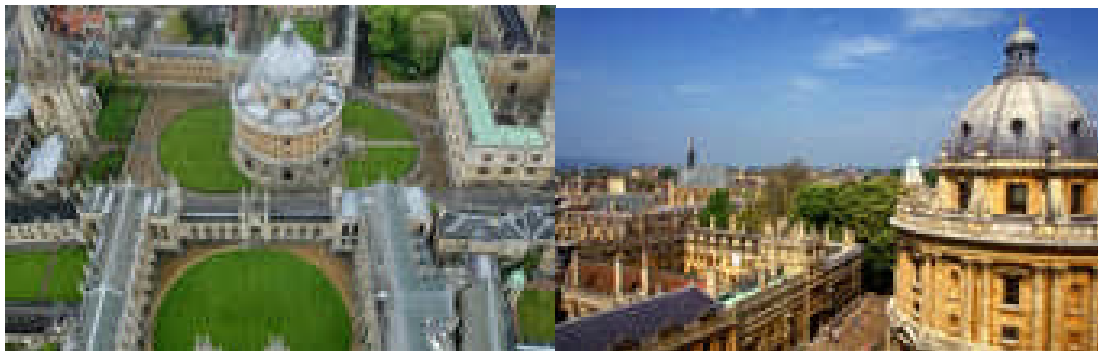




Assessment of Governance Arrangements

Internal Audit Final Report 09_10 1.17



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Introduction

Introduction

This review was undertaken as part of the 2009/10 Internal Audit Plan agreed by the Audit and Governance Committee.

This report has been prepared solely for Oxford City Council (“the Council”) in accordance with the terms and conditions set out in our contract. We do not accept or assume any liability or duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without our prior written consent.

Background & Scope

In order to understand the design and effectiveness of governance arrangements at the Council, we have conducted a survey of all councillors, executive directors and heads of service. The on-line survey was based on ‘Good Governance Standards for Public Services’. This report summarises the findings of this survey, and provides recommendations in response to it. A copy of the survey has been provided in Appendix 1.

The extract below outlines the importance of effective governance in the local authority environment, and gives an indication of the role of internal audit in relation to an authority’s governance arrangements.

CIPFA/SOLACE (2001)

“(Corporate governance is) the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, and lead and control their functions, to achieve their objectives”

“The (internal audit) strategy should state how the assurance for the annual statement on internal control will be demonstrated. This will include how the Head of Internal Audit will contribute to the review of the organisation’s corporate governance arrangements, risk management processes and key internal control systems.”

Code of Practice for Internal Audit in Local Government in the United Kingdom (2003)

The survey was ‘live’ for a period of a month and the final response rate has been documented for reference:

	Total	Responses	% Rate
Officers	18	12	67
Members	47	19	40
TOTAL	65	31	48



Staff involved in this review

We would like to thank all of the members and officers at Oxford City Council that contributed to this review.

