# International Framework:
# Good Governance in the Public Sector

## 2026 Edition

IFAC — International Federation of Accountants®

CIPFA

# International Framework: Good Governance in the Public Sector – 2026 Edition

**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.**

Good governance is fundamental to the ability of public sector entities to serve the public interest with integrity, transparency, and accountability. It is essential to building and maintaining trust in public institutions and addressing the risks of fraud and corruption.

Anchored in clearly articulated values, proportionate processes and controls, and a strong respect for the rule of law, good governance supports inclusive engagement with stakeholders, informed decision-making, and economic, efficient and effective use of public resources.

Effective leadership is central to good governance and essential to public sector entities in delivering positive outcomes in accordance with their mandates across the sector, region, or jurisdiction. Although precise structures vary, leadership in all public sector entities requires the collective direction provided by both the governing body and the management team.[1] Together, they form the leadership team that guides the entity's purpose, values, and strategic priorities.

Public sector entities provide accountability for their actions and create long-term public value by focusing on sustainable economic, social, and environmental outcomes, while managing risks, opportunities, and performance through robust internal controls. Ultimately, good governance enables public sector entities to deliver meaningful outcomes for current citizens while protecting the interests of future generations.

## Background to the 2026 Edition

This document is an update to the International Framework: Good Governance in the Public Sector (the Framework), originally published by IFAC and CIPFA in 2014. The revised Framework remains principles based and structured around seven high-level, interrelated principles for good governance. It is intended to apply to all entities in the public sector.

The update reflects developments over the last decade and ensures the relevance of the Framework in the context of the current environment, including progress in public sector sustainability reporting. The document has been made more concise, practical and action oriented, while preserving its core purpose of encouraging better service delivery and improved accountability by establishing an international benchmark for aspects of good governance.

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[1] *The Framework is principles based and uses the term leadership team to collectively refer to both the governing body and the management team. The Framework uses the term management team where the activity is generally an executive function. How the overall principles are applied will vary depending on the structure of each entity.*

## USING THE FRAMEWORK

The Framework recognizes the variation in legislation, structures, and governance models across jurisdictions and sectors, and is therefore designed to be adaptable, allowing entities to interpret and apply the principles within their specific mandates, structures, and legal contexts.

Each of the seven principles is now accompanied by a set of questions designed to prompt critical thinking and meaningful discussion among leadership teams. These questions are not exhaustive or intended to be a prescriptive compliance checklist. The intent is for the Framework to be used as a diagnostic and developmental tool to support entities and those reviewing or advising them in assessing governance practices. An initial diagnostic exercise will identify areas of strength, and areas to be addressed in an improvement plan. The Framework can also be used for ongoing monitoring and reviews.
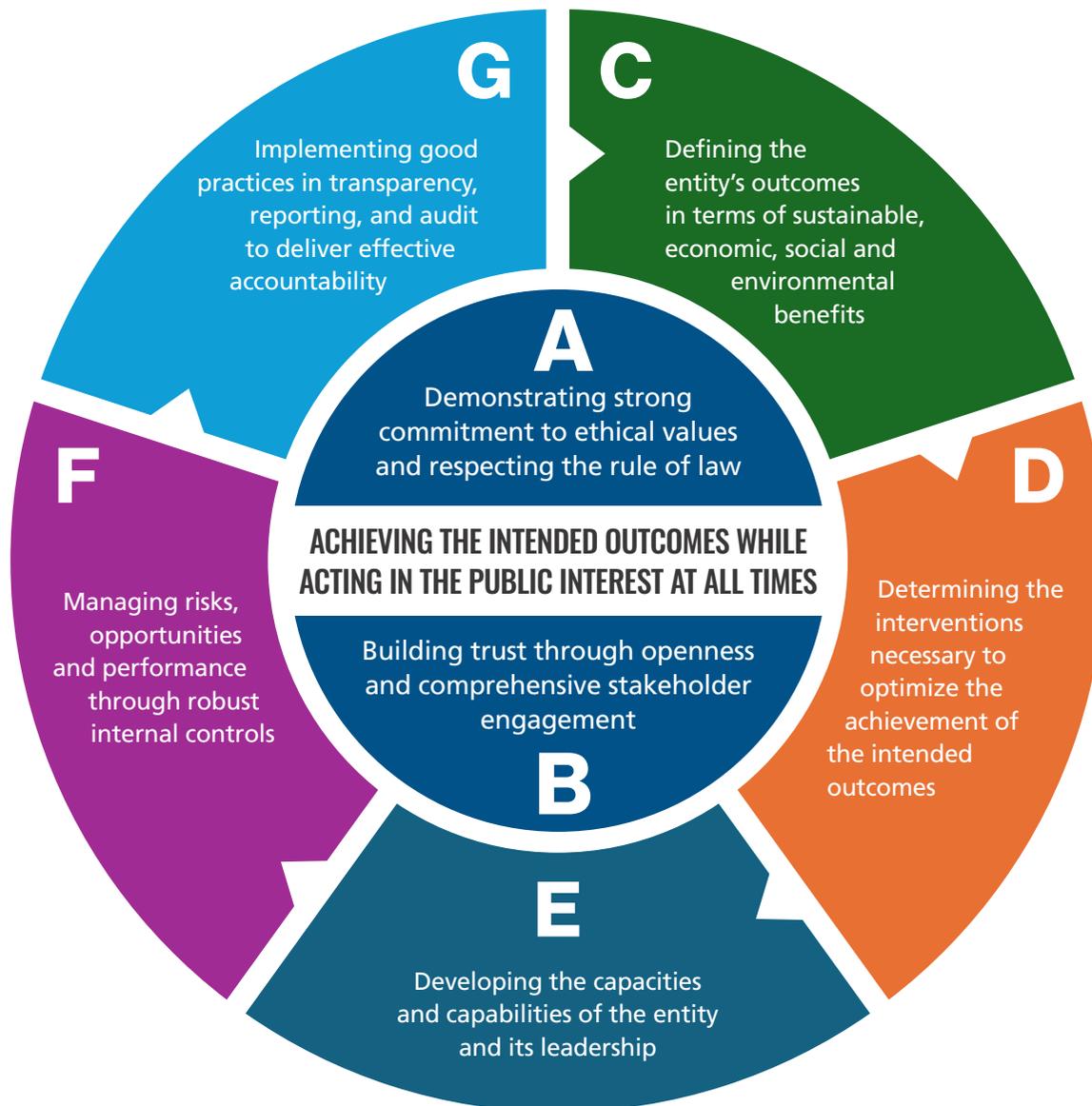
The Framework does not seek to replace jurisdictional or sectoral governance codes. Instead, it serves as a useful reference to those developing, updating, or reviewing such codes.

