

**SUBJECT: MONMOUTHSHIRE CC  
ANNUAL GOVERNANCE STATEMENT, 2015/16**

**DIRECTORATE: Chief Executive  
MEETING: Audit Committee  
DATE: 21<sup>st</sup> April 2016  
DIVISION/WARDS AFFECTED: All**

## **1. PURPOSE**

To receive an early draft of the Council's Annual Governance Statement (AGS) prior to inclusion into the Statement of Accounts 2015/16.

## **2. RECOMMENDATION(S)**

That the Audit Committee contribute to the appropriateness and content of the draft AGS and subsequently endorse it.

## **3. KEY ISSUES**

- 3.1 Corporate Governance is about doing the right thing at the right time for the right people in an open and transparent way. The AGS sets out how Monmouthshire demonstrates it has appropriate governance arrangements in place and how they are continually reviewed to strengthen them moving forward.
- 3.2 Monmouthshire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 3.4 The Code of Corporate Governance, which is consistent with the principles of the C.I.P.F.A./S.O.L.A.C.E. Framework 'Delivering Good Governance in Local Government', was approved by Council in July 2011; the Code was revised and updated in May 2014. A copy of the Code is available from the Chief Internal Auditor. This annual governance statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

## **4 The Purpose of the Governance Framework**

- 4.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

- 4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 4.3 The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.
- 4.4 The Statement itself [Appendix 1] demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving, but also recognise that there is further work to do. .

## **5 The Governance Framework**

- 5.1 The Council's code of governance has been developed in line with the following principles:
- Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens;
  - Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
  - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation;
  - Developing the capacity and capability of members and officers to be effective; and
  - Engaging with local people and other stakeholders to ensure robust public accountability.

## **6 REASONS**

- 6.1 In accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 an annual governance statement must be prepared and included within the Council's year end financial statements.

## **7 RESOURCE IMPLICATIONS**

None.

## **8 CONSULTEES**

Head of Finance

## **9 BACKGROUND PAPERS**

MCC Code of Corporate Governance  
CIPFA Delivering Good Governance

## **10 AUTHOR AND CONTACT DETAILS**

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Monmouthshire CC

Annual Governance Statement 2015-16

**Draft 04**

5 April 2016

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Working Group

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- 1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) and the Society of Local Authority Chief Executives and Senior Managers (S.O.L.A.C.E.), the 'Delivering Good Governance in Local Government Framework'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.
- 2 The Statement itself demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving, but also recognise that there is further work to do. Progress against the 2014/15 action plan is shown at Appendix 1. The main areas of concern identified by the Council are shown at paragraph 84 and an action plan to address known gaps is shown at Appendix 2; progress against the main areas of concern in 2015/16 is shown at Appendix 3.

### **Scope of Responsibility**

- 3 Monmouthshire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This has been updated in recent years through the Wales Programme for Improvement 2005 and even more recently through the Local Government (Wales) Measure 2009 to encompass responsibility for securing continuous improvement based on the needs of and in engagement with communities.
- 4 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 5 The Code of Corporate Governance, which is consistent with the principles of the C.I.P.F.A. / S.O.L.A.C.E. Framework 'Delivering Good Governance in Local Government', was approved by Council in July 2011; the Code was revised and updated in May 2014. A copy of the code is available from the Chief Internal Auditor. This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

### **The Purpose of the Governance Framework**

- 6 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its population outcomes, priorities and objectives and to consider whether those objectives have met the outcomes and led to the delivery of appropriate, cost effective services.
- 7 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, outcomes and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 8 The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

### **The Governance Framework**

- 9 The Council's Code of Corporate Governance has been developed in line with the following principles:
- Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens;
  - Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
  - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation;
  - Developing the capacity and capability of members and officers to be effective; and
  - Engaging with local people and other stakeholders to ensure robust public accountability.
- 10 The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 11 The key elements of the Council's governance arrangements are set out in The Improvement Plan; the latest version, Building Sustainable and Resilient Communities 2015-2017, was approved by Council in May 2015. Six monthly progress updates were presented to select committees during the year to enable scrutiny of progress and to allow Chief Officers and executive members to be held to account. The Council's four priorities are **education of young people, protecting the vulnerable, supporting business and job creation and maintaining locally accessible services**. The Council subscribes to a vision shared with other public service partners of working to deliver '*Sustainable resilient communities*'. This is the cornerstone of the County's Single Integrated Plan where three themes have been adopted: **Nobody is Left Behind; People are Confident, Capable and Involved; Our County Thrives**.

