



CODE OF CONDUCT FOR MEMBERS OF THE AUDIT SCOTLAND BOARD

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Introduction

1. The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties for the public body. You must meet those expectations by ensuring that your conduct is above reproach.

Guidance on the Code of Conduct

2. You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.
3. The Code has been developed in line with the key principles listed in paragraph 4 and provides additional information on how the principles should be interpreted and enforced in practice. No written information can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the Secretary.

Key principles of the Code of Conduct

4. The general principles upon which this Code of Conduct are based are:
 - **Public service**
You have a duty to act in the interests of Audit Scotland and in accordance with the core tasks of that body
 - **Selflessness**
You have a duty to take decisions solely in terms of public interest You must not act in order to gain financial or other material benefit for yourself family or friends
 - **Integrity**
You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties
 - **Objectivity**
You must make decisions solely on merit when carrying out public business

- **Accountability and stewardship**
You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that Audit Scotland uses its resources prudently and in accordance with the law
 - **Openness**
You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands
 - **Honesty**
You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest
 - **Leadership**
You have a duty to promote and support these principles by leadership and example, to maintain and strengthen the public's trust and confidence in the integrity of Audit Scotland and its members in conducting public business
 - **Respect**
You must respect fellow members of Audit Scotland and its employees and the role they play; treating them with courtesy at all times.
5. You should apply the principles of this Code to your dealings with fellow members of Audit Scotland and its employees.

General conduct

Relationship with employees of Audit Scotland

6. You will treat any staff employed by Audit Scotland with courtesy and respect. It is expected that employees will show you the same consideration in return.

Gifts and hospitality

7. You must never canvass or seek gifts or hospitality.
8. You must not accept any offer by way of gift or hospitality which could give rise to a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. The term 'gift' includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public. You should also take action to

ensure that if any gift is received by your spouse or cohabitee, or by any company in which you have a controlling interest, or by a partnership of which you are a partner, that there can be no reasonable perception that any such gift can, or would, influence your judgement.

9. You are responsible for your decisions connected with the offer or acceptance of gifts or hospitality and for avoiding the risk of damage to public confidence in Audit Scotland. As a general guide, it is usually appropriate to refuse offers except:
 - isolated gifts of a trivial character or inexpensive seasonal gifts such as a calendar or diary, or other simple items of office equipment of modest value
 - normal hospitality associated with your duties and which would reasonably be regarded as inappropriate to refuse.
10. You must not accept repeated hospitality from the same source.
11. You must declare the acceptance of any gifts or hospitality received by you in your capacity as a member of Audit Scotland to the Director of Corporate Services who will record the declaration in a register kept for that purpose.

To assist Members the following guidance indicates items that **do not** require recording or disclosure:

- Working lunches at audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies
- Meals and accommodation incidental to the attendance at conferences, seminars and workshops

Items that **do** require disclosure would therefore include:

- Meals in external restaurants whether working or not
- Attendance at functions organised/hosted by professional bodies eg Institute Annual Dinners
- Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees eg gallery viewings.
- Functions where the focus of the event is an awards ceremony which involves a public sector element
- Meals paid for by visiting delegations from other audit offices and Parliaments/Governments

Confidentiality Requirements

12. There may be times when you will be required to treat discussions, documents or other information relating to the work of Audit Scotland in a confidential manner. You will often receive information of a private nature which is not yet public, or

which perhaps would not be intended to be public. There are provisions in other legislation on the categories of confidential and exempt information and you must always respect and comply with the requirement to keep such information private.

13. It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purpose of personal or financial gain, or used in such a way as to bring Audit Scotland into disrepute.

Appointment to partner organisations

14. You may be appointed, or nominated by Audit Scotland, as a member of another body or organisation. You are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.
15. Members who become directors of companies as nominees of Audit Scotland will assume personal responsibilities under the Companies Acts. It is possible that conflicts of interest can arise for such members between the company and Audit Scotland. It is your responsibility to take advice on your responsibilities to Audit Scotland and to the company. This should include questions of declarations of interest.