# Seven Principles of Public Sector Good Governance

This diagram 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.

**G** Implementing good practices in transparency, reporting, and audit to deliver effective accountability

**C** Defining the entity's outcomes in terms of sustainable, economic, social and environmental benefits

**A** Demonstrating strong commitment to ethical values and respecting the rule of law

**ACHIEVING THE INTENDED OUTCOMES WHILE ACTING IN THE PUBLIC INTEREST AT ALL TIMES**

**F** Managing risks, opportunities and performance through robust internal controls

**B** Building trust through openness and comprehensive stakeholder engagement

**D** Determining the interventions necessary to optimize the achievement of the intended outcomes

**E** Developing the capacities and capabilities of the entity and its leadership

# Wider Uses of the Framework

**Governance and Sustainability Reporting**

The Framework addresses all aspects of good governance in the public sector and in view of the priority now given to addressing climate change and other sustainability issues, the principles have been mapped to the four thematic areas underpinning international standards issued by the IFRS Foundation's International Sustainability Standards Board (ISSB) and the International Public Sector Accounting Standards Board (IPSASB). This alignment demonstrates consistency with internationally recognized standards and highlights the role of governance in enabling effective responses to sustainability and climate-related challenges.

**Other Potential Uses**

While the primary focus of the Framework is governance, it can also be applied more broadly. Entities may find it valuable when considering developments in areas such as organizational accountability, and long-term strategic planning. By extending its application beyond governance, the Framework can help institutions respond more effectively to evolving expectations and emerging global challenges.

| THEMATIC AREA | PRINCIPLE |
|---|---|
| GOVERNANCE | Principle A |
| | Principle B |
| STRATEGY | Principle C |
| | Principle D |
| | Principle E |
| RISK, OPPORTUNITIES & OUTCOME MANAGEMENT | Principle F |
| METRICS & REPORTING | Principle G |

## PRINCIPLE A: DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW

Public sector entities are accountable for the outputs and outcomes they achieve and how they use their resources to deliver these. An entity's leadership team must therefore demonstrate the appropriateness of their actions, and ensure they foster a culture that encourages and enforces adherence to ethical values and respect for the rule of law. Equally important is the leadership role that public sector entities themselves play within society. This dual responsibility to lead internally with integrity and to lead externally by example underpins the legitimacy and effectiveness of public institutions in serving society.

