

**Assessment Questions for Authority Members and Authorities to Ask Themselves**

**1. Good governance means focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

- How clear are we about what we are trying to achieve as an authority?
- Do we always have this at the front of our minds when we are planning or taking decisions?
- How well are we doing in achieving our intended outcomes?
- How well do we communicate our vision to the community?
- To what extent does the information that we have about the quality of service for users help us to make rigorous decisions about improving quality?
- Do we receive regular and comprehensive information on users views of quality?
- How could this information be improved?
- How well does the organisation understand the views of the public and service users?
- Do we receive comprehensive and reliable information about these views and do we use it in decision making?

**2. Good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles**

- Do we all know what we are supposed to be doing?
- Is our approach to each of the authority s main functions clearly set out and understood by all the authority members and the leader and senior cabinet members?
- Have we formally agreed on the types of decisions that are delegated to the executive and those that are reserved for the full council?

- What does the size and complexity of our organisation mean for the ways in which we approach each of the main functions of governance?
- Are the governance arrangements understood throughout the authority? What efforts have been made to demystify the concepts of governance? Have they been successful?
- How dearly have we defined the respective roles and responsibilities of the non- executives and the executive, and of the chair and the chief executive?
- Do all members of the authority take collective responsibility for its decisions?

**3. Good governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

- In what ways does our behaviour, collectively as a governing body and individually as governors, show that we take our responsibilities to the organisation and its stakeholders very seriously?
- Are there any ways in which our behaviour might weaken the organisation s aims and values?
- Does the standards committee act as the main means to raise awareness? Does it take the Lead in ensuring high standards of conduct are firmly embedded within the local culture?
- What are the values that we expect the staff to demonstrate in their behaviour and actions?
- How well are these values reflected in our approach to decision making?
- What more should we do to ensure these values guide our actions and those of staff?

**4. Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

- How well do our meetings work?

- What could we do to make them more productive and do our business more effectively?
- Is the quality of information received across service areas consistent) including partnerships?
- To what extent does the information that we have on costs and performance help us to make rigorous decisions about improving value for money?
- How effectively do we use this information when we are planning and taking decisions? How well do we understand how the value we provide compares with that of similar organisations?
- Is this set out in a clear and up-to-date statement?
- How effective is this as a guide to action for the full council and the executive?
- How well do we explain the reasons for our decisions to all those who might be affected by them?
- Are decision-making processes properly adhered to?
- How do we ensure the full council maintains a key role in debating decisions?
- Is the information received by all council members robust and objective and appropriate for their needs'?
- How could the information received be improved to help improve our decision making?
- Do we take professional advice to inform and support our decision making when it is sensible and appropriate to do so?
- How effective is the organisation's risk management system?
- How do we review whether this system is working effectively?
- Do we develop an action plan to correct any deficiencies in the systems?
- If so, do we publish this each year?

- Is the scrutiny function adequately resourced?
- Does the scrutiny function work effectively? Is the outcome of constructive scrutiny taken into account?

**5. Good governance means developing the capacity and capability of members and officers to be effective**

- What skills have we decided that members must have to do their jobs effectively?
- How well do the political parties identify people with the necessary skills to seek election and reach people from a wide cross-section of society?
- What more could we do to make sure that becoming an authority member is practical for as many people as possible?
- How effective are we at developing our skills and updating our knowledge?
- How effective are political parties at reviewing the performance of individual members?
- Do we put into practice action plans for improving our performance as an authority?
- How do we ensure officers have the necessary skills to do their jobs? Are officers adequately resourced?
- Is it possible to find a balance between continuity of knowledge and renewal of thinking in the authority membership? Do we have a policy on succession planning?
- Does this need to be reviewed?

**6. Good governance means engaging with local people and other stakeholders to ensure robust public accountability**

- Who are we accountable to and for what?
- How well does each of these accountability relationships work?
- Do we need to take steps to clarify or strengthen any relationships?