## Review of Effectiveness

- 12 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Leadership Team within the Authority which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 13 The governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 14 The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:
- i) The Monitoring Officer has reviewed the Council's Constitution and ethical governance arrangements during the year. Amendments and updates were approved by Council in September 2014.
  - ii) periodic reviews of the financial controls including the financial procedure rules by the Chief Finance Officer (Head of Finance); financial procedure rules were approved by Council in September 2014;
  - iii) formal risk management and regular ongoing review of the processes involved,
  - iv) internal and external review of the risk management processes, **audit committee**

- v) scrutiny – annual report & SIP
- vi) the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes ‘follow-up’ work to ensure that agreed recommendations are implemented,
- vii) the work of the Council’s Select and other Committees, including its Audit and Standards committees,
- viii) the opinions and recommendations of the Council’s external auditors, following both financial audit work and per the Local Government Measure in regard to matters, including governance issues, which are considered for action and implementation,
- ix) The opinions and recommendations of other inspection, regulation and review agencies **Council Cabinet Audit Committee Scrutiny**
- x) regular monitoring of performance against the Improvement Plan and service plans and of key targets, and reporting of this to senior management and members,
- xi) corporate self-evaluation was carried out in Autumn 2014 and the findings addressed through an action plan that is being monitored by Strategic Leadership Team – Cabinet report next on Autumn 2016
- xii) **Head of Service Challenge Process**
- xiii) Audit Committee review of effectiveness workshop
- xiv) Evaluating the effectiveness of Safeguarding in Monmouthshire was taken through cabinet in **updates**
- xv) **Appraisal and improvement to audit cttee**

**New Members Code — May – constitution  
Public services board**

15 Did the governance framework in place enable Monmouthshire to deliver the right services to the right people at the right time, and in doing so, achieve our corporate objectives ?

<b>Improvement Objective May 15</b>	<b>MCC Evaluation Score</b>
1 We will improve at all key stages of education	
2. We will safeguard people, whether young or old, while reducing peoples dependence on social care	
3. We want to enable our county to thrive	
4. Maintaining locally accessible services	
5. We want to be an efficient, effective and sustainable organisation.	

16 The following paragraphs review the effectiveness of the governance arrangements in Monmouthshire under the 6 principles. A senior officer working group was set up to undertake the initial review; the outcome of that process fed into this statement which then went to the Senior leadership team (SLT) for review before being taken to Audit Committee for a further review.