### A1: Demonstrating strong commitment to ethical values

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| **Establishing, communicating, and modeling the core values** - to embed them across the organization and in actions and decision-making. | • To what extent are integrity, objectivity, and honesty reflected in the entity's core values?<br><br>• How does the leadership team communicate its commitment to ethical values to staff, external stakeholders (including suppliers and service providers), and the public?<br>  – *This includes articulating how and why the values go beyond minimum legal requirements.*<br><br>• How does the leadership team ensure they themselves consistently apply these values when making key decisions, particularly in challenging situations?<br>  – *This includes how the governing body ensures that decisions are made objectively, without personal interests influencing the outcome.* |
| **Providing supporting mechanisms** – to reinforce ethical values and ensure that valid concerns are promptly addressed. | • How are the core values embedded in key documents and processes including:<br>  – Codes of conduct, policies, and strategic plans?<br>  – Training, performance evaluations, and recognition programs?<br><br>• What whistleblowing processes are in place for staff to confidentially report nonethical behavior of a governing body member or another staff member?<br><br>• What safeguards are in place to reassure individuals raising concerns that whistleblowers will be protected from any potential negative repercussions? |

### A2: Respecting the rule of law

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| **Complying with laws and regulations** - to demonstrate a strong commitment to the rule of law and avoid corruption. | • How does the leadership team ensure that the entity complies with all relevant laws, regulations, and policies?<br><br>• What processes are in place to monitor changes in legal and regulatory requirements, and how are these communicated across the entity?<br><br>• How does the entity identify, investigate, and address breaches of legal or regulatory provisions, including those involving senior leaders?<br><br>• What steps are being taken to prevent corruption, misuse of power, or conflicts of interest? |

**B**

## PRINCIPLE B: BUILDING TRUST THROUGH OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

**To maintain public trust and confidence, the leadership of public sector entities should ensure openness in their activities with clear, trusted channels of engagement with all relevant stakeholder groups, including other delivery partners.**

### B1: Openness

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| **Being as open as possible** – about their decisions, actions, plans, resource use, forecasts, outputs, and outcomes. | • Does the entity have a formal policy on openness, and to what extent does this align with national and/or government-wide requirements?<br><br>• In practice, how is a culture of openness fostered so that decisions are documented, made publicly accessible, and accompanied by timely explanations of the rationale, impact, and expected outcomes?<br><br>• How does the leadership team determine when withholding information is necessary to protect the wider public interest and make sure restrictions are only applied when clearly justified?<br><br>  – *Such as for reasons of national security, international relations, business confidentiality, or personal data protection.* |

### B2: Engaging relevant stakeholders

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| **Actively consulting citizens, service users and other stakeholders** – in an open, balanced and objective way. | How does the leadership team:<br><br>• Determine the types of issues to consult on, who to consult, when, and how?<br><br>• Obtain feedback from all relevant types of stakeholders, so that no single stakeholder group is disadvantaged, or dominates the consultation process, and that shorter- and longer-term perspectives are considered?<br><br>• Ensure the views and experiences of all relevant stakeholders both internally and externally are evaluated in a fair and effective way, and decisions made are communicated?[2] |

### B3: Working effectively with other delivery partners

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| **Building strong relationships with relevant public, private and not for profit entities** – to improve services and outcomes. | • How does the leadership team explore opportunities to work with partners to achieve their outcomes and make best use of resources?<br><br>• How does the leadership team ensure that responsibilities and accountabilities in joint initiatives are clearly defined, documented, and supported by appropriate governance and oversight? |

[2] As per Principle *G1: Being transparent*

## PRINCIPLE C: DEFINING THE ENTITY'S OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

**The long-term nature and impact of many of the public sector's responsibilities mean that the entity's leadership team should set sustainable delivery outcomes. Their decisions should further the entity's purpose, and contribute to delivery of its intended outcomes, while remaining within the limits of its authority and the finite resources expected to be available in the short, medium and long term.**

### C1: Clarity of purpose

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| **Providing a clear vision** – in line with the entity's overall purpose. | • How is the entity's vision developed within the context of its remit, overall resources, and engagement with relevant stakeholders?[3]<br><br>• How does the leadership team use the vision and purpose as a basis for the overall strategy, planning and other decisions?<br><br>• How does the leadership team ensure that the entity's vision and purpose are clearly communicated and understood by internal and external stakeholders? |

