

**AGENDA MANAGEMENT SHEET**

**Name of Committee**

**Cabinet**

**Date of Committee**

**23 February 2006**

**Report Title**

**Corporate Governance Audit 2005**

**Summary**

This report summarises the outcomes of the Corporate Governance Audit 2005 and makes recommendations about the action to be taken.

**For further information please contact:**

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**Would the recommended decision be contrary to the Budget and Policy Framework?**

No.

**Background papers**

Corporate Governance Audit 2005

**CONSULTATION ALREADY UNDERTAKEN:-**

Details to be specified

Other Committees

Corporate Services Overview and Scrutiny Committee 17 January 2006, Standards Committee 31 January 2006

Local Member(s)

N/A

Other Elected Members

Councillors David Booth, George Atkinson, Frank McCarney

Cabinet Member

Councillor Cockburn

Chief Executive

.....

Legal

Jane Pollard

Finance

Garry Rollason

Other Chief Officers

David Clarke

District Councils

.....

- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

- Further consideration by this Committee  .....
- To Council  .....
- To Cabinet  .....
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

## Agenda No

**Cabinet - 23 February 2006.**

### **Corporate Governance Audit 2005**

#### **Joint Report of the Strategic Director of Performance & Development and Strategic Director of Resources**

##### **Recommendation**

That the views of the Corporate Services Overview and Scrutiny Committee and the Standards Committee are endorsed and in particular:-

1. That Cabinet approves the areas for improvement set out in the Draft Action Plan attached as Appendix 1
2. That each Strategic Director prepares a Directorate Action Plan to address the areas for improvement identified in the 2005 Audit to set targets for improvement and reports on progress to the Corporate Services Overview and Scrutiny Committee and Standards Committee in 12 months time.
3. That the Corporate Services Overview and Scrutiny Committee receives an update report on the action plans at its meeting in November 2006

##### **Introduction**

Annexed to this report is the Corporate Governance Audit Report 2005 with a draft Corporate Action Plan attached as Appendix 1. The Corporate Services Overview and Scrutiny Committee on 17 January 2006 and the Standards Committee considered the report and corporate action plan on 31 January 2006.

##### **Views of the Overview and Scrutiny Committee**

- (1) Ideas to increase public involvement in local democracy should continue to be encouraged through increased advertising of meetings, change of start times and more proactive contact with interest groups.
- (2) The possibility of extending the 'whistle blowing' code to external partners/contractors should be examined.
- (3) There were dangers in placing too great a reliance on information technology for access to information, particularly bearing in mind that many people do not have or perhaps do not want, access to the internet etc. A balance must be struck corporately.
- (4) Under the CPA regime, it would be necessary to improve the Council's risk management arrangements for the Council to increase its score to

level 4. Also it was important that there were no lapses in the current governance arrangements.

- (5) With regard to the downward trend in the levels of awareness of the council's standing orders, particularly financial standing orders, consideration should be given to retraining. This should not be based solely on original induction information.
- (6) Effective systems for governance would continue to be needed under modernisation.
- (7) Although there had been six complaints in respect of members or former members under the Members Code of Conduct, the Standards Board had not found any breaches of the Code.
- (8) The importance in the use of terminology e.g. whistle blowing, to make documentation easier to understand was acknowledged.
- (9) Consideration should be given to the possible use of corporate training packages on important issues.

Members agreed that a further report be submitted to November 2006 Committee updating the actions and commenting in particular on whether it was desirable to extend the 'whistle blowing' to external partners/contractors.

### **Views of the Standards Committee**

- (1) Although there was some progress in certain areas over the last two years the overall position revealed no step change by the authority and there appeared to be indications that without positive investment the Council's position could deteriorate. The Standards Committee would therefore wish the Council to consider carefully its respective positions in 2003 and 2005.
- (2) The Council has a highly devolved scheme of delegation, and whilst some support could be provided corporately, it was unlikely that any significant change could be achieved without the active involvement of Directorates. The draft action plan appears to cover the appropriate areas for improvement and the Standards Committee would support the development of Directorate Action Plans with targets for improvement.

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Performance & Development

DAVID CLARKE  
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Resources

Shire Hall  
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06 February 2006

# Corporate Governance Audit Report 2005

## 1 Introduction

This is the third corporate governance audit carried out by the Council. It was conducted over the period March to October 2005. This report advises on the outcomes of the audit, the strengths of the Council and areas for improvements.