**Principle 1: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**

- 17** The Single Integrated Plan sets out the vision of the Local Service Board – a partnership of the key public service providers in Monmouthshire which includes the Council – it has three key themes; nobody is left behind, people are confident, capable and involved; and our County thrives. It is developed by and agreed by all our partner organisations who are members of the Board. **Moving towards Public Service Board to be in place April 2016.**
- 18** The Council's strategic partners and wider stakeholders were fully engaged in the development of the Single Integrated Plan 2013-17 (SIP) incorporating key themes and outcomes to realise the **shared vision**. The organisation's Stage 1 Improvement Plan underpins the Council's contribution to the SIP by setting Annual Improvement Objectives for 2015/16. The Stage 1 Improvement Plan (Three-year Plan), was presented to Council in May 2015 and was reviewed, Stage 2, at six months through the year in December 2015 and January 2016 through the Council's four Select committees.
- 19** The Annual Improvement Plan Objectives for 2015/16 are supported by service plans to operationally deliver these objectives. Planned improvements and targets are aligned to the Annual Improvement Objectives. Service plans were developed in 2015/16 covering all service areas. These were quality assessed as part of the service planning process.
- 20** Reports were taken through the Scrutiny process during the year which linked service plans to the Council's policies, priorities and objectives. The agendas and minutes of which became public documents available through the Council's website.
- 21** Throughout 2015/16 the Council has been an early adopter of the Wellbeing of Future Generations Act and has received support from the WLGA as well as working with Wales Audit Office in preparing for the implementation of the Act in April 2016. Preparation has included increased awareness raising with Council members and officers, Wales Audit Office reviewing the Council's preparedness for the Act and identifying key next steps for delivery and transitioning the Local Service Board (LSB) in to a Public Service Board. Action plan – 16/16 Scrutiny set up for service board'
- 22** In addition, the Medium Term Financial Plan (MTFP) supports the vision for Monmouthshire and extensive **public engagement** continued in 2015/16 for the 2016/17 budget and Medium Term Financial Plan which engaged with the public in their own community; this included website, social media, drop in sessions and open meeting. The Chief Executive and Leader of the Council also held consultation roadshows across the whole County with staff. These were key to providing people with the opportunity to become informed, involved and participate. There was broad agreement with the key priorities set out for Monmouthshire. Following the engagement in 2014/15 maintaining locally accessible services was added as fourth priority of the Council in the March 2015 partnership administration's Continuance Agreement.
- 23** The use of social media continued to thrive during 2015/16 through Twitter, Facebook and You Tube to raise awareness of forthcoming events, to provide live streaming of Cabinet, Council and other political meetings, to promote the activities and services provided and to show support and encouragement for community groups. The effectiveness of social media is measured via reach and engagement, while the Klout' score for Monmouthshire was **to be updated**. **Digitisation**
- Updates on Facebook hits**  
**Monmouthshire Engages -**
- 24** The provision of **high quality of services** has been measured by the Welsh Government survey 'Living in Wales'. This stated that in **15/16 56%** of Monmouthshire residents agree the local authority provides high quality services (Wales average 53%). In 14/15 56% agreed.
- 25** Dealing with customer complaints helps Monmouthshire to identify and deal with failures in service delivery. The Council's complaint / compliment procedure is available on the web site. **Out of NN complaints received in 2015/16, XX were resolved informally [PP%];** this compared with 100 out of 116 complaints resolved informally in 2014/15. **4 complaints were referred to the Ombudsman who decided not to investigate. 91% of Stage 1 complaints received were dealt with within 25 working days of receipt. Within Social Services, 43 complaints were received in 2014/15, 93% were dealt with informally.**
- 26** To ensure the **best use is made of resources** and that taxpayers and service users receive excellent value for money, there are a number of mechanisms within the Council to support this. The option appraisals for the 21<sup>st</sup> Century Schools considered cost and quality to determine the best outcome for



the service; budget mandates were in place to monitor and capture the savings assessments; the IT Board reviewed business cases for future IT investment;

- 27 Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year, and the budget management actions of Cabinet and senior officers are scrutinized by the 4 Select committees quarterly. The budget monitoring reporting cycle periodically contains some output measures and unit cost data, so that economic comparison of costs with other Councils can be made. Previously the Council has compared very favourably to others. This exercise is next due during 2016-17. The updated MTFP was reviewed and approved by Cabinet over the course of the budget setting period (Sept 2014 to Jan 2015) in response to feedback from engagement and scrutiny sessions and the budget was set in January 2015 by Council for 2015/16.
- 28 An authority-wide performance measurement system for the Council, the “data hub” hosted on the council’s intranet site continues to be use and further developed This is available within 3 clicks of the homepage that opens up on all laptops and enables members and officers to track and monitor key data at any point in time from key strategic plans to directorate level “dashboards”. This also allows performance to be compared against other council areas, where applicable. A Cabinet level dashboard contains a number of key performance measures and is discussed quarterly by SLT and Cabinet.
- 29 Based on 2014/15 National Performance indicator data the council has seen service performance improve, or remain at the maximum level, in 84% of comparable National Performance indicators and declined for 14% of them. When comparing against other local authorities Monmouthshire was ranked in the top quartile for 44% of the published indicators and the bottom quartile for 16% of indicators. 63% of indicators met the targets that had been set, while 23% missed their targets.
- 30 Contract Procedure Rules exemptions are reported to the Audit Committee 6 monthly; managers have been challenged in year to justify their procurement outside the Council agreed procedures. Several managers were called in to Audit Committee to give an account of why accepted procedures were not followed.
- 31 The Council utilises ‘Buy For Wales’ contracts and the Joint Procurement Unit to ensure value for money is obtained in procuring the many goods and services required to run the Council. A nationwide analysis found that MCC had the highest proportion of spend with SMEs of any local authority in the UK (Source:<http://www.spendsmall.org/>)
- 32 Transparency and Openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Audit Committee process before being endorsed by Council. All Council decisions, reports and questions asked by Members are available on the website. Financial information, Improvement Plan progress, Council activities, achievements, developments, updates and events were included on the Council’s intranet and website. **Add you tube and live streaming**
- 33 The Equality Impact Assessment and Sustainable Development checklist have been revised and combined to align with the Future Generations Act. The “Future Generations Evaluation “ ensures the decisions the council makes are carefully considered to take equality and sustainable development into account, this includes legislation that Monmouthshire County Council is subject to the Equality Act 2010, Future Generations Act and Welsh Language (Wales) Measure 2011. A range of these were undertaken during 2015/16 which have been published on the website accompanying decision making reports.
- 34 The Local Service Board review includes the monitoring of targets to ensure policies are delivering the agreed outcomes.

**Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens**

- 35 The Constitution is updated periodically by the Monitoring Officer; it was reviewed and updated between January 2014 and June 2014, and was approved by Council in September 2014. It can be found on the Council’s website and sets out:
  - how the Council operates and makes decisions,
  - the procedures to ensure that decision-making is transparent and accountable to local people and other stakeholders,

- the key roles of all members and chief officers, including the lead responsibilities for corporate governance of the Leader, the Chief Executive and other designated chief officers,
  - a scheme of delegated powers for decision-taking
  - responsibilities for reviewing and agreeing the Council's corporate governance arrangements,
  - arrangements for ensuring it is regularly reviewed and updated
  - its related codes and protocols.
- 36** Policy and decision-making is facilitated through (i) the Cabinet, the meetings of which are open to the public except where exempt or confidential matters are being discussed, and (ii) a scheme of delegation to committees and officers as set out in the Constitution: Four select committees and a separate audit committee review, scrutinise and hold to account the performance of the Cabinet, decision-making committees and officers. A Scrutiny "Call-In" process for decisions which have been made but not yet implemented is incorporated in the Constitution in order to consider their appropriateness.
- 37** Appropriate and relevant job descriptions were in place for the Chief Executive, Senior Leadership Team (SLT), Monitoring Officer and Head of Finance. The minutes of the SLT were also maintained during the year.
- 38** To ensure agreed procedures and all applicable statutes are complied with the Monitoring Officer attends all Council meetings; to ensure sound financial management is a key factor in decisions, the Head of Finance attends Cabinet and Council meetings.
- 39** There is Council policy on information sharing along with numerous information sharing protocols with our partners; this is included within the Data Protection Policy. Information sharing is key to joined-up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales, and Monmouthshire signed up to this in January 2011. The Authority is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the Data Protection Act 1998. The Information Sharing protocol has been developed to ensure information is only shared appropriately, safely and compliantly.

### **Partnerships/collaboration working**

- 40** The Council ensures that it has appropriate governance arrangements around its collaborations with other public agencies and other third parties. These can take a range of forms, from informal arrangements to those where governance arrangements are determined through legislation. The governance arrangements form a key part of the decision making processes that the Cabinet or Council follow when deciding to enter a collaborative arrangement, transparent local accountability is a key area of focus.
- 41** An exercise was undertaken by the Policy and Partnership Team in 2013/14 to determine the full extent of the Council's collaboration and partnership arrangements and their respective governance arrangements. A Partnership Audit was undertaken and reported into the Audit Committee in May 2014; 100 partnership / collaboration arrangements were identified. Although the governance arrangements for the majority of partnerships identified have been captured, further work is on-going to clarify the governance arrangements for all of the partnerships; this will be reported to Members in due course. Governance arrangements have been put in place around all key partnerships the Council is involved with. **update**

### **Corporate assessment and Estyn (Deb) – proposals for improvement -**

#### **Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;**

- 42** The Code of Conduct and member / employee relationship document are set out in the constitution. The Members Code of Practice – New version will be adopted by Council in May 2016.
- 43** There were no successful "call-in" challenges to decisions on procedural grounds and no judicial review challenges on grounds of legality during the year.