The Register of Interests

16. The purpose of the Register of Interests is to provide information about certain financial and non-financial interests which might reasonably be thought by others to influence actions taken in your capacity as a member of Audit Scotland.

Registration of Interests

Introduction

17. The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. You must at all times ensure that these interests are registered; when you are appointed and whenever your circumstances change which may mean a requirement to give effect to change or an addition to your entry in the Register. It is a breach of this Code not to comply with these recommendations.

The categories of Registrable Interest

18. This Code sets out the categories of interests which you must register. These categories are listed below with explanatory notes designed to help you decide what is required when registering your interests under any particular category.

Remuneration

19. You have a Registrable Interest:
- Where you receive remuneration by virtue of:
 - being employed
 - being self-employed
 - being the holder of an office
 - being a director of an undertaking
 - being a partner in a firm
 - undertaking a trade, profession or vocation or any other work
 - Remuneration received as a member of a public body should be registered
 - You do not fall within first sub-paragraph solely by virtue of being a member of Audit Scotland.
20. If a position is not remunerated it does not need to be registered under this category. However, you must note that unremunerated directorships may need to be registered under the category of 'Related undertakings'.
21. If you receive any allowances in relation to membership of any organisation, the fact that you draw such an allowance must be registered.
22. When registering employment, you must not only give the name of the employer and the nature of its business, but also indicate the nature of the post held in the organisation or the services for which the organisation remunerates you.
23. When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.
24. When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and give a broad indication of its business.
25. Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication and the frequency of articles for which you are paid.

26. Registration of a pension is not required as this falls outside the scope of the category. However, if you wish, a pension may be registered under the 'Miscellaneous' category.

Related undertakings

27. You have a Registrable Interest:
- Where you are a director of a related undertaking but do not receive remuneration as such a director
 - For this purpose, a related undertaking is a parent or subsidiary undertaking of an undertaking of which you are a director and receive remuneration as a director.
28. You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.
29. You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.
30. Any other unremunerated directorships do not require to be registered but they may be registered in the 'Miscellaneous' category.

Contracts

31. You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in 35 below) have made a contract with the public body of which you are a member:

- Under which goods or services are to be provided, or works are to be executed; and
- Which has not been fully discharged.

32. You must register a description of the contract, including its duration, but excluding the consideration.

Heritable property

33. You have a Registrable Interest:

- Where you own or have any other right or interest in heritable property including your main home or any holiday home in Scotland
- For the purposes of this paragraph, 'heritable property' means land or any right or interest in or over land, including houses and other buildings and a lease of property.

34. You are required to indicate the location of any registrable heritable property.

Interest in shares and securities

35. You have a Registrable Interest:

- Where you have an interest in shares comprised in the share capital of a company or other body, whether that interest is held by a relevant person, and the nominal value of the shares at the relevant date is:
 - greater than one percent of the issued share capital of the company or other body
 - greater than £25,000
- Where you have an interest in shares comprised in the share capital of a company or other body at the date on which you became a member of Audit Scotland or, if later, the date of this Code coming into effect, the relevant date is:
 - that date
 - the 5 April immediately following that date and in each succeeding year, where the interest is retained on that 5 April
- Where you acquire an interest in shares after the date on which you became a member of Audit Scotland or, if later, the date of this Code coming into effect, the relevant date is:
 - the date on which the interest in shares was acquired
 - the 5 April immediately following that date and in each succeeding year, where the interest is retained on that 5 April
- For the purposes of this paragraph, a 'relevant person' is a person who is subject to your control or direction in respect of an interest in shares.

36. The issue of the 'relevant date' is important in understanding when an interest in shares becomes a Registrable Interest. In terms of the Code, the nominal value of shares needs to be taken into consideration only at the 'relevant date'. For example, where you owned shares in a company on 1 December 2000 which had a nominal value of £20,000 and subsequently acquired an interest in shares with a nominal value of more than £5,000, the total interest in shares would now have

a nominal value of more than £25,000, but you would only be required to register this interest in shares at the next 5 April. However, if at any time after 1 December 2000 you acquire shares with a nominal value of more than £25,000 that would need to be registered straight away.