## 2 General Conclusion

The general picture for Warwickshire remains a healthy one with an acknowledgement that high standards do not just happen and a general willingness to challenge itself and change its practices where appropriate. Generally members were seen as 'wanting to do the right thing' and willing to take and accept advice when issues did arise. Overall the survey results show little step change over the last 2 years.

Some areas for improvement identified in the 2003 audit have seen marked improvements in the level of awareness of staff i.e. registering interests, recording gifts and hospitality, political restrictions. Awareness of new issues such as the Freedom of Information Act (85% of Managers, 81% other staff) has also scored relatively well. However other areas for improvement have either remained static or suffered a downturn in awareness, indicating that communicating the information remains a challenge for the authority. This will be particularly crucial in a period where the Council is not only reviewing its internal structures but also its relationships with partners and associated governance arrangements.

Increasingly the Council is reliant on electronic forms of communication, not only in the day to day transaction of business but also in disseminating information about its core processes and procedures. It is obvious from the staff and manager questionnaires that providing information in this way cannot necessarily be relied upon to get messages across, for example, everyone responding to the staff questionnaire had access to the Constitution. Only 35% of those responding were aware of this, indicating that other forms of communication must form part of any effective communication strategy. In addition information held electronically must be easily retrievable and identifiable. The importance of using other forms of communication and the need for continual repetition to maintain or improve levels of awareness should not be lost. This message also features strongly in the responses from members.

## 3 Political Management Interface

Awareness of the member code of conduct, standing orders and the forward plan were generally good, members were less certain about some of the more detailed areas such as contract standing orders, anti-fraud and anti-corruption policy and protocols governing member/officer relationships. Most members responding felt the Council did enough to encourage high

standards of conduct, were clear about their role and the role of officers. Not all members were clear about the objectives of the council and members varied in their views about their ability to contribute to the development of policy and the monitoring of performance. Most members considered that the information they and member bodies received was 'about right', and 'mostly relevant' Some members identified difficulty in accessing information due to IT problems, the need for clear signposting and the level of detail, jargon and volume were cited as inhibiting factors. The main areas for improvement related to public access to information and increasing awareness and or opportunities for the public to participate.

#### **4 Strengths**

- To date there have been no findings by the Standards Board for England, who are responsible for enforcing the member code of conduct, of any breach by a member or co-opted member of the authority. All members receive copies of the Standards Board Bulletins and the Standards Committee publishes an annual report to keep all members aware of its work and issues affecting the members code of conduct
- Generally well motivated staff and elected members with a strong public service ethos. It is often difficult to pin down feelings or general perceptions with any accuracy but it should be noted that of those responding to the questionnaire some 94% (2003 89%) of managers and 90% (2003 77%) of other staff responding felt high standards were encouraged.
- The decision-making process for member bodies is accompanied by various checks and balances, for example, collective decision-making by member bodies is viewed as a strength and reports are subject to financial and legal checks.
- Regular audit reports to Standards Committee on compliance with financial regulations.
- The Council received an overall rating of 3 out of 4 in the CPA 2005 Use of Resources Assessment and in relation to its 'internal control systems the assessment commented that *'The Council's arrangements to promote and ensure probity and propriety in the conduct of its business are good.'*
- Since the last audit a corporate governance code of practice and corporate governance framework has been developed. Its implementation is being supported by a briefing programme that was just starting to be rolled out when the staff questionnaires were issued.
- Awareness of the requirements for staff to register certain interests has shown a marked improvement i.e. managers 90% (previously 79%) and other staff 81% (70%). Similarly staff awareness of procedures for declaring gifts and hospitality has improved i.e. managers 90% (previously 82%) and other staff 76% (previously 60%).
- Commissioning reviews of various systems and procedures, for example,

- New procedures and processes to ensure compliance with the Freedom of Information Act were implemented supported by a computerised system to log and manage requests. Compliance with timescales for responding to requests is at 96%.
- The Planning Code of Practice has been comprehensively reviewed and training provided for members.

## 5. Areas for Improvement

The key area for improvement for the authority is in its methods of communicating information and accessibility of documentation, in particular relating to

### ***Public Participation***

Only 8 of the 17 members responding felt that the public had easy access to WCC policies and guidelines and that the arrangements for public participation were satisfactory. In general the responses indicated that whilst there is a lot of information on the website there needs to be better signposting and other forms of communication need to be considered to get information/messages across to the public. Whilst Area Committees were seen as providing a positive link to communities generally members felt more could be done to publicise opportunities for public participation, engage interest groups and reschedule the timing of meetings to maximise the opportunities for the public to participate.