- 44 There were 3 complaints of Member misconduct made to the Ombudsman in 2015/16 involving County Councillors; none were referred to the Standards Committee.
- 45 All waivers of the Contract Procedure Rules are reported through Audit Committee quarterly. The Internal Audit team continues to deliver awareness raising sessions on the importance of compliance with these Contract Procedure Rules and Financial Procedure Rules.
- 46 The Audit Committee called in several senior managers during the year and challenged them on why a procurement process went outside the Council's normal tendering processes.
- 47 **NN** Internal Audit opinions were issued in 2015/16. **X**were deemed to be unsatisfactory.
- 48 The overall opinion on the adequacy of the internal control environment for 2015/16 was **REASONABLE**. Management agreed to implement the recommendations made in audit reports in order to address the weaknesses identified. The internal audit opinions issued in 2015/16 were as follows and more detail can be found in the Annual Internal Outturn Report for 2015/16, as reported to Audit Committee:

	2013-14	2014-15	2015-16
Very Good	0	1	
Good	8	9	
Reasonable	7	12	
Unsatisfactory	0	6	
Unsound	0	0	
Total	15	28	

- 49 Although the Internal Audit team started the year with a full complement of staff, two of the team left during the year which reduced the resources available to undertake the planned work. 74% of the 2015/16 plan was achieved, which was an improvement on the previous year. Also the number of audits issued with an opinion increase so the Chief Internal Auditor was in a better position to give an overall opinion on the adequacy of the control environment.
- 50 A framework is in place to ensure the economic, effective and efficient use of resources and for securing continuous improvement. This is supported by a range of mechanisms including collaborative working initiatives and reviews undertaken both internally and by the external auditors and inspectors. This framework works in conjunction with the Local Government Wales Measure 2009.
- 51 Chief Officers and Heads of Service are accountable for ensuring that the Council Priorities are delivered, and performance against key targets is regularly monitored via the performance management framework and is regularly reported to members via Select Committees.

**Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation**

- 52 There are robust arrangements for effective financial control through the Council's accounting procedures and financial regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing actual revenue and capital expenditure to annual budgets. The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Procedures for tendering and contract letting are included in the Contract Procedure Rules and Financial Regulations. The Council's Treasury Management arrangements follow professional practice, are subject to regular review and are contained in the Treasury Management Strategy approved by Council each year.

All meetings are live streamed – corporate assessment – publication of items – audit trail of items processed

53 The ethical governance framework includes:

- codes of conduct for officers and members
- a protocol governing Member/Officer relations,
- a whistle-blowing policy widely communicated within the Council and which is regularly reviewed. Number ?? - HR
- registers of personal and business interests for Members
- an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied.
- equalities awareness training

54 In accordance with the Local Government and Housing Act, 1989, the Monitoring Officer ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of maladministration.

55 The anti-fraud and corruption strategy (approved by Cabinet March 2012) provides a deterrent, promotes detection, identifies a clear pathway for investigation and encourages prevention.

56 The Audit Committee considers the effectiveness of the Council's arrangements for securing continuous improvement including risk management arrangements. The Audit Committee also considers corporate governance, monitors the work of auditors and inspectors, and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. It also has responsibility for reviewing the Annual Statement of Accounts and its associated reports (which include this statement) before approval by Council. The Audit Committee has an independent, non political, Chairman.

57 Internal Audit operate to the standards set out in the 'Public Sector Internal Auditing Standards' which have been developed from the Institute of Internal Auditors (IIA) International Internal Auditing Standards which came into effect in April 2013. The team's role and status is set out in the Council's Internal Audit Charter. The Chief Internal Auditor reports to the Audit Committee a summary of audit findings for each quarter, and also reports annually an opinion on the overall adequacy and effectiveness of the Council's control environment.

58 The audit team has always been compliant with the Code of Practice, but with effect from April 2013 the Chief Internal Auditor will ensure Internal Audit complies with the Public Sector Internal Audit Standards.

59 The Council has an objective and professional relationship with its external auditors and statutory inspectors, as evidenced by the Annual Improvement Report. This can be found on the Council's website.

