

**REVIEW OF THE EFFECTIVENESS OF
THE CORPORATE GOVERNANCE PANEL**

(Report by the Internal Audit & Risk Manager)

1. INTRODUCTION

- 1.1 Following the Panel's previous review of their own effectiveness (conducted in Sept 2011 and March 2012) they proposed that an annual effectiveness review be undertaken prior to consideration of the annual governance statement.
- 1.2 Panel agreed that the 2012 review should be undertaken by the Panel Chairman. This report summarises the Chairman's review of the Panel's effectiveness.

2. CONDUCT OF THE REVIEW

- 2.1 As in previous years, the Audit & Risk Manager reviewed the set of questions/issues that had previously been used in the effectiveness review process, to ensure they remained appropriate and covered all areas of the Panel's amended terms of reference. The questions were based upon Cipfa and the National Audit Office good practice documentation supplemented by current best practice within the private sectors.
- 2.2 The Chairman of the Panel and the Audit & Risk Manager met on 4th September and considered the questions. The paragraphs below detail the items the Chairman felt should be highlighted.

3. OUTCOMES

- 3.1 Corporate governance is a large and complex area. The Chairman felt that stability of Panel membership was important, and this had been achieved between municipal years 2011/12 and 2012/13. He was also of the opinion that the short written report outlining the work of the Panel that was presented to Council in 2011 was well received and would like to see a similar report being submitted each year.
- 3.2 In addition to considering the questions/issues, the Chairman also reviewed progress against actions agreed from the previous effectiveness review. These are listed in Annex A.
- 3.3 After conducting the review, the Chairman felt that there were two issues that need to be brought to the Panel's attention for further consideration. These are listed below together with the Chairman's views.

Issue	Chairman's view
Do the Panel feel that they have sufficient understanding of the overall process for preparing the annual accounts?	The Chairman did not feel that he understood the procedures sufficiently well. He would like the Panel to receive a briefing on this in advance of the production of the 2012/13 accounts.
Does the Panel have a mechanism to keep it aware of topical legal and regulatory issues, or best practice developments?	The Chairman considered the report on the agenda listing forthcoming items for discussion useful, but did not feel that it was sufficient to fully address the question and keep Panel members aware of relevant items that would be emerging. He proposed that those Officer's who support the Panel provide Panel members with email notes, as and when appropriate, on emerging governance related items.

3.4 The Chairman considered the Panel did not comply with best practice in two areas that related to risk management. These are listed below.

Issue	Chairman's view
Does the Panel review the risk register at least annually?; and Does a Member of the Panel contribute to the risk management group?	<p data-bbox="815 1077 1402 1440">The Chairman felt that the Panel received sufficient information on risk management that it was not necessary to receive and consider the full risk register annually. He wished to remind Panel members that they could request a copy of the register from the Audit & Risk Manager and, if they had any concerns, approach him to add an item to a future Panel agenda.</p> <p data-bbox="815 1485 1402 1839">The Internal Audit & Risk Manager explained to the Chairman why the risk management group had not met in the last year. The Chairman did not believe that a nomination was necessary. He was of the opinion that if Panel input was required to a specific issue then the Audit & Risk Manager would keep the Panel informed or request someone from Panel to attend.</p>

3.5 The Chairman wished to remind Panel members of one of their previous recommendations, namely that Chief Officers' Management Team be asked to ensure that any significant impact on the Council's systems of corporate governance should be properly considered when any officer or member decisions are made.

- 3.6 The informal Panel meeting (that had reviewed the annual governance statement) which had taken place immediately preceding the Chairman's review, reminded the Chairman that the Panel had not received any assurance during the annual governance review, to show that "significant impact" had been properly considered. Whilst not wishing to create another layer of bureaucracy or usurping the work of other Member Panels, the Chairman felt that in some areas the Panel remained largely reactive when it should be proactively seeking assurance on governance issues on major projects or issues. (e.g. pay review, LGSS out-sourcing, business continuity).
- 3.7 Similarly the Chairman felt that there should be a process whereby an annual review is undertaken on the effectiveness of the most significant items (e.g. LGSS out-sourcing).
- 3.8 Having considered the issue raised it is proposed that the Panel receive reports on the pay review, business continuity and the Local Plan.

4. CONCLUSION

- 4.1 Notwithstanding the issues highlighted above, after completing his review, the Chairman was of the view that the Panel was generally acting effectively and fulfilling its terms of reference.

5. RECOMMENDATIONS

- 5.1 It is recommended that the Panel:
- note the outcome of the Chairman's review of the effectiveness of the Panel
 - note that reports on the governance of the projects outlined in paragraph 3.8 are to be received; and
 - support the introduction of the actions referred to within paragraph 3.3.

Background Information

Chairman's self-assessment

Contact Officer: David Harwood, Internal Audit & Risk Manager
☎ 01480 388115

Agreed actions from the 2011 effectiveness review and subsequent action taken.

Ref	Issue	Proposed Action	Action taken
2	Do the terms of reference follow the CIPFA model?	ToR to be reviewed.	Reviewed and approved by Council in May 2012.
15	Have issues that are being raised in the annual governance statement been considered by the Panel prior to the statement being presented to them?	From 2012 onwards. all Panel members will be invited to attend the discussion of the statement before it is formally presented to the Panel.	Informal meeting held on 4 September at which the statement was discussed.
18	Do you feel that the all Members' of the Council are aware of the Panel, the work that it does and the importance of good governance?	A written report be presented to Council, timed to support the Annual Governance Statement.	Short report circulated to Council in November 2011. Similar report to be circulated to Council annually.
25	Are the Panel satisfied that the annual review of the effectiveness of the system of internal audit is conducted thoroughly and the report it receives an accurate reflection of the reviews findings?	Commencing in 2012, the Chairman of the Panel and full Panel will alternatively undertake the review of effectiveness of the Panel. The 2012 review will be undertaken by the Chairman of the Panel.	Completed.
47	Does the Panel have mechanisms in place to keep it aware of topical legal and regulatory issues, or best practice developments.	A standing item be included on the Panel agenda listing reports expected to be tabled at the next meeting, allowing Panel to decide what, if any, training or information they wished to receive over those report areas.	To be referred back to the Panel by the Chairman.
69	Is the Panel satisfied that officers are acting on and monitoring actions taken to implement agreed actions, whether from internal audit, external audit or other reporting bodies?	Implementation of agreed external audit/other reporting bodies actions will be reported to Panel in future.	External audit actions to be added to the current internal audit action monitoring system. No actions have been made to date that require adding.