### ***Anti Fraud and Anti Corruption Policy***

The Anti-Fraud and Anti-Corruption Policy has been reviewed since the previous audit, the new policy re-publicised through the Council's publication 'Working 4 Warwickshire' and made available through the Corporate Document Library. At the time of audit further publicity through the use of cards issued with payslips had yet to take place. However overall only 52% of staff knew what to do in the event of fraud and this figure needs to rise significantly. Trend information from the staff surveys are shown below

<b>Q3</b>	<b>Anti-Fraud and Corruption Policy - Managers</b>	2001	2003	2005
3.1	Do you know what you should do in the event of a fraud?	73%	73%	62%
3.2	Do you know who to report it to?	76%	76%	67%
<b>Q3</b>	<b>Anti-Fraud and Corruption Policy –Other Staff</b>	2001	2003	2005
3.1	Do you know what you should do in the event of a fraud?	44%	42%	44%
3.2	Do you know who to report it to?	48%	47%	47%

### ***Procurement and Financial Standing Orders***

Levels of awareness in these areas have generally decreased. There is a need for sustained publicity about these requirements. Contract Standing Orders briefing sessions are currently being revised to incorporate good practice in procurement. Consideration should be given to training in the requirements of Financial Standing Orders. The results from the managers survey are shown below (these questions were not asked of other staff).

<b>Q8</b>	<b>Financial Standing Orders</b>	2001	2003	2005
8.1	Do you have access to a copy?	93%	72%	60%
8.2	Do you find them easy to understand?	61%	47%	37%
8.3	Have you received any training in Cost Centre Management?	81%	77%	48%
8.4	Do you feel you need training in Financial Standing Orders?	36%	37%	25%
<b>Q9</b>	<b>Procurement</b>			
9.1	Do you have access to a copy of the Procurement Code of Practice?	N/A	N/A	68%
9.2	Do you have access to a copy of Standing Orders?	84%	72%	58%
9.3	Do you find contract standing orders easy to understand?	56%	48%	35%
9.4	Are you an authorised officer under Contract Standing Orders?	52%	45%	31%
9.5	Do you clearly understand the limits of your authority?	66%	55%	55%

A wider definition of manager was used in the 2005 survey to include 'supervisors of staff'. Not all managers need a practical understanding of procurement or cost centre management training and the figures need to be viewed in that context. For example only 31% of the managers were authorised officers under contract standing orders, and the figure for those receiving cost centre management training using the same definition as in 2003 would be 70%.

### ***Decision-making Processes***

There is a low level of awareness amongst staff about key decisions (27%), and the role of the forward plan (30%). Awareness in relation to these issues must improve to ensure the probity of our decision-making processes. Trend information from the staff surveys is shown below.

<b>Q16</b>	<b>Decision Making Process -Managers</b>	2001	2003	2005
16.1	Do you have a copy, or have access to, the Constitution?	N/A	49%	46%
16.2	Do you know what it covers?	N/A	40%	34%
16.3	Do you know what the definition of a key decision is?	N/A	49%	41%
16.4	Does your department have any special arrangements for identifying key decisions?	N/A	47%	36%
16.5	Do you know what the forward plan covers?	N/A	52%	43%
<b>Q16</b>	<b>Decision Making Process –Other Staff</b>			
16.1	Do you have a copy, or have access to, the Constitution?	N/A	29%	27%
16.2	Do you know what it covers?	N/A	17%	15%
16.3	Do you know what the definition of a key decision is?	N/A	18%	17%
16.4	Does your department have any special arrangements for identifying key decisions?	N/A	29%	19%
16.5	Do you know what the forward plan covers?	N/A	22%	21%

### ***Risk Management and Business Continuity***

There has been a lot of work carried out to embed risk management within our business planning processes. Work is currently underway to develop a corporate business continuity plan. Whilst the returns from managers (question not asked of other staff) indicate that messages are getting across there is still work to do in this area.

