

GWYNEDD COUNCIL

COMMITTEE	AUDIT COMMITTEE
DATE	6 MAY 2014
TITLE	SELF ASSESSMENT OF GOVERNANCE ARRANGEMENTS
PURPOSE OF REPORT	TO UPDATE THE AUDIT COMMITTEE ON THE WORK OF THE GOVERNANCE ARRANGEMENTS ASSESSMENT GROUPS
AUTHOR	DEWI MORGAN, SENIOR MANAGER AUDIT AND RISK
ACTION	TO AGREE THE DEFINITION OF GOOD GOVERNANCE, AND CHALLENGE AND AGREE THE PROPOSED SCORING METHDOLOGY FOR ASSESSING THE COUNCIL'S GOVERNANCE ARRANGEMENTS

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 20 February the Audit Committee received a report on the workshop that was held at the Contact Centre, Penrhyndeudraeth on 29 January in order to conduct a self-assessment of good governance principles.
- 1.3 **The Audit Committee resolved on 20 February to to instruct the Governance Arrangements Assessment Group to draw up a programme which gathers evidence to support the findings of the main governance matters of the authority, and to report back to the Audit Committee**

2. KEY ELEMENTS OF THE SYSTEMS AND PROCESSES THAT ARE PART OF GWYNEDD COUNCIL'S GOVERNANCE

2.1 After consulting with the Corporate Management Team on 12 February, the recommendation of the Governance Arrangements Assessment Group is that good governance are the arrangements that place providing for the people of Gwynedd at their centre (and, conversely, that poor governance is institutional and self-serving).

2.2 Using the Council's Local Code of Governance as its primary sources, the Group has identified the following as the key elements of the systems and processes that comprise the Council's governance arrangements:

- The Council's Values
- Single Integrated Plan
- The "Cyflawni" arrangements
- The Complaints Process
- Member inter-relationships
- The Council's Strategic Plan
- Engagement
- The Scrutiny Process
- Risk Management Arrangements
- The Procurement Strategy
- The Standards Committee
- Audit Committee
- Internal Audit
- External Auditor's Annual Letter
- Local Code of Governance
- Whistleblowing Code of Practice
- The Constitution
- Protocol for Member/Officer Relations
- Members Code of Conduct
- Decision Notices
- Financial Strategy
- Officer Code of Conduct
- Anti-fraud and Anti-corruption policy
- Statutory Officer Protocols
- Statement of Accounts
- Member Training and Development
- Staff Training and Development
- The Appraisal Process
- Gwynedd Council's Performance Report
- Leadership Programme

2.3 As well as reflecting the requirements of the Local Code of Governance, these elements satisfy the CIPFA / SOLACE requirements contained in their statutory guidelines of what need to be reviewed when preparing the Annual Governance Statement.

2.4 The Corporate Management Team has had an opportunity to consider and challenge this list, and to suggest additions, on 30 April.

3. THE RELATIVE IMPORTANCE OF THE KEY ELEMENTS

- 3.1 In order to assess the governance framework effectively, there is a need to recognise that each of the elements listed in 2.1 above will not contribute to the same degree to adding public value for the people of Gwynedd. Before assessing the effectiveness of these elements, an Impact score has been given to each, to reflect how relatively large an effect each of them has (in the opinion of the Group) in adding public value. These scores range from 1 (very low impact) to 10 (very high impact).
- 3.2 None of the elements have scored less than 5 – if they did, it would be doubtful whether they would warrant a place in the governance framework.
- 3.3 In the opinion of the Group, the elements of the governance framework that have the greatest impact are:

Element	Impact score
The Council's Values	10
Single Integrated Plan The Council's Strategic Plan Engagement Leadership Programme Financial Strategy	9

Element	Impact score
The "Cyflawni" arrangements The Appraisal Process The Scrutiny Process Local Code of Governance The Constitution Risk Management Arrangements Staff Training and Development	8

- 3.4 The relatively large size of these elements reflect previous discussions by the Corporate Management Team and the Audit Committee, as they cover issues such as the Council's core culture (i.e. values), collaboration with other organisations to achieve (through 'the Single Integrated Plan), performance measurement and management arrangements (the 'Cyflawni' system), as well as the authority's long-term, strategic plans.