### C2: Sustainable economic, social and environmental benefits

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| **Setting sustainable and achievable outcomes** in terms of direct economic, social and environmental impacts over the short, medium and long term. | • How have the potential direct economic, social and environmental impacts been identified and integrated into planning, decision-making, and resource allocation?<br><br>• How have the constraints, trade-offs and conflicting factors between achieving the various economic, social, and environmental benefits for different stakeholders been considered and decisions made?<br><br>• To what extent are the entity's defined outcomes maximized by alignment with those of other public sector entities?<br><br>• How are decisions evaluated for their direct short, medium and long-term outcomes? |

### C3: Aligning planned outcomes with delivery capacity

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| **Matching the entity's overall capacity to ensure sustainable service delivery** – to remain within expected resource and other constraints. | • How has the leadership team considered the entity's capacity and constraints to deliver its planned outcomes sustainably?<br><br>• How has the entity built in a sufficient level of resilience to respond to reasonably foreseeable adverse events?<br><br>• What strategies has the entity adopted to manage potential conflicts between its intended longer-term outcomes and any shorter-term factors, such as political cycles? |

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[3] As per Principle *B2: Engaging relevant stakeholders*

## PRINCIPLE D: DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMIZE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

**Leadership teams are responsible for determining the right mix of practical interventions and ensuring they plan their resources to optimize the achievement of their intended outputs and outcomes.**

### D1: Analyzing the range of interventions

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| **Deciding the delivery method** through objective and robust evaluation processes. | • How does the management team analyze and evaluate the full range of possible interventions, including their alignment with the entity's strategic and operational objectives?<br><br>• How does the leadership team assess the economy, efficiency, and effectiveness of the possible options?<br><br>• How are factors, such as cost, expertise, and agreed strategy, balanced when deciding between:<br>  – In-house delivery and external procurement of services?<br>  – "Business as usual" versus "one-off" projects?<br><br>• How does the medium-term financial strategy effectively balance service priorities, affordability, and resource constraints? |

### D2: Optimizing achievement of intended outcomes

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| **Planning specific interventions** – to direct resources to achieve intended outputs and outcomes efficiently and sustainably. | • What organizational planning and control cycles are in place to ensure interventions are well-timed and appropriately resourced within the context of relevant electoral and/or fiscal cycles?<br><br>• How does the budgeting process comprehensively account for the full cost of operations or services over the medium and long term?<br><br>• How will performance be defined and measured for services and projects, and what KPIs and systems will be implemented to track, analyze, and report on their effectiveness and quality?<br><br>• How does the entity adapt planned interventions to address external risks and opportunities, while remaining within its overall operational and financial constraints? |

## PRINCIPLE E: DEVELOPING THE CAPACITIES AND CAPABILITIES OF THE ENTITY AND ITS LEADERSHIP

Public sector entities need appropriate structures, effective leadership and people with the right breadth of skills, qualifications, and mindset. Both governing body and management team, must ensure they maintain and develop their capacities and competencies to meet the systemic and evolving challenges of their operating environments.

### E1: Assessing the entity's evolving needs

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| **Reviewing the impacts of technology, demand, and other relevant trends** – and developing strategies to bridge any potential capacity gaps. | • How does the entity gather information on, and assess the impact of, external change drivers such as stakeholder demand and technological innovation?<br><br>• In response to external change drivers, how does the entity forecast future workforce and investment needs, including exploring opportunities for collaboration and outsourcing?<br><br>• How does the leadership team identify potential gaps between predicted future needs and the entity's current service capacities, and develop appropriate strategies to bridge these? |

### E2: Developing the entity's overall capacity and capabilities

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| **Building a capable and motivated workforce** – to drive performance, innovation and long-term success. | • How do the human capital strategies support effective recruitment, development and retention of diverse talent in the context of<br>  – Internal and external factors?<br>  – Organizational needs?<br>  – The full range of skills from foundational to specialist?<br><br>• What processes are in place to regularly review individuals' performance and development requirements, including for the governing body?<br><br>• How does the leadership team foster a positive culture that engages staff, encourages innovation, and enhances motivation through mechanisms such as reward, recognition, development, and/or opportunities for career progression? |

### E3: Clarifying and filling leadership roles

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| **Defining leadership roles and responsibilities** - between the governing body and management team to balance power and accountability. | • How is the split of decision-making authorities between the governing body and management team formalized?<br><br>• What mechanisms are in place to<br>  – Develop and maintain a shared understanding of their respective roles and responsibilities?<br>  – Identify potential areas of tension, and formulate appropriate strategies to address them?<br><br>• How does the governing body remain independent from the management team? |
| **Ensuring the right leaders in key positions,** including the governing body and management team roles. | • How does the entity support and develop governing body and management team members to ensure they have the expertise and skills needed to fulfill their roles?<br><br>• How does the entity maintain an appropriate leadership team composition to balance strategic drive, financial stewardship, and compliance with laws and regulatory requirements? |

**F**

## PRINCIPLE F: MANAGING RISKS, OPPORTUNITIES AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL

Leadership teams must establish strong risk management and other internal control arrangements to ensure service delivery aligns with objectives, performance is maximized, and financial discipline is enforced.