<b>Q7</b>	<b>Risk Management -Managers</b>	2001	2003	2005
7.1	Do you know what the corporate approach to risk management is?	N/A	N/A	57%
7.2	Are the Corporate Strategic Risks included within your departmental service/business plan?	N/A	N/A	59%
7.3	Does your department have agreed arrangements for addressing risk management?	N/A	N/A	73%



7.4 Do you know what your departmental arrangements are?	N/A	N/A	55%
7.5 Does your department have a risk register?	N/A	N/A	52%
7.6 If yes, is your departmental risk register reviewed at least once a year?	N/A	N/A	76%
7.7 Does your department have a Business Continuity Plan?	49%	46%	41%
7.8 If yes, do you know what it covers?	39%	29%	54%

### ***Confidential Reporting Code***

The Confidential Reporting Code is not well known to staff (45%) and even fewer people have confidence (31%) in the scheme. It is targeted towards staff rather than external partners/contractors. The CPA 2005 use of resources assessment has raised the issue as to whether or not this Code or something similar should be extended to partners/contractors. The name of the code has little meaning to people and the Council needs to decide how heavily it wishes to invest in publicity given its limited application and whether or not its remit should be extended. It is currently proposed that this Code is renamed the 'Public Interest Disclosure Code'. Trend information from the staff surveys are shown below

<b>Q6 Confidential Reporting Code (Whistle-blowing) -Managers</b>	2001	2003	2005
6.1 Do you know what this covers?	59%	60%	55%
6.2 Do you have a copy of know where to find one?	54%	53%	56%
6.3 Would you be confident about using the scheme?	46%	48%	39%
<b>Q6 Confidential Reporting Code (Whistle-blowing) –Other Staff</b>			
6.1 Do you know what this covers?	28%	31%	37%
6.2 Do you have a copy of know where to find one?	27%	28%	36%
6.3 Would you be confident about using the scheme?	24%	25%	26%

## **6. Next Steps**

The County Council has a highly devolved scheme of responsibility. In order to ensure that key messages are communicated to staff, all directorates need to actively engage in the communication of information. A draft Action Plan (Appendix 1) identifies some of the issues raised by the Audit. This Action plan needs to be developed further in discussion with Strategic Directors. However many of these issues cannot be addressed effectively without the active participation of all Directorates. It is suggested that each Directorate should be asked to prepare an action plan to improve its performance in levels of awareness of corporate governance issues and in particular the areas for improvement identified in the report..

**Appendix 1**

**Draft Action Plan 2006/07**

<b>Subject Area</b>	<b>Specific Tasks</b>	<b>Timescales</b>
Clarifying and publicising our standards of corporate governance	Complete managers briefing sessions	
Clarifying and publicising our standards of corporate governance	Publicise corporate governance code to other members of staff	
Clarifying and publicising our standards of corporate governance	Develop proposals to engage partners	
Clarifying and publicising our standards of corporate governance	Ensure all partnerships the Council is engaged in have appropriate governance arrangements	
Clarifying and publicising our standards of corporate governance	Review officers code of conduct and consider guidance on declarations of interest by officers at meetings of member bodies	<b>Dependant on government legislation</b>
Clarifying and publicising our standards of corporate governance	Review members code of conduct	<b>Dependant on government legislation</b>
Improving arrangements for staff register of interests	As part of Phase 2 of the HRMS Project provide a computerised register of interests. To include periodic reminders to maintain declarations up to date.	<b>31 March 2007</b>
Improving arrangements for staff register of interests	As part of Phase 2 of HRMS Project develop a computerised register of gifts and hospitality	<b>31 March 2007</b>
Improving awareness of Anti-Fraud and Anti-Corruption Policy	Further publicise main points of the policy to staff in particular advice on what to do in the event of suspected fraud.	<b>31 March 2007</b>
Improving awareness of the Confidential Reporting Code	Further publicise the existence and the main elements of the Confidential Reporting Code to all members of staff	<b>31 July 2006</b>
Improving awareness of the Confidential Reporting Code	Consider whether the Code should be extended to cover partners	

<b>Subject Area</b>	<b>Specific Tasks</b>	<b>Timescales</b>
Improving our decision making processes	Develop the forward plan into a full agenda management system	31 March 2006
Improving our decision making processes	Further publicise the existence of forward plans and their role in the decision-making processes of the Council	30 September 2007
Improving our decision making processes	Further clarify and publicise the definition and process for taking key decisions	
Improving our decision making processes	Provide at least four briefing sessions in contract standing orders a year on requirements	Commence Spring 2006
Improving our decision making processes	Develop and provide at least four briefing sessions in Financial Standing Orders	Commence Spring 2006
Strengthening our processes for risk management	Consider the provision of briefing sessions to further embed risk management	31 March 2006
Strengthening our processes for business continuity	Produce corporate business continuity plan covering core issues	30 September 2006
Engaging with the public	Improve level of Service user/representative input into the work of O&S Committees	31 March 2007
Engaging with the public	Further publicise meetings at which the public can participate	Ongoing
Engaging with the public	Review our processes and procedures governing access to information	Dependent on government legislation