4. EFFECTIVENESS OF THE KEY ELEMENTS

- 4.1 The essence of a self-assessment of governance arrangements is to review how well the individual elements are currently working to assist the Council to deliver to the people Gwynedd. It is inevitable that some of these parts will be more successful than others in supporting the Council when adding public value.
- 4.2 The Governance Arrangements Assessment Group have scored all of the elements to reflect the views of the Group regarding their effectiveness, in the way they are being currently implemented by the Council. A score of up to 10 was given to these also, with a score of 1 reflecting elements that are completely ineffective (as they are self-serving and focus on being institutional), and 10 for those elements that are focused completely on achieving for the citizen.
- 4.3 No element was given a score of 1 or 10, but listed below are those elements that are in the opinion of the Governance Arrangements Assessment Group among the most and least effective in delivering for the people of Gwynedd in April 2014:

Least effective

Most effective

Element	Effectiveness Score
The Council's Values Single Integrated Plan "Cyflawni" arrangements	3
The Appraisal Process The Complaints Process Member inter-relationships	4

Element	Effectiveness Score
Financial Strategy Officer Code of Conduct Anti-fraud and Anti-corruption policy Statutory Officer Protocols Statement of Accounts	9
The Constitution Protocol for Member/Officer Relations Members Code of Conduct Decision Notices	8

- 4.4 The result of using an Impact / Effectiveness scoring matrix of this type is able to display diagrammatically those elements that need to be prioritised, which are those that have the greatest impact on the Council's ability to deliver for the people of Gwynedd, but are relatively ineffective in doing so at this time.
- 4.5 Using a Red (very high priority), Orange (high priority), Yellow (medium priority) and Green (low priority) colour model, it is possible to demonstrate clearly which are the areas that need attention.
- 4.6 The opinion of the Governance Arrangements Assessment Group is that the following elements require attention as a matter of high priority, in order to improve their effectiveness in delivering for the people of Gwynedd:
- **The Council's Values**
 - **Single Integrated Plan**
 - **"Cyflawni" arrangements**
 - **The Appraisal Process**
 - **The Complaints Process**
- 4.7 The diagram that is included in the Appendix shows every element of the governance framework and their relative scores.

- 4.8 The elements that were proposed by the Governance Arrangements Assessment Group and Audit Committee members in February have been underlined in the diagram. It is seen that some of these, but not all, have been assessed as high or very high priority after considering all elements systematically.
- 4.9 Subject to the satisfaction of the Corporate Management Team, the Informal Cabinet and the Audit Committee on the basis of the available evidence, the action plan in the Governance Statement is expected to give prominence to those issues that are listed in paragraph 4.6.

5. TIMETABLE

- 5.1 The self-assessment presented here is a key step in the development of the 2014 Annual Governance Statement, which is the statement that reports formally on the results of the work of self-assessing the Authority's governance arrangements.
- 5.2 The fact that the Governance Arrangements Assessment Group has met regularly during 2013/14, and that the Corporate Management Team and the Audit Committee have received reports and had the opportunity to challenge the work of the Group, is a major step forward in establishing more robust arrangements to review our governance and the preparation of the Governance Statement.
- 5.3 The suggested timetable for preparing the Governance Statement is as follows:
- 30 April – Submit suggestions for elements of the governance framework, scoring methodology and format of reporting matrix to the Corporate Management Team
 - 6 May – Present a report to the Audit Committee, to provide an update on the work in progress
 - 2 June – Governance Arrangements Assessment Group Meeting to agree on the final relative scores following further consideration of the evidence that has been collected, and begin to draft the Governance Statement
 - 18 June – Presentation to the Informal Cabinet for its views of the individual elements, the scoring methodology, and to challenge the evidence
 - 10 July – Draft Governance Statement to the Audit Committee for approval.

6. RECOMMENDATION

6.1 The Audit Committee is requested to:

- **Agree that the definition of "good governance" is arrangements that have providing for the people of Gwynedd at their centre.**
- **To consider and challenge the scoring methodology that has been developed and outlined in this report.**
- **Address the matrix which appears in the Appendix, and comment on the individual scores that appear.**
- **Agree to the Governance Arrangements Assessment Group continuing in its current direction in developing the arrangement for self-assessing the effectiveness of the Council's governance arrangements.**

KEY ELEMENTS OF THE SYSTEMS AND PROCESSES THAT ARE PART OF GWYNEDD COUNCIL'S GOVERNANCE