37. If you have any other shareholdings which are not registrable, you may wish to register them in the 'Miscellaneous' category.

Non-financial Interests

38. You may also have significant non-financial interests and it is equally important that relevant interests such as membership or holding office in clubs; societies and organisations, such as voluntary organisations, are registered and described. In this context, these interests are those non-financial interests which members of the public might reasonably think could influence your actions, speeches or votes in conduct of Audit Scotland's business.

Declaration of interests

Introduction

39. The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of Audit Scotland. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.
40. Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in Audit Scotland and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason. If you would have to declare interests frequently at meetings, membership should not be accepted. Similarly, if your appointment would involve you in regular contact with organisations or individuals with whom there is an involvement or affiliation which might give rise to any suspicion of bias, you should not accept such an appointment.
41. Appointment to Audit Scotland because of a legitimate personal rather than non-business or financial interest can be appropriate where the principle of declaration is adopted at all times.
42. Where you have a registrable interest, as described in this Code, whether financial or non-financial which would prejudice or give the appearance of prejudicing your ability to participate in a disinterested manner in proceedings of

Audit Scotland relating to a particular matter you must, before otherwise participating in those proceedings, make an oral statement in those proceedings declaring the nature of the registrable interest. Similarly, even if an interest which you have is not a registrable interest but relates to any matter under consideration by Audit Scotland at which you are present, then you must always declare that interest. Interests which require to be declared include private and personal interests as well as financial interests and also include the interests of your family and friends as well as those arising through association with clubs, societies and other organisations.

43. If an interest which you have registered ceases, so that it is no longer a Registrable Interest, the interest need not be declared. However, it may be considered that such a former interest could influence your participation in a debate and, although you are not strictly required to do so, you may wish to make a declaration stating that you used to have a Registrable Interest in the matter.

Declaration of Non-Registrable Interests

44. Where an interest that you have is not a Registrable Interest but relates to any matter to be considered by Audit Scotland at any meetings at which you are present, then you should declare an interest. These include interests arising through association with clubs, societies and other organisations. In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest.
45. If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution.
46. The consideration described above should be applied to the non-financial interests of a spouse or cohabitee where these are known and decisions on declaration of these interests should be made accordingly.

Oral declaration

47. Where you have a Declarable Interest, you are required to make an oral statement declaring the nature of the interest. It is important to declare a Declarable Interest at the moment when it is most appropriate to do so. A declaration should be brief but sufficiently informative to enable a listener to understand the nature of your interest. It is not necessary to rehearse all the

details of an interest which may appear in the your entry in the Register of Interests if this is more than is required to explain the nature of the interest.

Lobbying and access to members of public bodies

Introduction

48. In order for Audit Scotland to fulfill its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which Audit Scotland conducts its business.
49. You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies; those they represent and interest groups.

Rules and guidance

50. You must not, in relation to contact with any person or organisation who lobbies, do anything which contravenes this Code of Conduct or any other relevant rule of Audit Scotland or any statutory provision.
51. You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon Audit Scotland.
52. The public must be assured that no person or organisation will gain better access to, or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of Audit Scotland.
53. Before taking any action as a result of being lobbied, you should seek to satisfy yourself about the identity of the person or organisation who is lobbying and the motive for lobbying. You may choose to act in response to a person or

organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.

54. You should not accept any paid work:
- which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation
 - to provide services as a strategist, adviser or consultant, for example, advising on how to influence Audit Scotland and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of Audit Scotland, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.
55. If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of Audit Scotland.

Definitions

1. “remuneration” includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.
2. “undertaking” means:-
 - (a) a body corporate or partnership; or
 - (b) an unincorporated association carrying on a trade or business, with or without a view to a profit.
3. “group of companies” has the same meaning as “group” in section 262(1) of the Companies Act 1985. A “group”, within s262(l) of the Companies Act 1985, means a parent undertaking and its subsidiary undertakings.
4. “a person” means a single individual or legal person and includes a group of companies.
5. “any person” includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.
6. “spouse” does not include a former spouse or a spouse who is living separately and apart from you.
7. “cohabitee” includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.