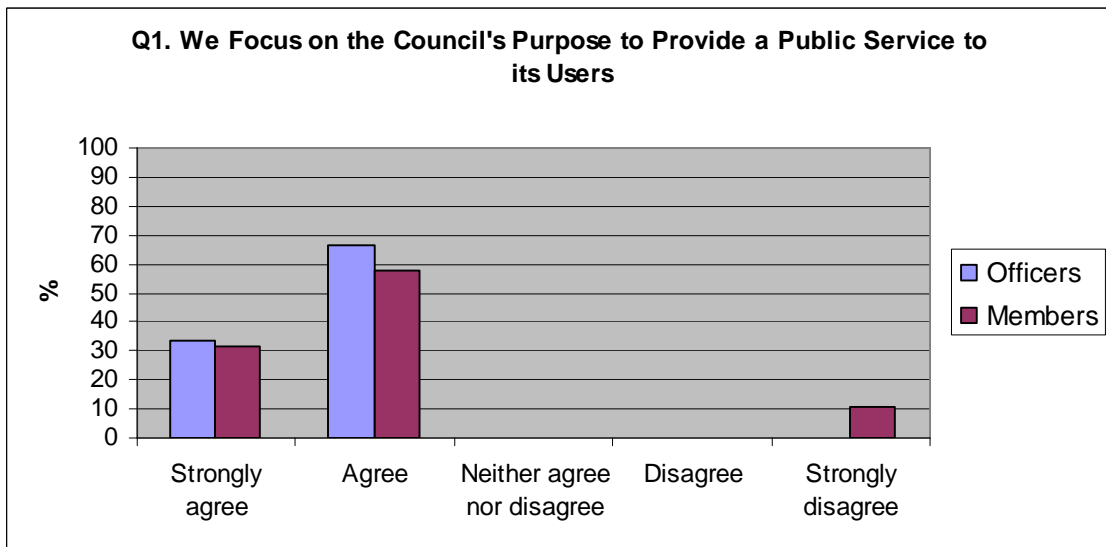
Findings and Analysis

The following section details the results of the survey undertaken. For each question we have set out the number and percentage of responses for both officers and members. We have provided commentary for each question and identified comments made by respondents on the areas addressed. It should be noted that these comments are based on the opinions of respondents and may be influenced by personal perception and experience. The findings in this report have therefore been produced to facilitate discussion and reflect on common themes. These findings do not provide a definitive opinion of the governance arrangements at the Council.

Question 1: We focus on the Council's purpose to provide a public service to its users

	%		No of Responses	
	Officers	Members	Officers	Members
Strongly agree	33	32	4	6
Agree	67	58	8	11
Neither agree nor disagree	0	0	0	0
Disagree	0	0	0	0
Strongly disagree	0	11	0	2
	100	100	12	19

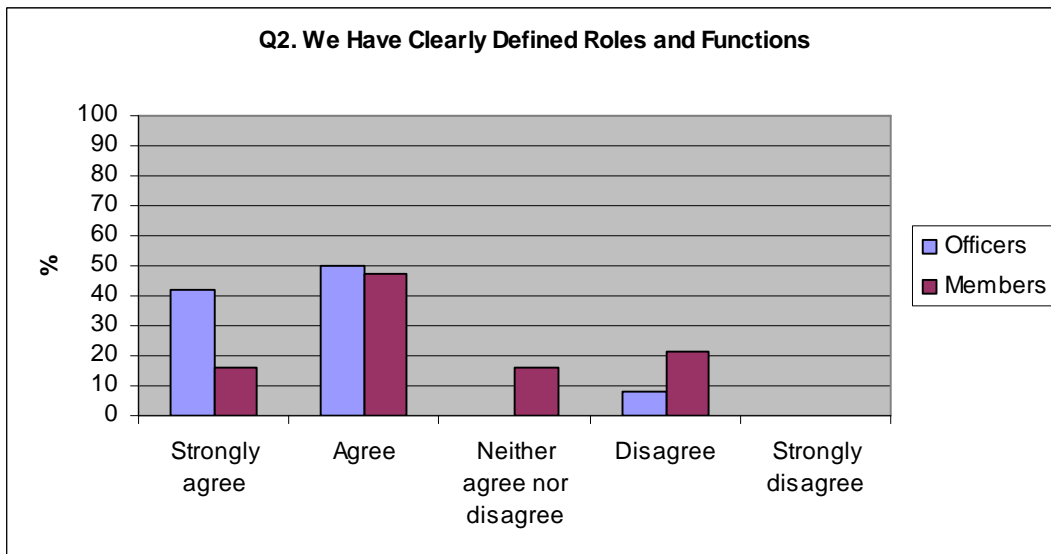
- Overall a strong result to this statement was evident both amongst officers and members. 90% of respondents either agreed or strongly agreed with the statement.
- Despite the positive result, there was a minority opinion that the Council could do more to consult with the public for their views before making key strategic decisions. The Council's new 0800 telephone service number was highlighted as a particular area which should be strengthened to build on the public service to users.
- It was also expressed that the Council should provide members of the public with greater information on their strategic plans. This should include demonstrating that potential objections have been considered in advance by the Council rather than an afterthought. In addition, greater willingness to respond to objections raised by the public should be shown.