60 Minutes, Agendas & Reports along with their subsequent decision schedules and questions to Cabinet Members are all available on the web site. Council, Cabinet, Scrutiny and Audit Committee reports are available on the Council's website – all live streamed ... no minutes of cabinet minute maintained currently – decision logs in accordance with the legislation - update

### **Risk management**

61 The Council's Strategic Risk Management Policy was updated and approved by Cabinet in March 2015. The revisions provide greater clarity on how the risk levels are to be assessed. The policy requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing high level strategic risks to the Council's priorities, services and major projects. The risk controls necessary to manage them are identified and monitored to ensure risk mitigation.

62 A Whole Authority Strategic Risk Assessment for 2015-2016 has been compiled as a starting point from service improvement plans. In addition a wide range of performance information including reports from

regulators and inspectors, data and performance analysis and feedback from the Authority's partners and service users was used. In order to mitigate the risks, proposed action was recorded and factored back into the respective service improvement plan. This was presented to Cabinet in March 2016. As well as being approved by Cabinet the risk assessment was presented to Council alongside consideration of the budget.

- 63** The Council's Strategic Risk Assessment contains 11 distinct risks. Following the revised policy these must now be updated and reviewed throughout the year with the latest version being made available to members via The Hub. **update format of table**

Ref	Risk	Risk Level (Pre – mitigation)				Risk Level (Post – mitigation)			
		Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
<b>1 ne w</b>	The authority is unable to deliver its political priorities in the future because it does not yet have clarity on its future business model or longer term financial plan.	2015/ 16	Unlik ely	Major	Low	2015/ 16	Unlik ely	Major	Low
		2016/ 17	Possi ble	Major	Medi um	2016/ 17	Unlik ely	Major	Low
		2017/ 18	Possi ble	Major	Medi um	2017/ 18	Unlik ely	Major	Low
<b>2</b>	Some services may become financially unsustainable in the short to medium term as a result of reducing budgets and increasing demand	2015/ 16	Unlik ely	Major	Low	2015/ 16	Unlik ely	Major	Low
		2016/ 17	Possi ble	Major	Medi um	2016/ 17	Unlik ely	Major	Low
		2017/ 18	Possi ble	Major	Medi um	2017/ 18	Unlik ely	Major	Low
<b>3</b>	A failure to meet income targets could lead to unplanned changes in other services or a call on reserves to balance the budget.	2015/ 16	Likel y	Moder ate	Medi um	2015/ 16	Likel y	Moder ate	Medi um
		2016/ 17	Likel y	Substan tial	Medi um	2016/ 17	Possi ble	Substan tial	Medi um
		2017/ 18	Likel y	Substan tial	Medi um	2017/ 18	Possi ble	Substan tial	Medi um
<b>4a</b>	Potential that the authority is unable to deliver its new schools capital programme due to capital receipts not generating the required income	2015/ 16	Possi ble	Major	Medi um	2015/ 16	Possi ble	Major	Medi um
		2016/ 17	Possi ble	Major	Medi um	2016/ 17	Possi ble	Major	Medi um
<b>4b</b>	Pressure on capital budget from 21 <sup>st</sup> Century schools programme will impact on other areas requiring capital investment.	2017/ 18	Likel y	Major	High	2017/ 18	Possi ble	Major	Medi um

<b>5</b>	Potential that the Council does not make sufficient progress in areas of weakness identified by regulators leading to underperformance	2015/16	Unlikely	Substantial	low	2015/16	unlikely	Substantial	Low
		2016/17	Possible	Substantial	Medium	2016/17	Unlikely	Substantial	Low
		2017/18	Possible	Substantial	Medium	2017/18	Unlikely	Substantial	Low
<b>6a</b>	Potential for significant harm to vulnerable children or adults due to factors outside our control.	2015/16	Possible	Major	Medium	2015/16	Possible	Major	Medium
		2016/17	Possible	Major	Medium	2016/17	Possible	Major	Medium
<b>6b</b>	Potential for significant harm to vulnerable children or adults due to failure of services and/or partners to act accountably for safeguarding	2017/18	Possible	Major	Medium	2017/18	Possible	Major	Medium
<b>7</b>	Failure to meet the needs of individual learners may result in them not achieving their full potential.	2015/16	Possible	Major	Medium	2015/16	Unlikely	Major	Low
		2016/17	Possible	Major	Medium	2016/17	Unlikely	Major	Low
		2017/18	Possible	Major	Medium	2017/18	Unlikely	Major	Low
<b>8a</b>	Potential that council services, including schools do not have the necessary ICT infrastructure meaning they are unable to maximise their offer to service users or learners needs.	2015/16	Likely	Substantial	Medium	2015/16	Likely	Substantial	Medium
		2016/17	Likely	Substantial	Medium	2016/17	Likely	Substantial	Medium
		2017/18	Likely	Substantial	Medium	2017/18	Possible	Substantial	Medium

