

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	20 FEBRUARY 2014
TITLE	SELF ASSESSMENT OF GOVERNANCE ARRANGEMENTS
PURPOSE OF REPORT	TO REPORT TO THE AUDIT COMMITTEE ON THE RESULT OF THE GOVERNANCE WORKSHOP HELD ON 29 JANUARY, AND PRESENT A WORK PROGRAMME FOR THE NEXT 3 MONTHS
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	FOR INFORMATION TO AGREE THE GOVERNANCE ISSUES THAT REQUIRE FURTHER ATTENTION, AND DIRECT THE GOVERNANCE ASSESSMENT WORKING GROUP TO DRAW UP A WORK PROGRAMME THAT HAS BEEN PRIORITISED

1. BACKGROUND

- 1.1 One of the statutory duties of the Audit Committee according to the Local Government (Wales) Measure 2011, is to "**review and assess the authority's arrangements for risk management , internal control and corporate governance**".
- 1.2 At its meeting on 3 December 2013 the Audit Committee was given an update on the work programme of the Governance Arrangements Assessment Group. The main gist of this report was to support the view expressed by the Wales Audit Office in its Annual Improvement Letter of the need to reinforce the role of the Audit Committee, to enable the Committee to challenge the Council's governance arrangements more effectively, and thus better achieve its statutory duty.
- 1.3 As a result of the report, the Audit Committee decided to organise a workshop in January 2014 to conduct a self-assessment of good governance principles. The Workshop was held at the Contact Centre, Penrhyndeudraeth on 29 January.
- 1.4 Seven members of the Committee attended the workshop, including the Chair and Vice Chair. Support was provided to members by the Monitoring Officer, the Senior Manager for Corporate Commissioning Services and Senior Manager Audit & Risk.

2. THE PRINCIPLES OF GOOD GOVERNANCE

- 2.1 The Committee was reminded in December that the Accounts and Audit Regulations (Wales) 2005 (as amended by the Accounts and Audit Regulations (Wales) 2010), CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom, and the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government* (2007) and its Addendum (2012), together impose a statutory requirement on the Council to conduct a review at least once in a year of the effectiveness of its system of governance, and to include a statement on governance with its statement of accounts.

2.2 Gwynedd Council has adopted a Local Code of Governance, based on the 6 CIPFA / SOLACE principles of good governance, which are:

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community, creating and implementing a vision for the local area (including citizens and service users)

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Core Principle 3: Promoting the authority's values and demonstrating the values of good governance by upholding high standards of conduct and behaviour.

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.

Core Principle 5: Developing the capacity and capability of members and officers to be effective.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

2.3 In order to broaden ownership and responsibility for reviewing the governance arrangements and their effectiveness, and put in place a programme to achieve this, the Workshop on 29 January was an opportunity for members of the Audit Committee to express their views on what they think are the Key Governance Issues that Gwynedd Council is facing.

2.4 The Governance Arrangements Assessment Group has also considered the main governance issues, and the next stage in the work programme will be to combine the two lists to create a work programme. This work programme will be included in the Annual Governance Statement.

2.5 This report has also been submitted to the Corporate Management Team, and has been challenged by it.

3. MAIN GOVERNANCE ISSUES

The Opinion of the Workshop

3.1 The aim and objectives of the workshop were:

- to increase members' understanding of what governance arrangements are
- to provide initial priorities for things that need attention
- to provide an initial programme for action for the next 1 / 2 years
- understand any implications of the work on revising the Constitution.

3.2 A presentation was given to the Workshop to explain what is meant by "good governance" . In its simplest form, this can be interpreted as "How we do things".

3.3 Members were given the opportunity to consider and discuss:

- What is good governance, why it matters and risks of governance failures. It was emphasised that it is about the "how" rather than the "what".

- What does this mean, and what kind of activities are considered as being part of "governance", and what is not?
- Initial ideas on "governance" issues that are of concern to them about the Council's arrangements.
- The Local Code of Governance and the principles contained therein, and setting out the "issues of concern" under those principles.
- Identify if there are areas of governance or concern that are not being addressed in the existing code
- If the Code (amended as necessary) is a basis to move forward.

3.4 These are the matters that need attention in the opinion of members of the Audit Committee, in order of priority:

Principle 4: Making good and transparent decisions and scrutiny

- Improve clarity about the role of the Scrutiny Committees, including consideration of whether the Scrutiny function has a role before the Cabinet makes decisions on issues
- Ensuring that the Audit Committee itself carries out its functions completely
- Improve the system of recording decisions, including committee minutes, to drive activity and establish accountability by tracking decisions and provide clear actions

Principle 1: Purpose, Vision and Outcomes

- The need for clarity and guidance in preparing for reorganisation

Principle 5 - Capacity and Capability of Officers and Members

- The need to ensure capacity to address the changes that are now before us, particularly the financial challenge and reorganisation

Principle 6 - Engagement

- Members were prepared not to look for specific additional steps if assurance is provided that the work programme of the Engagement Strategy addresses this area

The Opinion of the Governance Arrangements Assessment Group

3.5 After the members noted the key governance issues that they had identified, it was explained to them that the Governance Arrangements Assessment Group, at its meeting on 20 January 2014, had identified the following governance issues as a priority:

- The Council's arrangements for challenging performance
- The input of members, and the arrangements for engaging with members
- Engaging with the public
- Slowness in the Council's arrangements, as a result of a lack of risk balance / a tendency for the Council to complicate matters / overly bureaucratic processes
- Lack of clarity about the Council's vision
- The operation of the new Executive and working as a team
- Collaboration and Partnerships
- Address the lack of empowerment for officers to make decisions
- Strengthen and clarify the role of the Audit Committee

- 3.6 There is clearly considerable consistency in the messages of the workshop and the Governance Arrangements Assessment Group. This is a message in itself and confirms the substance of the comments of both groups to some extent. The performance agenda was more prominent in the discussions of the Governance Arrangements Working Group but the issue was attached to many of the comments at the workshop. Added to the extensive comments in the Williams Report on the performance challenge for local authorities, it appears that this offers itself for prompt attention.

4. NEXT STEPS

- 4.1 The Assessment Group Governance Arrangements will meet again on 8 April. It will then consider the Key Issues that have been identified by the group itself, as well as the workshop, in order to prepare a work program for the next 2 years. That work programme will be submitted in draft to the Corporate Management Team during the second half of April and then to the Audit Committee on 6 May, as part of the arrangements for the production of the Annual Governance Statement.

5. RECOMMENDATION

- 5.1 The Audit Committee is requested to consider if there are any further governance issues that need to be added to the matters noted above.
- 5.2 The Audit Committee is requested to direct the Governance Arrangements Working Group to draw up a programme that collects evidence to support the perceptions of the authority's main governance issues, and report back to the Audit Committee after prioritising them.