

Building Governance and Trust



“ In the current climate of fear, in which citizens are crying out for an honest and reassuring voice, a robust and transparent approach to governance can instil a much needed sense of stability, reassuring communities that the institutions they depend on are still very much alive and working on their behalf.

Joanne Pitt
CIPFA Local Government
Policy Manager





Introduction

Governance provides the control framework in which public sector organisations operate, setting boundaries, and probing and testing decisions and processes.

Assurance arrangements, internal audit and proper scrutiny are essential for ensuring that the decisions made are the right ones. Through good governance, public organisations are able to demonstrate their values, such as integrity, fairness and transparency, as well as their competence in delivering public services efficiently and reliably.

By ensuring that strong governance processes are in place, public sector bodies are also able to build trust with their communities. This support from both individuals and businesses is necessary for the development of policies and the implementation of reform.

Going forward, as governments tackle, and ultimately seek to recover from, the financial impact of COVID-19, internal and external governance will be subject to fresh tests and challenges. This means that public finance professionals must be more prepared than ever to adapt to new and evolving regulations as they seek to make a lasting, positive change to the communities they are a part of.



Why does it matter?

Citizens around the world rightly expect the stewards of their taxes to conduct themselves with high levels of integrity and want to see that integrity reflected in how public money is managed. Coupled with this is ever-increasing scrutiny of public sector organisations, as well as increasing demands for transparency and accountability regarding the use of public funds.

By ensuring that a strong governance process is in place across all levels of an organisation and its operations, public sector bodies can demonstrate that the decisions they take are the right ones for their communities, and, when necessary, it also helps guide corrective action.

The challenges

In today's environment, there is ever-greater scrutiny of public sector organisations and their use of public funds. As well as delivering services within tighter financial constraints, governments and other public sector bodies are likely to face renewed and increasing demands for transparency and accountability from citizens and wider stakeholders, including calls for robust data management that disclose all financial activities affecting revenue, spending and borrowing.

Governance challenges are complex and often interwoven. They include:



Public service delivery

Collaborative arrangements, trading and partnerships within public sector organisations are complex, affecting the clarity of accountability and thus presenting challenges for governance and assurance.



Increased responsibilities and workload

With additional demand and pressures on employees, organisations face an increased risk of human error and potential skills gaps in maintaining adherence to best practice and procedures.



The shifting landscape of fraud, corruption and bribery

The acceleration of the move to digital since the start of the pandemic means that organisations face fresh challenges in identifying and controlling fraud, bribery and corruption across their operations.



Tighter budgets and resources

The need to do more with less places extra strain on an organisation to balance its allocation of funds and assets, including its workforce, while maintaining expected services levels.



An increased demand for transparency and accountability

Public sector bodies will continue to face tougher calls for openness in their practices from stakeholders and at audit.

How can CIPFA help?

CIPFA is the global leader in financial management and governance. We play a vital role in the development of policy and technical guidance, financial reporting and audit across the public finance profession.

Against this backdrop, we help both our members and other public finance professionals to respond to change by having the skills, systems and processes in place to develop robust internal audit and governance frameworks.



Advisory and consultancy

Our advisory and consultancy team support public sector organisations in being appropriately constituted and structured to operate within the required governance framework. Through our range of review, assessment and support services such as the CIPFA FM Model and PSIAS reviews for internal audit, our external approach can assist in providing an assessment and assurances for all stakeholders that financial governance and systems of control are working effectively and adhering to statutory compliance.



Audit committee support

Audit committees are a vital part of an organisation, supporting good governance, strong public financial management and effective internal and external audit. CIPFA considers that a dedicated and effective audit committee is important for all public sector bodies. We have therefore developed a range of resources to guide and support both the members of an audit committee and those interacting with the committee.

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Better Governance Forum

CIPFA's Better Governance Forum is a key way to keep you at the forefront of UK public sector governance issues. This forum is focused on providing support and advice to auditors, governance officers, public body board members and all those with an interest in the good governance of their organisation.



Publications

CIPFA's international standards, codes of practice and guidance on internal audit and governance aim to help the public sector maintain the highest possible standards in financial reporting. These titles range from *Delivering Good Governance in Local Government: Framework* (2016) to *Successful Collaborations in the Public Services: The Role of Internal Audit* (2021).



Lifelong learning

Across our educational programmes, there is a focus on corporate governance, ethical principles and risk management. Supporting new starters and seasoned leaders alike, our training and educational programmes are designed to equip both individuals and teams with an increased awareness of governance responsibilities, the high ethical standards of conduct expected, plus frameworks to implement these controls.

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