Question 2a: We have clearly defined roles and functions

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	42	16	5	3
Agree	50	47	6	9
Neither agree nor disagree	0	16	0	3
Disagree	8	21	1	4
Strongly disagree	0	0	0	0
	100	100	12	19

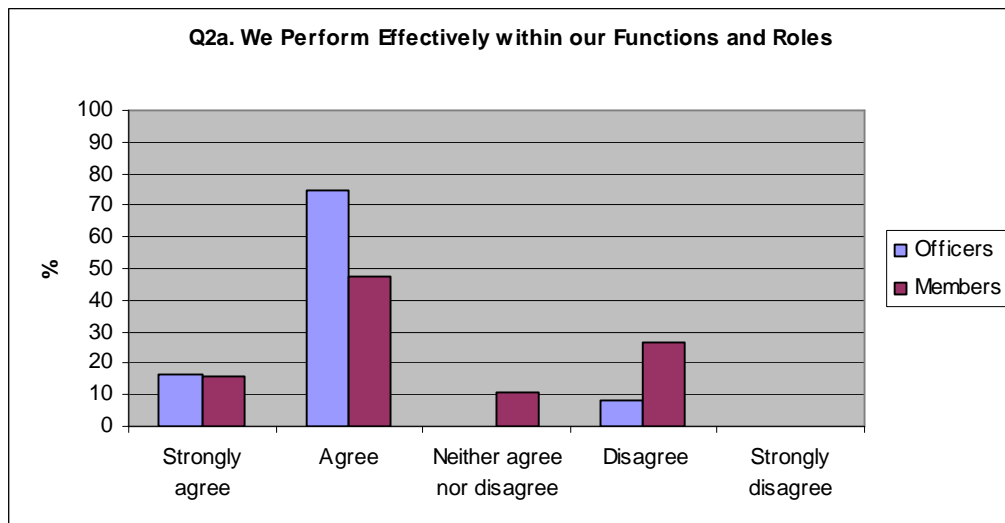
- This statement received a mixed response. The majority of officers and members agreed that clearly defined roles and functions are in place. However, 21% of responding members surveyed disagreed with the statement.
- Comments highlighted the opinion that the revised management structure clearly defines roles around the service areas which allows the Council to achieve their corporate aims and objectives.
- However the role of the City Council within partnership arrangements was noted as being 'uneasy' due to the overlapping nature of governance arrangements.



Question 2b: We perform effectively within our functions and roles

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	17	16	2	3
Agree	75	47	9	9
Neither agree nor disagree	0	11	0	2
Disagree	8	26	1	5
Strongly disagree	0	0	0	0
	100	100	12	19

