

**REVIEW OF THE EFFECTIVENESS OF THE  
CORPORATE GOVERNANCE PANEL  
(Report by the Head of Financial Services )**

**1. INTRODUCTION**

- 1.1 In September 2011 the Panel considered a report that detailed the outcomes of a review of their own effectiveness. Due to a number of the members being newly appointed to the Panel in May 2011, Panel members felt that more experience was required before they would be able to take a considered view on some specific questions within the effectiveness review.

**2. OUTCOME OF THE REVIEW**

- 2.1 Five Members of the Panel were able to attend on 29 February. They were supported by the Head of Financial Services and the Audit & Risk Manager.
- 2.2 The remaining 10 questions, from the original 72 were considered. The questions and the conclusions reached following the review are shown in Annex A. Arising from the discussions the Panel felt that its current terms of reference should be reviewed. A working group met on 7 March to propose changes to the terms of reference, which are considered elsewhere on the agenda.
- 2.3 From their own experiences the Panel members were concerned that the corporate governance impact of issues is not always given sufficient consideration by both Members and Officers when making decisions. It is therefore recommended that the Chief Officers' Management Team bring this concern to the attention of officers so that all decisions properly take account of the impact on the Council's system of Corporate Governance.
- 2.4 The Panel also recognised the benefits of maintaining some continuity in the membership of the Panel given the fairly technical nature of some of the Panel's responsibilities. This would allow Members to gain a fuller understanding of governance issues within the Council and so contribute to the Council's performance. It was decided to draw this to the attention of the Executive Leader.
- 2.5 The Panel discussed a suggestion from the Chief Officer's Management Team on the concept of proposing that other Panels and Member bodies be invited to undertake their own reviews of their effectiveness. Given the benefits that the Panel considered had resulted from their own review they felt that the process should be extended and would recommend this to the Council. The Panel would also like see the

outcome of these reviews so that they can consider the effect upon the annual corporate governance review.

### **3. RECOMMENDATIONS**

3.1 The Panel is recommended to:

- Note the results of the second stage of the effectiveness review in Annex A.
- Ask the Chief Officers' Management Team to ensure that any significant impact on the Council's systems of Corporate Governance be properly considered when any officer or member decisions are made.
- Recommend to Council that effectiveness reviews be undertaken by all Panels and other Member bodies and that the results of the reviews be copied to the Corporate Governance Panel.

#### **ACCESS TO INFORMATION ACT 1985**

Self assessment review papers

CIPFA publication – Audit Committees: Practical Guidance for Local Authorities

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## Questions considered and conclusions reached

	Areas for Consideration	Panel's Response
	<b>Terms of Reference</b>	
4	Are the Panel content that their responsibilities and the making or endorsing of decisions are appropriate and do not cause any conflict of interests?	Yes.  If the Chairman of another Panel or an Executive Councillor became a member of the CGP then conflicts might occur. This needs to be made known to the Executive Leader of the Council.
7	Is the Panel satisfied that it has sufficient authority and resources to fulfill its terms of reference and perform its role effectively and independently?	A change will be proposed to the Terms of Reference so that the Panel has the ability to request Officers and Executive Councillors to attend to assist them in their decisions.
8	Should the ToR allow the Panel to: <ul style="list-style-type: none"> <li>• co-opt individuals who would provide specialist skills that members do not have?;</li> <li>• procure specialist advice to support them in relation to particular pieces of Panel business?</li> </ul>	Yes.  A change will be proposed to the Terms of Reference.
	<b>Risk Management</b>	
9	Does the Panel review the risk register at least annually?	The Panel currently receive information on key issues and risks facing the Council.  A copy of the register was handed to Members at the (29 February) meeting. Members will consider and discuss the register at the March meeting when a report on risk management was to be considered.
12	How does the Panel satisfy itself that the risk management ethos is being embedded into all areas of the Council?	See information at the end of this table.
	<b>Corporate Governance</b>	