### F1: Managing risks and opportunities

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| **Navigating risks and opportunities** using an integrated enterprise risk management framework (e.g., COSO's ERM or ISO 31000). | How does the entity:<br>• Embed a structured and responsive approach to risk management into its organizational culture, including leadership and agile decision-making?<br>• Identify, assess, and prioritize a comprehensive range of risks and opportunities to ensure strategic objectives are delivered and decisions aligned with its risk capacity and appetite?<br>• Track, evaluate, and adapt risk responses to ensure ongoing effectiveness? |

### F2: Maximizing performance

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| **Managing service delivery effectively** through appropriate incentives and performance monitoring. | How does the entity:<br>• Incentivize delivery of services and/or projects in line with objectives?<br>• Integrate financial data with non-financial performance indicators to provide a comprehensive view of service delivery?<br>• Identify and address adverse performance promptly?<br>• Ensure the leadership team receive regular, meaningful reports on service delivery progress? |

### F3: Maintaining robust internal controls

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| **Managing data securely** – at all stages. | How does the entity:<br>• Balance data security, privacy, and protection while enabling appropriate data sharing and access for effective service delivery?<br>• Protect the availability, confidentiality, and integrity of its information systems? |
| **Embedding effective management controls** supported by review and compliance activities. | How does the entity ensure:<br>• Clear responsibilities and accountabilities throughout the organization?<br>• That internal controls support strategic and operational processes efficiently while maintaining agility?<br>• Compliance with applicable laws, regulations, and internal policies across all levels of the organization?<br>• Resources are safeguarded against loss, fraud, misuse, and damage? |

### F4: Providing assurance

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| **Implementing monitoring controls and effective internal audit** to provide the entity with oversight of the internal control regime. | • How does the entity gain assurance through management, compliance and oversight of its internal control and risk management systems?<br>• How does internal audit provide independent assurance on governance, risk management, and control processes?<br>• How does the entity ensure that internal audit remains objective, independent, and aligned with its strategic goals? |
| **Establishing and maintaining an effective audit committee** to support and monitor governance, risk and control. | How does the audit committee<br>• Maintain independence from the management team?<br>• Promote effective governance, and oversee risk management and internal control?<br>• Support and oversee the effectiveness of internal and external audit? |

## PRINCIPLE G: IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

**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. Public finance professionals working within organizations-as well as external and internal audit-all contribute to effective accountability.**

### G1: Being transparent

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| **Communicating clearly** - using a variety of methods and channels of communication. | How does the entity: <br><br> • Ensure it communicates its performance, decisions, and use of resources in a clear, understandable and accessible way, tailored to different stakeholder groups? <br><br> • Determine the right amount of information to share, and how regularly across different communication channels? |

### G2: Implementing good practices in reporting

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| **Ensuring high-quality reporting** in line with relevant international standards and guidance. | • How does the entity ensure that its annual public reports provide clear and timely information on performance, value for money, and resource stewardship? *(For example, through integrated reporting)* <br><br> • How does the entity ensure that its performance and financial information is prepared consistently, aligns with high-quality international standards, and allows for meaningful comparisons with similar entities, for example through: <br><br>   – The *International Public Sector Accounting Standards*? <br><br>   – Staying up to date with IPSASB's work to develop international sustainability reporting standards: *Sustainability Reporting | IPSASB*? <br><br> • How does the management team ensure connectivity and consistency between information being reported, particularly where it is prepared by different teams? <br><br> • How does the leadership team take ownership of the reported results and commit to continuous improvement? |

### G3: Assurance and effective accountability

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| **Building trust and accountability** through regular high quality, independent assurance and effective oversight arrangements. | • How does the audit committee ensure that financial, compliance, and sustainability reporting are aligned, integrated and adhere to high-quality international standards? <br><br> • How does the leadership team ensure that appropriate and comprehensive external assurance is obtained? <br><br> • How does the entity ensure that external audit, and other regulatory and inspection findings and recommendations, including those from Supreme Audit Institutions (SAIs) are: <br><br>   – Made publicly available in a timely and accessible manner? <br><br>   – Promptly and effectively addressed? |