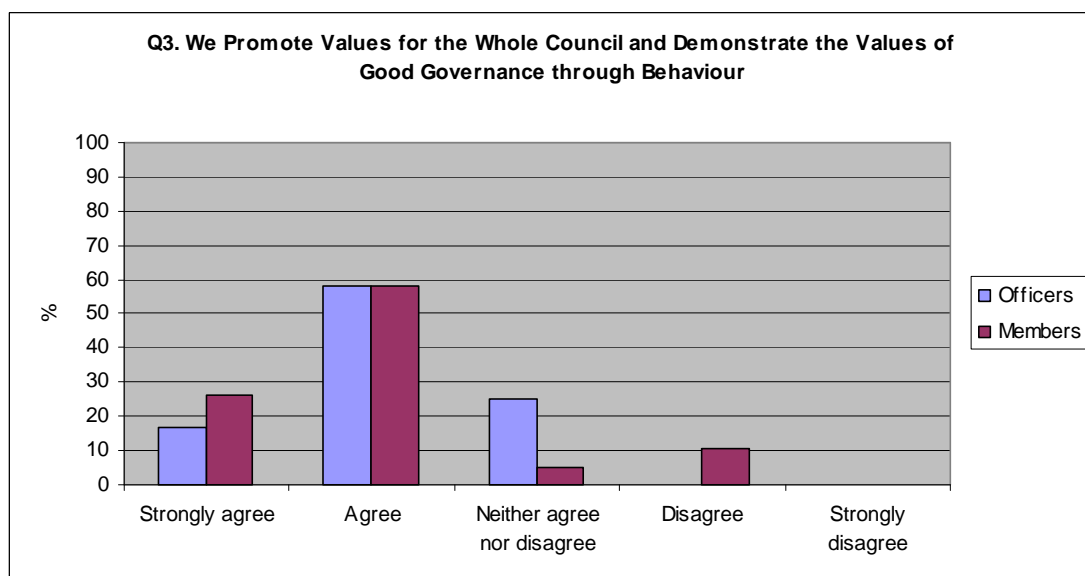
- Again a positive overall score was provided among officers for this question. However, almost 30% of members did not agree that they are performing effectively in their current roles.
- A common theme exhibited was that people in senior management positions are considered to be competent, enthusiastic and talented' and are driving through change with real results.
- That said, comments indicated that more middle management and junior staff are not motivated to engage with the culture of change and improvement. The Financial Accounting function was highlighted by members as a key area where performance improvements are required. Comments indicated that some functions have been slow to adopt the culture or embed the behaviours required by the transformation at the Council.



Question 3: We promote values for the whole Council and demonstrate the value of Good Governance through behaviour

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	17	26	2	5
Agree	58	58	7	11
Neither agree nor disagree	25	5	3	1
Disagree	0	11	0	2
Strongly disagree	0	0	0	0
	100	100	12	19

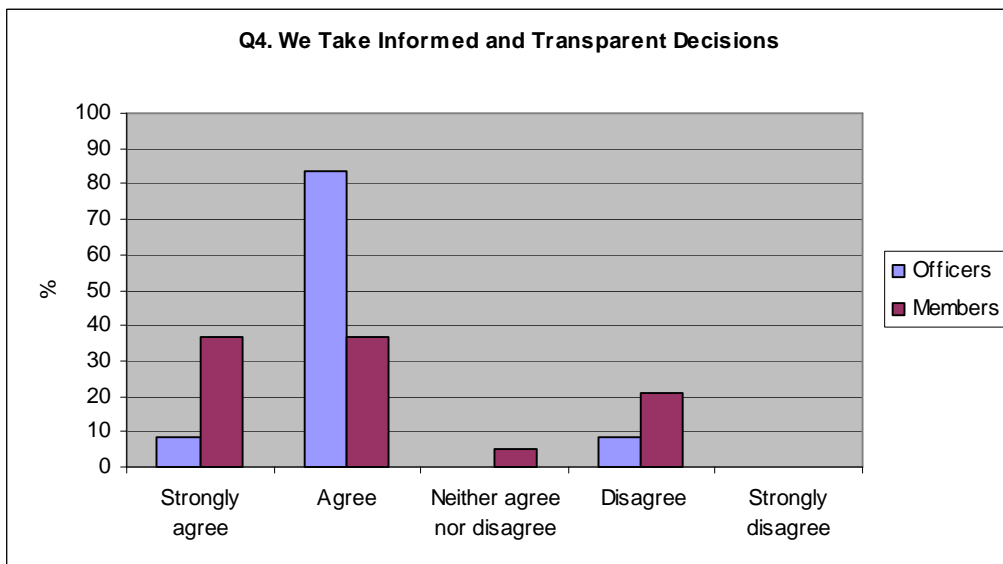
- This comment provided a positive result with 75% of officers and 84% of members agreeing or strongly agreeing with this statement.
- It was felt that there is a firm commitment at a senior management level to good governance arrangements. This is supported by a network of scrutiny points which sustain the overall governance message. However, one comment was made that members should be provided with additional training sessions to remind them of the governance framework and respective roles and responsibilities.
- One point was raised that there is a danger of over emphasising corporate governance at the expense of improving services. A good balance between service delivery and governance should be maintained.
- The fact that a minority of responses neither agree nor disagree **may** indicate that this is something that is not generally considered to be at the forefront of the Council's agenda.



