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**REPORT OF THE MONITORING OFFICER**

**AGENDA ITEM:**

**GOOD GOVERNANCE DIAGNOSTIC & ETHICAL STANDARDS  
AUDIT**

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**Reasons for the Report**

1. To provide the Committee with information concerning a proposed review of the governance arrangements within the Council, and in the light of this to invite the Committee to consider next steps in respect of the Ethical Standards Audit.

**Background**

2. The Committee received a report on the Ethical Standards Audit at its meeting on the 5<sup>th</sup> October 2006 and amongst other things was asked to consider the implications for the work plan priorities of the Committee in the forthcoming year. The Committee adjourned a final decision on this matter. Members were given the opportunity to forward any proposals for amendments to the proposed questionnaire to the Clerk to the Council and for the matter to be reconsidered at a future meeting.

**Good Governance Review**

3. In the intervening period the Council has been approached by the Wales Audit Office who have asked that we take part in a project to pilot a Good Governance Diagnostic which could then be applied throughout Wales. This has been developed in response to concerns about standards of behaviour in public life, a topic with which the Committee is entirely familiar. The Wales Audit Office and the Audit Commission have developed a number of mechanisms to support public bodies to implement appropriate governance arrangements and to assess their effectiveness. One of these mechanisms includes the Good Governance Standard Diagnostic.
4. The diagnostic primarily examines understanding, culture, and behaviours. It can be used with all public bodies but is focussed on the governance of individual organisations.

## **The Welsh Model**

5. The diagnostic developed by the Wales Audit Office is based on 7 principles of good governance which have been developed by the Welsh Assembly Government. These principles have been built on the good governance principles laid out by the Independent Commission for Good Governance in Public Services - “Good Governance Standards for Public Services”. The Committee has previously received a presentation on this document).
6. The 7 principles are:-
  - Putting the citizen first – good governance means focussing on peoples’ needs and experiences and making the organisation’s purpose the delivery of a high quality service.
  - Knowing who does what and why – good governance means that everyone involved in delivering a service understands each others roles, responsibilities and how together they will deliver the best possible outcomes.
  - Engaging with others – good governance means ensuring that the views and contributions of staff, the public and partner agencies are sought and harnessed to achieve the best outcomes.
  - Living public service values – good governance means creating a team that can do the job well, whose behaviours are rooted in public service values.
  - Fostering innovative delivery – good governance means being creative and innovative in the delivery of public services working from evidence and taking managed risks to achieve better outcomes.
  - Being a learning organisation – good governance means always learning and always improving service delivery.
  - Achieving value for money – good governance means looking after tax payers resources properly and using them carefully to deliver high quality efficient services.

## **Audit Approach**

7. There are 3 parts to the diagnostic designed to answer the question “does the organisation have in place robust arrangements which are operating effectively?”
  - Part 1 – an electronic survey of all “governors” and senior staff in the organisation to provide an independent self-assessment of compliance with the principles.
  - Part 2 – a detailed assessment of how well the organisation’s governance arrangements are working through document review and targeted interviews with appropriate staff and governors.
  - Part 3 – consists of workshops which follow on from the detailed diagnostic and survey. Such workshops will use scenarios and ask participants to discuss the issues that the scenarios present.

8. All parts of the diagnostic have been developed to help organisations to identify training needs to establish how widely the organisation is applying the principles of good governance and where arrangements and understanding need to be developed.

### **Corporate Governance Statement**

9. With effect from the 2008/2009 Financial Year all Welsh Local Authorities are required to publish an Annual Governance Statement in accordance with the CIPFA/Solace governance framework. The output from the proposed diagnostic will help the Council to comply with the new requirements and in particular will support members in addressing the framework requirements that “in reviewing and approving the government statement members will require assurances on the effectiveness of that framework and how this addresses the key risks faced by the Authority”.

### **Legal and Financial Implications**

10. There are no legal or financial implications arising directly from this report.

### **Conclusion**

11. In the light of this development Members may wish to consider whether it would be prudent to delay pursuing an independent ethical audit and to ask the Monitoring Officer to discuss with the Wales Audit Office how the Good Governance Diagnostic could incorporate some elements of the proposed ethical standards work undertaken by the Committee.

### **Recommendations**

The Committee is therefore recommended:-

- a. To note the proposed good governance review
- b. To consider the relationship between this review and any proposed ethical standards audit
- c. To authorise the Monitoring Officer to initiate discussions with the Welsh Audit Office to take this proposal forward

**Kate Berry**

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Dated: 12<sup>th</sup> November 2008

Background Papers

Report to Standards & Ethics Committee – 5<sup>th</sup> October 2006 – Ethical Standards Audit update