above bring together a number of interrelated concepts. Principles C to G are linked to each other via the “plan-do-check-act” cycle.<sup>1</sup>

<sup>1</sup> The “Plan-Do-Check-Act Cycle,” also called the Deming Cycle, is an iterative management process organizations typically use for the control and continuous improvement of processes and products. For more information, see the International Organization for Standardization’s website [www.iso.org/iso/home.html](http://www.iso.org/iso/home.html)

## Implementing the Principles

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times, consistent with the requirements of legislation and government policies, avoiding self-interest and, if necessary, overriding a perceived organizational interest. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders. It therefore requires:

<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p>	<p>Public sector entities 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. Public sector entities are accountable to legislative bodies for the exercise of legitimate authority in society. This makes it essential that each entity as a whole can demonstrate the appropriateness of all of its actions and has mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p>	<p>As public sector entities are established and run for the public good, their governing bodies 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>

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:

<p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p>	<p>The long-term nature and impact of many of the public sector's responsibilities mean that it should define and plan outcomes and that these should be sustainable. The governing body should ensure that its decisions further the entity'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><b>D. Determining the interventions necessary to optimize the achievement of the intended outcomes</b></p>	<p>The public sector achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of interventions is a critically important strategic choice that governing bodies of public sector entities have to make to ensure they achieve their intended outcomes. Public sector entities 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><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p>	<p>Public sector entities 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 governing body must ensure that it has both the capacity to fulfill its own mandate and to make certain that there are policies in place to guarantee that an entity's management has the operational capacity for the entity as a whole. Because both individuals and the environment in which an entity operates will change over time, there will be a continuous need to develop the entity's capacity as well as the skills and experience of the leadership of individual staff members.</p>
<p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p>	<p>The governing bodies of public sector entities need to ensure that the entities 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 an entity's outcomes.</p> <p>A strong system of financial management is essential for the implementation of public sector policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p>
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p>	<p>Accountability is about ensuring that those making decisions and delivering services are answerable for them, although the range and strength of different accountability relationships varies for different types of governing bodies. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the entity plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>

The *International Framework: Good Governance in the Public Sector* was developed jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants® (IFAC®). The full Framework is available on the CIPFA and IFAC websites, [www.cipfa.org](http://www.cipfa.org) and [www.ifac.org](http://www.ifac.org).

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3 Robert Street, London, WCN 6RL, United Kingdom  
T +44 (0)20 7543 5600 F +44 (0)20 7543 5700  
[www.cipfa.org](http://www.cipfa.org)



529 Fifth Avenue, 6th Floor, New York, NY 10017  
T +1 (212) 286-9344 F +1 (212) 286-9570  
[www.ifac.org](http://www.ifac.org)