



Scrutiny Committee – 24 September 2012

Welland Internal Audit Consortium – Update on the Audit of Corporate Governance Arrangements

Purpose of report: To update the committee on the outcomes of the audit of the council's Corporate Governance Arrangements.

Attachment(s):

Appendix 1: Corporate Governance Arrangements audit report Executive Summary

1.0 Background

The Terms of Reference for the audit of the council's Corporate Governance Arrangements were approved by the committee on the 14 December 2011. The Audit was completed and finalised in June 2012.

2.0 Corporate Governance Arrangements Audit – Key Findings

2.1 Overall the audit achieved a 'Sound' level of assurance as a number of very positive aspects were identified during the audit:

- The council has appropriate arrangements in place to implement changes required by the introduction of the Localism Act;
- the council has adequate, documented standards of behaviour for both officers and Members;
- Committee reports must follow standard templates and are subject to adequate review by CMT before being presented to committees; CMT and Legal Services also review all policies before approval;
- there are sufficient arrangements in place to deal with exempt items, urgent decisions and for call in of decisions made;
- adequate arrangements are in place for dealing with Freedom of Information requests; and
- the council has sufficient communication arrangements in place including the Public Consultation Strategy, Consultation Toolkit, arrangements for staff surveys and a resident newsletter.

2.2 A number of low level areas for improvement were also identified:

- refresher training for employees and Members on Declaration of Interests;
- the development of a training register recording Member training;
- a timescale for reviewing and - if necessary - revising the Public Consultation Strategy; and
- a timetable of periodic promotional activity to promote employees' understanding of, and engagement with, the council's governance framework

Recommendations made in the report address these issues and will be followed up in line with standard audit procedures.

2.3 The Executive Summary of the audit report is attached at Appendix 1.

3.0 Equality and Diversity Implications

3.1 There are no equality and diversity implications arising from the report.

4.0 Legal Implications

4.1 There are no legal implications arising from the report.

5.0 Risk Management

5.1 There are no significant risks arising from the proposed recommendations in this report.

6.0 Financial Implications

6.1 There are no financial implications arising from the report.

7.0 Corporate Outcomes

7.1 Effective Management - The Corporate Governance Arrangements audit was designed to provide Members with assurance as to the effective management of the council.

8.0 Recommendation

8.1 The committee is recommended to note the outcome of the Corporate Governance Arrangements audit, carried out by the Consortium.

(Reason - Consistency with previous decisions.)

Legal	Power:				
	Other considerations:				
Background Papers: None					
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Date: 28th August 2012					
CFO		MO		CX	

Date: 25 June 2012

**CORPORATE GOVERNANCE
ARRANGEMENTS**

REF: E/COGO2012

EXECUTIVE SUMMARY

Introduction

The purpose of this report is to provide assurance about the Council's Corporate Governance Arrangements. The Localism Act received Royal Assent on 15 November 2011. The Act offers new powers to local authorities and requires them to establish new and enhanced arrangements to demonstrate accountability and transparency; these changes were reflected in the terms of reference agreed for the audit.

The design of the audit allowed for the development of robust evidence about structures and processes: evidence about opinions and attitudes is necessarily less strong.

Overview

The Council has established clear standards of behaviour and maintains transparent arrangements allowing both Members and employees to demonstrate probity and integrity: arrangements have also been made to ensure that individuals understand their responsibilities and have the capacity to comply with the Council's rules of behaviour.

The Council has put in place structures and processes to promote informed decision making. Standing Orders promote informed debate and channels are in place to promote and encourage employees to engage with consultative exercises. The audit found evidence that both Members and employees are supportive of those arrangements.

The Chief Executive plays a central role in the strategic planning process, giving assurance about consistency of process. The establishment of partnership and procurement strategies; and arrangements for employee development enhance the Council's capacity to deliver strategic priorities.

The audit identified no fundamental control weaknesses. A number of areas were identified where corporate documents might be refreshed or expanded. There may be scope to improve records of debate and of training delivered. Action to promote employee awareness of, and engagement with the governance framework might also prove beneficial.

These issues are addressed through the recommendations in the report. As a result of these findings, the overall assurance rating is given below.

As only minor risks have been identified and some recommendations made, the assurance rating following this audit is

Sound

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Scope

The audit included an examination of the key controls to give assurance that:

- The Council promotes and demonstrates the values of good governance across the whole organisation;
- The Council has the capacity for informed, transparent decision making; and
- The governing body of the Council has the capacity and capability to be effective.

The recommendations are listed on the action plan, followed by the detailed report.

Acknowledgements

The help and co-operation of the Monitoring Officer and a range of other employees was much appreciated by the Auditor.

Jacky Levinson
Temporary Auditor

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East Northamptonshire Council**

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ACTION PLAN

RECOMMENDATION	Section number	Priority	Officer Responsible	Agreed Action and completion date
The Monitoring Officer consider whether it would be appropriate and beneficial to provide more detailed guidance to Members and employees about the identification and proper treatment of interests.	01.04.02	3 - Low	Executive Director (MO)	Agreed Executive Director (MO) 31/10/2012
The Head of Resources and OD investigate the practicability of developing and maintaining a comprehensive record of relevant training undertaken by Members.	01.07.02	3 - Low	Head of Resources and OD	Agreed Executive Director (MO) 31/10/2012
The Head of Resources and OD determine the timescale for reviewing and - if necessary - revising the Public Consultation Strategy	01.10.01	3 - Low	Head of Resources and OD	Agreed Executive Director (MO) 31/12/2012
The Monitoring Officer to produce timetable of periodic promotional activity to promote employees' understanding of and engagement with the Council's governance framework.	01.10.02	2 - Medium	Executive Director (MO)	Agreed Executive Director (MO) 31/10/2012

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NOTES:

Action Plan Grade Classification:	H-High, M-Medium, L-Low	Order of Priority of Implementation. Please note that it will normally be expected that all recommendations will be implemented within 6 months.
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The range of Assurance ratings is as follows:

	Explanation:
GOOD	Minor risks have been identified.
SOUND	Some risks have been identified and some recommendations made.
MARGINAL	A number of risks have been identified and changes should be made.
UNSATISFACTORY*	Unacceptable risks have been identified and changes must be made.
UNSOUND*	Major risks exist and fundamental improvements are required.

A rating of "Unsatisfactory" or "Unsound" requires immediate management attention and arrangements will be made for a further review to be carried out at a later (agreed) date.