- Do we need to negotiate a shift in the balance between different accountability relationships?
- How do we deal with competing demands and priorities from different sections of the community? Are the processes we use effective?
- What is our policy on how the organisation should consult the public and service users?
- Does it explain clearly the sorts of issues on which it will consult which groups and how it will use the information if receives?
- Do we need to review this policy and its implementation?
- What is our policy on consulting and involving staff and their representatives in decision making?
- Is this communicated clearly to staff?
- How well do we follow this in practice?
- How effective are systems within the organisation for protecting the rights of staff?
- Who are the institutional stakeholders that we need to have good relationships with?
- How do we organise ourselves to take the lead in developing relationships with other organisations at the most senior level?
- How well do we exercise leadership for the community?
- Are we upholding and demonstrating the spirit and ethos of good governance that the Framework sets out to capture?
- Do we have a process for regularly reviewing our governance arrangements and practice against the Framework?
- What further improvements do we need to make?
- Are we making public the results of our reviews and our plans for future improvements? Are we inviting feedback from stakeholders and service users?

## **Further Guidance on Audit Committees, Standards Committees and Scrutiny**

### **INTRODUCTION**

**7.1** Local authorities have the freedom to make their own judgements about appropriate governance arrangements and to justify their decisions through the relevant accountability channels. However, it is important that respective committees are clear about their roles and responsibilities and that there is a clear distinction in their terms of reference. This will avoid confusion, disputes and possible duplication. Furthermore, committees are likely to be more effective if they are required to focus on their own defined areas of business.

**7.2** The following guidance is intended to help authorities enhance the effectiveness of their own committee structures by clarifying functions and roles for audit, standards and scrutiny committees.

### **THE ROLE OF AUDIT AND STANDARDS COMMITTEES**

**7.3** A useful distinction can be made between the functions of overseeing financial processes, audit and risk management and ensuring and promoting good ethical conduct: The focus of audit committees should be on the former while the focus of standards committees should be on the latter. An audit committee would then oversee the following core functions outlined in the CIPFA publication *Audit Committees: Practical Guidance for Local Authorities* 120051. This guide recommends that the audit committee will:

- consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors
- be satisfied that the authority's assurance statements properly reflect the risk environment and any actions required to improve it  
approve (but not direct) internal audits strategy, plan and monitor performance
- review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary
- receive the annual report of the Head of Internal Audit  
consider the reports of external audit and inspection agencies
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted

- review the financial statements, external auditors opinion and reports to members, and monitor management action in response to the issues raised by external audit.

**7.4** The responsibility to ensure a robust local framework adds particular emphasis to the standards committees role in promoting high standards of conduct, thus providing the basis for strong and accountable leadership.

**7.5** The functions of the standards committee are determined by statute and resolutions, Part III of the Local Government Act 2000 requires standards committees to undertake the following functions:

- give the council advice on adopting a local code of conduct
- monitor the effectiveness of the code
- train members on the code, or arrange such training
- promote and maintain high standards of conduct for members
- help members to follow the code of conduct.

**7.6** The introduction of regulations under the Local Authorities [Code of Conduct] [Local Determinations) Regulations 2003 has led to standards committees having the responsibility for holding a local hearing following an investigation of misconduct and imposing sanctions.

**7.7**As proposed in the Local Government White Paper 2006 *Strong and Prosperous Communities, the Local Government and Public Involvement in Health Bill 2007* places greater emphasis on local decision making on ethics issues by making standards committees responsible for the initial assessment of all allegations of misconduct.