Question 4a: We take informed and transparent decisions

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	8	37	1	7
Agree	83	37	10	7
Neither agree nor disagree	0	5	0	1
Disagree	8	21	1	4
Strongly disagree	0	0	0	0
	100	100	12	19

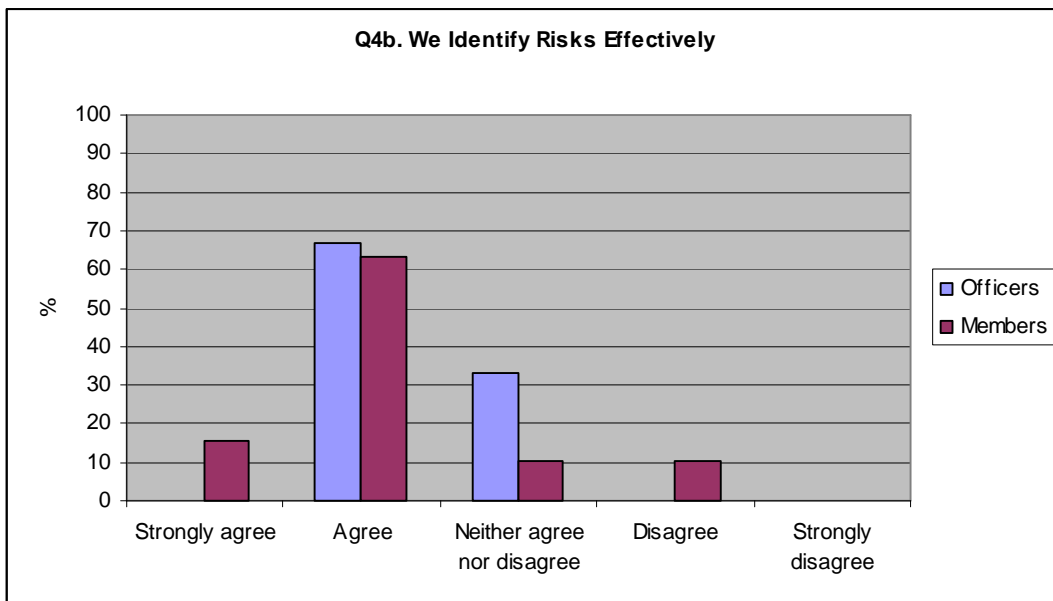
- 92% of officers and 74% of members stated that they strongly agreed or agreed with this statement. However members commented on the importance of the Council maintaining transparency with the public in recognition of the fact that they are 'the only reason for the Council being in existence'. Ongoing consultation with the public was highlighted as paramount.



Question 4b: We identify risks effectively

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	0	16	0	3
Agree	67	63	8	12
Neither agree nor disagree	33	11	4	2
Disagree	0	11	0	2
Strongly disagree	0	0	0	0
	100	100	12	19