<b>8b</b>	Insufficient ICT infrastructure and skills in the county have the potential to lead to social and economic disadvantages	2015/ 16	Likel y	Substan tial	Medi um	2015/ 16	Likel y	Substa ntial	Mediu m
		2016/ 17	Likel y	Substan tial	Medi um	2016/ 17	Likel y	Substa ntial	Mediu m
		2017/ 18	Likel y	Substan tial	Medi um	2017/ 18	Possi ble	Substa ntial	Mediu m
<b>9</b>	Reductions in our workforce due to budgetary pressures will impact on our capacity to deliver transformational change and improve performance.	2015/ 16	Possi ble	Substan tial	Medi um	2015/ 16	Possi ble	Substa ntial	Mediu m
		2016/ 17	Possi ble	Substan tial	Medi um	2016/ 17	Possi ble	Substa ntial	Mediu m
		2017/ 18	Possi ble	Substan tial	Medi um	2017/ 18	Unlik ely	Substa ntial	Low
<b>10</b>	Not having appropriate governance mechanisms does not make it easy for communities to work with us when we are co-delivering and co-developing services which will impact on our shared ability to deliver sustainable and resilient communities.	2015/ 16	Possi ble	Substan tial	Medi um	2015/ 16	Possi ble	Substa ntial	Mediu m
		2016/ 17	Possi ble	Substan tial	Medi um	2016/ 17	Possi ble	Substa ntial	Mediu m
		2017/ 18	Possi ble	Substan tial	Medi um	2017/ 18	Unlik ely	Substa ntial	Low
<b>11 ne w</b>	The current configuration of the recycling service becomes unviable because of legislation requirements and financial constraints.	2015/ 16	Unlik ely	Moderate	Low	2015/ 16	Unlik ely	Moderate	Low
		2016/ 17	Likel y	Substan tial	Medi um	2016/ 17	Un likely	Substa ntial	low



## **Principle 5: Developing the capacity and capability of members and officers to be effective**

- 64** The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Members' Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members.
- 65** The Council's recruitment procedures provide equality of employment opportunities. The equality-assessed pay structure meets the requirements of the Single Status Agreement of 1997. The Single Status Collective Agreement was approved by Cabinet in September 2010.

### **Good governance and upholding standards of behaviour**

- 66** Agreed arrangements enable the Council to comply with statutory requirements in respect of child protection and the protection of vulnerable adults. Recruitment procedures help ensure that Council employees and Members working with children or vulnerable adults are checked for their suitability to do so.
- 67** In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures.
- 68** The Council's website includes other information which the Council is required to publish, such as allowances paid to members in accordance with statutory provisions. There are also agreed procedures to meet the requirements of the Regulation of Investigatory Powers Act 2000. The Council operates a Data Protection policy and also has procedures in place to meet its responsibilities under the Environmental Information Regulations and the Freedom of Information Act, 2000.
- 69** There is continued support for Members' development through briefing sessions and other learning opportunities. There is also ongoing training and development which meets the needs of officers and members through the corporate programme. Coaching and leadership skills training will be rolled out to all managers in due course. Check in, Check Out provides a value-based performance assessment approach between staff and line managers and aims to ensure employees have clear and effective understanding of their contribution to the objectives of their teams and subsequently the Council. Based on feedback received the process has been evaluated and been further developed in 2015/16. **Check wording**

## **Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability**

- 70** The agendas are published in advance of all meetings on the Council's website.
- 71** The Scrutiny Annual Report is produced for the Council meeting in July each year. The scrutiny function has a 'Scrutiny Service Improvement Plan'. The plan is built into the Council's improvement framework. The plan is also scrutinised by the Council's Audit Committee annually to ensure they are satisfied that the Council has appropriate and effective scrutiny arrangements in place
- 72** The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles. The Scrutiny Handbook provides a guide for Members, officers and the public on the role and value of scrutiny and the website displays the Scrutiny Forward Work Programme and invites public submissions. Development of Customer Insight to better understand our communities. Dissemination of ward meeting minutes.