## Questions considered and conclusions reached

	Areas for Consideration	Panel's Response
17	Does the Panel consider that the system of reporting gives early warning of control failures and emerging risks?	Panel continued to find this question difficult to answer. They felt that it was inevitable that there will always be issues where early warning will not be possible but that the proposals in item 56 below may create some improvement.
	<b>Internal Audit Process</b>	
24	Are the Panel satisfied with the level of information provided to them in support of the annual internal audit opinion?	Yes.
	<b>Membership</b>	
56	Are Panel members clear as to their role and responsibilities and how they support the Council?	<p>There are concerns that the Panel is largely reactive, rather than being part of the decision making process.</p> <p>A change will be proposed to the Terms of Reference to highlight the need for Corporate Governance decisions to be given appropriate weight when decisions are made.</p> <p>The Chief Officers' Management Team should bring this concern to the attention of officers so that all decisions properly take account of the impact on the Council's system of Corporate Governance.</p>
59	Is the Panel satisfied that its members have the necessary skills and experience to do its job? Have all Panel members' skills and experiences been assessed and training given for identified gaps? Is there an induction course for new Panel members?	<p>Issues for future meetings is a standing item on the agenda to allow requests for additional training.</p> <p>The Panel wish to have the importance of continuity of membership recognised, so as to allow Members to gain a full understanding of governance issues within the Council.</p>
	<b>Meetings</b>	
66	Has the Panel considered how it integrates with other committees that may have responsibility for risk management and internal control?	The Panel supports the proposal from COMT that other Panels and Member bodies should undertake their own effectiveness review. Panel would like see the outcome of these reviews.

## Supporting information to question 12.

How does the Panel satisfy itself that the risk management ethos is being embedded into all areas of the Council?

The suggested issues for consideration have been taken from the Cipfa document [A Toolkit for Local Authority Audit Committees](#)

Issues for consideration	Response
Are all staff aware of the risk management strategy? Has it been promoted in newsletters? Has it been promoted on the intranet?	A short booklet on the Council's approach to risk management is handed to all staff when they complete induction training. The strategy was included in material issued to staff upon its launch. There is a separate risk management intranet page that includes the strategy, and guidance booklets for staff, managers and Members.
Have training sessions been run on risk management? Have they included middle managers and other staff?	All Activity Managers and above have received training on risk management. The approach taken to date has been to discuss risk management on a one to one basis with Heads of Service and in small groups with Activity Managers.  No general training on risk management has been provided to other staff, apart from through the publicity material issued.
Have all staff been consulted on the risks the authority faces?	No, not through the risk management service. It was decided that managers would be responsible for consulting their staff and deciding on the risks that should be included within their section of the risk register.
Do all services have their own risk management plan?  Is it linked to their service plan?	Yes.  Yes.

Issues for consideration	Response
<p>Is risk management part of all planning and decision making processes? Are risks considered before the authority enters into any new activity?</p>	<p>There is some evidence of formal consideration but it is sometimes not as detailed as it could be.</p>
<p>Are the authority's risk management processes benchmarked against sector best practice?</p>	<p>Benchmarking was undertaken in 2009 through the Cipfa/ALARM risk benchmarking group. The information received from that exercise was considered to be of a poor quality and it was decided that the group should be allowed to establish itself before further benchmarking was carried out.</p>
<p>Is a common definition of risk used across the authority?</p>	<p>Yes, within risk management strategy.</p>
<p>Do all staff understand their role in risk management?  Do staff have clearly defined responsibilities and accountabilities for risk management?</p>	<p>The risk management strategy explains responsibilities and accountabilities. For example all staff should understand their responsibility to take reasonable care in carrying out their work such that risks are as far as reasonably possible minimised for the Council, colleagues, the public or themselves. To co-operate with management and colleagues in matters relating to the mitigation of risk. To inform their line-manager promptly of any risks they become aware of.</p>
<p>Have key performance indicators (KPIs) been set for key areas of activity? Do reporting mechanisms allow for reporting against these KPIs?</p>	<p>Yes. KPI's are agreed by COMT and regularly reviewed to ensure they remain appropriate and Heads of Service report on performance to COMT each quarter.</p>
<p>Is innovation encouraged? Is there a no blame culture? Is support given when things go wrong?</p>	<p>COMT are supportive of service delivery innovation. The sharing of services and selling expertise are both recent examples. It is accepted that innovation brings with it a number of risks.</p>