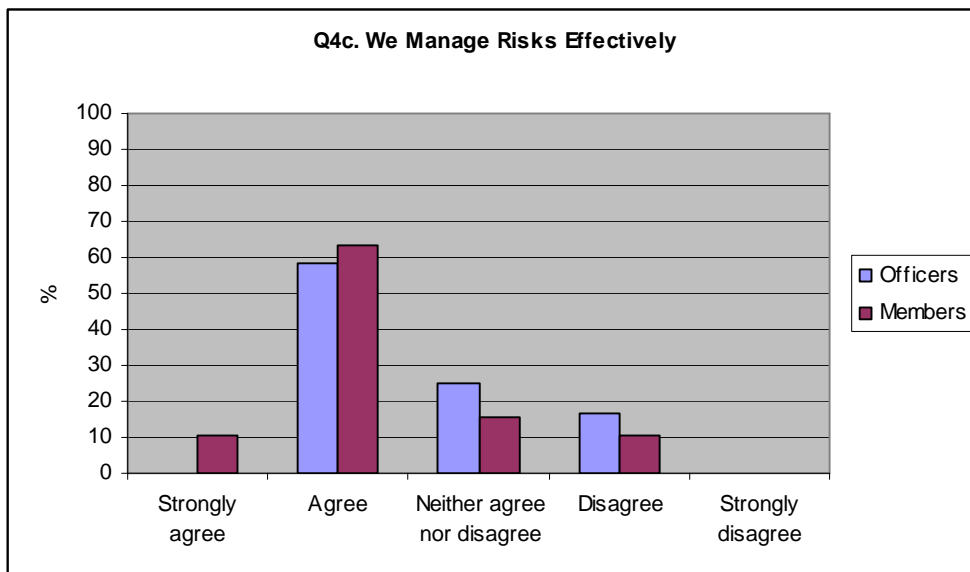
- A high proportion of responses agreed that risks are identified effectively. However it should be noted that over 30% of officers, neither agreed nor disagreed. This may have some reflection on the risk attitude within the Council.
- There were no specific comments made on risk identification.



Question 4c: We manage risks effectively

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	0	11	0	2
Agree	58	63	7	12
Neither agree nor disagree	25	16	3	3
Disagree	17	11	2	2
Strongly disagree	0	0	0	0
	100	100	12	19

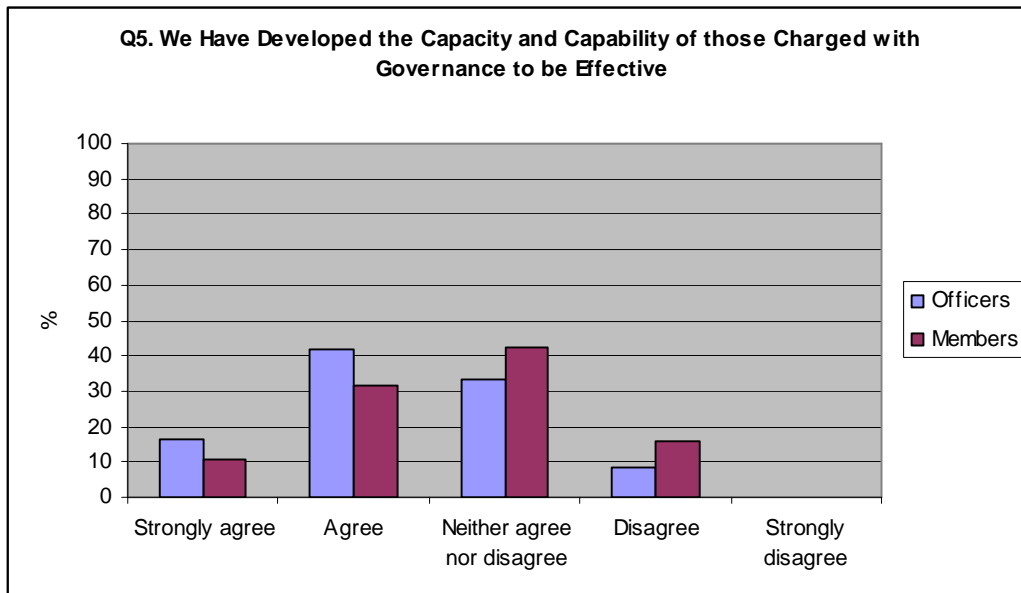
- Only 11% of members disagreed with this statement and 67% of members stated that they agreed. However it should be noted that a lower percentage of both groups either agreed or strongly agreed with this statement than question 4b)
- Positive comments were made around the engagement on the issue of risk management and the efforts that have been made to embed an understanding and appreciation of the topic.
- One member however felt that the risk management is the “Achilles heel” of the Council and needs to be improved.