**7.8** Reference is made to the role of standards committees in the Comprehensive Performance Assessment 2005: Key Lines of Enquiry for Corporate Assessment. Of particular note is the role of promoting and maintaining high ethical standards and the need to have a high profile within the council. Similarly, the Government, as part of its drive for local ownership of standards and ethical issues, envisages standards committees as being at the heart of decision making within the conduct regime and the main means of raising awareness of standards issues

*(Standards of Conduct in English Local Government: The Future, ODPM, 2005).*

**7.9** Equally, the Audit Commissions Key Lines of Enquiry for Use of Resources Assessments recognise the importance of the council being able to demonstrate that it is effectively delivering the core functions of an audit committee, as identified in the CIPEA guidance, preferably through an audit committee that is independent of the executive function. That group should provide leadership on governance, financial reporting and audit issues and, when full effective, will provide challenge across the authority.

**7.10** Other functions that could come under the remit of standards committees are overseeing the constitution, overseeing whistle-blowing, assessing reports from the Ombudsman and developing protocols.

**7.11** The above does not include an exhaustive List of possible functions. Although mindful of the need not to be over-prescriptive there is, nevertheless, a need for clarity of roles, and for some protocol where committees coexist. It could also be possible that the committees would contribute to each others work and/or undertake joint working and reporting on some issues, for which they both would have some responsibility, for example risk management and monitoring corporate governance.

## **THE ROLE OF SCRUTINY**

**7.12** The Local Government Act 2000 brought in new arrangements that clearly defined a scrutiny role for elected members in holding executives of councils to account, and in scrutinising the work of other agencies providing local services. There is now a clear distinction between the executives role in proposing and implementing policies, and the role of non-executive members in reviewing policy and scrutinising executive decisions. Local authority overview and scrutiny committees have the power to summon members of the executive and officers of the authority before it to answer questions, and are able to invite other persons to attend meetings to give their views or submit evidence. Local authority overview and scrutiny committees will in certain circumstances have the power to ask other partner bodies for information and for those partner bodies to be required to have regard to recommendations made by the overview and scrutiny committee.

**7.13** The role of scrutiny is to review policy and challenge whether the executive has made the right decisions to deliver policy goals. This is different from the role of the audit committee, which exists to provide independent assurance that there are adequate controls in place to mitigate key risks and



to provide assurance that the authority, including the scrutiny function, is operating effectively. That said, an audit committee's judgements may well be informed by the results of scrutiny within the authority.

**7.14** The scrutiny function has four key legislative roles:

- holding the executive to account
- policy development and review
- best value reviews
- external scrutiny — scrutiny committees have the power to consider matters that are not the responsibility of the local authority, but which affect the authority's area or its inhabitants.

**7.15** Scrutiny and overview committees may also:

- provide satisfying and meaningful roles for non-executive members
- consider the improvement agenda [including CPAs], general performance, management and review
- ensure corporate priorities are met
- monitor and revise the constitution
- engage partner organisations, the public and the press. Membership and skills of audit committees, standards committees and scrutiny and overview committees

**7.16** In the guide *Audit Committees Practical Guidance for Local Authorities* ([2005) CIPFA recommended that members of the audit committee should be independent of both the executive and scrutiny functions. The Government has also proposed that all chairs of standards committees should be independent (the *Local Government and Public Involvement in Health Bill 2007*). The Relevant Authorities (Standards Committee) Regulations 2001 require that independent members comprise at least 25% of the membership of the committee and the Standards Board for England recommends that there should be at least two independent representatives. Standards committees must, where they cover any parish or town councils, include at least one parish or town council representative [Local Government Act 2000 and the Relevant Authorities (Standards Committee) Regulations 2001).

**7.17** Given the different roles of the committees, it follows that arrangements should be in place to ensure that members of the respective committees have the necessary skills, experience and knowledge.. The Government (*Standards of Conduct in English Local Government: The Future*, ODPM, 2005) recommends that standards committees should include independent members who reflect a balance of experience. Although some aspects of the skills and experiences required for the committees are likely to be similar, there are some which are likely to be more specific. For example, overseeing risk management and financial arrangements (undertaken by an audit committee) requires different skills to that of holding hearings and promoting ethics (undertaken by a standards committee).