- 73 Social media, Twitter and Facebook for example, is increasingly being used to engage local people and communicate the corporate message. The council has partnered with an IT supplier to develop Monmouthshire Made Open – a digital engagement platform to enable local people to help shape ideas to the challenges facing their communities.
- 74 All meetings are held in public as shown from Committee agendas and minutes which are then available on the website. All meetings - The Council, Cabinet, Audit Committee, Select Committees and Planning / Licensing Committees are streamed live on the internet.
- 75 There were several extensive public engagement events undertaken in 2013/14, 2014/15 and 2015/16 for the budget. MCC's model of engagement in understanding its communities' views and the way it now operates as an organisation was shared with many delegates at a Welsh sustainability conference as exemplar. The development of 'Your County Your Way' and Whole Place approach has encouraged the community within Monmouthshire to actively contribute to making stepped changes to improve the way in which services are provided; the intention is to transform public service delivery. This links back to the population outcomes for Monmouthshire in the Single Integrated Plan.
- 76 The Council has received a number of Freedom of Information Act requests during the year, with no complaints made to the Information Commission Officer. 98% of requests were responded to within the required 20 days:

	2013-14	2014-15	2015-16
No' of FOI requests	918	1023	1057
No' responded to within 20 days	841	1002	1034
Percentage of FOIs responded to within 20 days	93%	95%	98%

## Main areas of Concern

- 77 The following Table outlines where the Council has identified gaps in its governance arrangements, which will be addressed in the forthcoming months to further strengthen governance in Monmouthshire County Council.

Governance Principle		Progress?
<b>Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens</b>	The governance arrangements for all of the Monmouthshire partnerships will be clarified and reported to Members in due course through the Audit Committee.	
<b>Principle 3: Promoting values for the Authority and demonstrating the</b>	The Internal Audit team will work with the Procurement Team to continue to deliver awareness raising sessions on	

<b>values of good governance through upholding high standards of conduct and behaviour;</b>	the importance of compliance with Contract Procedure Rules and Financial Procedure Rules	
<b>Principle 5: Developing the capacity and capability of members and officers to be effective</b>	The Appraisal process will continue to be rolled out to all staff which will pick up any issues here.	The employee performance appraisal approach (check-in, check-out) has been evaluated based on the feedback received and a revised process established which has been rolled out for all staff.
<b>Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability</b>	Decision making work programmes will continue to be populated in advance in future.	

#### **Action Plan 2014/15**

- 78** Appendix 1 shows how the 2014/15 Action plan issues have been addressed during 2015/16.
- 79** An Action Plan for 2015/16 has been developed to capture known gaps in the Council's governance arrangements; the issues will be reviewed and considered during 2016/17 to further enhance the Council's governance arrangements. This is shown at Appendix 2.

## Monitoring & Evaluation

- 80** We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:** .....**2016**  
**Leader**

**Signed:** .....**2016**  
**Chief Executive**



**Action Plan 2015/16**

The following issues will be reviewed and considered during 2016/17 to further enhance the Council's governance arrangements:


### Main areas of Concern 2014/15 addressed

The following Table outlines where the Council has addressed gaps previously identified in its governance arrangements.

Governance Principle		
<b>Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens</b>	The governance arrangements for all of the Monmouthshire partnerships will be clarified and reported to Members in due course through the Audit Committee.	
<b>Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;</b>	The Internal Audit team will work with the Procurement Team to continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules	
<b>Principle 5: Developing the capacity and capability of members and officers to be effective</b>	The Appraisal process will continue to be rolled out to all staff which will pick up any issues here.	
<b>Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability</b>	Decision making work programmes will continue to be populated in advance in future.	