Question 5: We have developed the capacity and capability of those charged with governance to be effective

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	17	11	2	2
Agree	42	32	5	6
Neither agree nor disagree	33	42	4	8
Disagree	8	16	1	3
Strongly disagree	0	0	0	0
	100	100	12	19

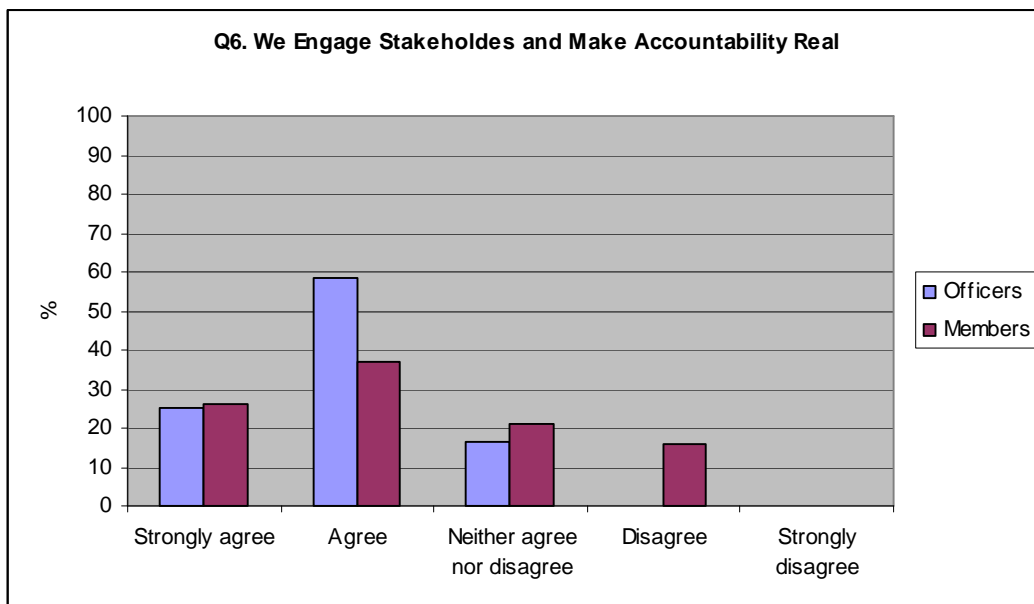
- This comment received a high number of comments, reflecting the importance to both members and officers.
- There was a mixed response from both groups. 41% of officers and 58% of members did not agree with this comment.
- Comments indicated that members require more training in their role in order to govern effectively. The suggestion of 'role descriptions' for chairs of committees was mentioned as a recommendation.
- Members also highlighted the issue of apathy amongst opposition members in taking interest in the strategic issues facing the Council.



Question 6: We engage stakeholders and make accountability real

	%		No. Of responses	
	Officers	Members	Officers	Members
Strongly agree	25	26	3	5
Agree	58	37	7	7
Neither agree nor disagree	17	21	2	4
Disagree	0	16	0	3
Strongly disagree	0	0	0	0
	100	100	12	19

- Despite the strong results given to this comment, a common theme expressed was around consultation and engagement with the public.
- Particular opinions were raised around the 'sugar coating' of messages communicated to the public and the lack of two way communication during the planning stages of decision making. There was clearly a call for an improvement in linking the needs of service users with the Council's strategy.
- The pressure for cross party working has been cited as an issue in blurring accountability lines.



Management Response

The observations noted in this report have been communicated to management and the following response provided:

“The results of the survey are pleasing. There were particularly strong results in terms of the Council defining its purpose, promoting values and good governance and engaging stakeholders. The Council continues to articulate its vision and objectives via the Corporate Plan and that document will shortly be refreshed for the forthcoming Council year. The Executive will also shortly be adopting a consultation framework which will guide both the range and quality of the consultation exercises to be carried out in the next year.

The Council has also recently re-adopted its constitution after a thorough review and that document sets out clearly the roles and responsibilities of Officers and the range of Member decision making bodies that exist. It has, perhaps, been a feature of the move to Executive arrangements within local government that Members who are not engaged in either the Executive or Scrutiny feel that their role is less clear than it was before. The suggestion that the role of a Chair of a meeting ought to be defined is interesting and will be pursued via the Councils cross party arrangements.

The Council continues to improve its risk management arrangements. Corporate and service risk registers are regularly reviewed both in terms of the proper identification of risks and the mitigating actions proposed. The Council has rolled out a significant development programme for all managers in the organisation. Officers are also preparing a comprehensive induction training programme for Members post the elections in May 2010”

Appendix 1 Governance Survey

Ref	Statement	Scale					Matters to consider before making your assessment
		Strongly Disagree	Disagree	Neither	Agree	Strongly Agree	
1.	We focus on the Council's purpose to provide a public service to its users	1	2	3	4	5	<ul style="list-style-type: none"> • Are we clear about what we are trying to achieve as an organisation? • Do we always have this in mind when we are planning or taking decisions? • How well are we doing in achieving our intended outcomes? • Are we informed about our user's views of quality and do we make use of this in making decisions on improving quality? • To what extent does the information we have on costs and performance help us to make decisions about improving value for money? • Do we understand how we compare to similar authorities?
2a	We have clearly defined functions and roles	1	2	3	4	5	<ul style="list-style-type: none"> • Do we all know what we are supposed to be doing? • Do we understand

2b	We perform effectively within our functions and roles	1	2	3	4	5	<p>our roles and responsibilities and those of others charged with governance?</p> <ul style="list-style-type: none"> • Is there collective responsibility for decisions taken? • Do we understand the views of the public and service users and do we obtain robust information about these views?
3	We promote values for the whole Council and demonstrate the values of good governance through behaviour	1	2	3	4	5	<ul style="list-style-type: none"> • What are the values we expect staff to demonstrate in their behaviour and actions? • Does our behaviour (collectively and individually) demonstrate that we take our responsibilities seriously? • Can our behaviour weaken the organisation's aims and objectives?
4a	We take informed and transparent decisions	1	2	3	4	5	<ul style="list-style-type: none"> • How well do our meetings work? Could we do more to make them more productive and do our business more effectively? • Have we formally agreed which decisions can be delegated and which are reserved for the governing body? • How well do we explain our decisions to those affected by them? • Do we receive robust and objective information to support our decision making? • Do we take professional advice where appropriate?
4b	We identify risks effectively	1	2	3	4	5	<ul style="list-style-type: none"> • Is our risk management system understood and

4c	We manage risks effectively	1	2	3	4	5	<p>is it effective?</p> <ul style="list-style-type: none"> • Do we address a wide range of risks from all service areas? • Do we review the effectiveness of the system and take appropriate action?
5	We have developed the capacity and capability of those charged with governance to effective in their role	1	2	3	4	5	<ul style="list-style-type: none"> • Do we ensure that our skills and knowledge are used effectively? • How effective are we at developing our skills and updating our knowledge? • Do we review performance of those charged with governance? • Do we have a balance between continuity of knowledge and renewal of thinking?
6	We engage stakeholders and make accountability real	1	2	3	4	5	<ul style="list-style-type: none"> • Are we clear who are we accountable to and for what? • Do we have a policy on consulting with the public and service users? • Do we have a policy on consulting and involving staff and their representatives? • Are systems for protecting the rights of staff effective? • Do we identify other stakeholders and ensure that we take a lead in developing good relationships with them?

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