

# CAERPHILLY COUNTY BOROUGH COUNCIL

## Code of Corporate Governance

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Man gwyrdach i gweithio



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## 1. INTRODUCTION

- 1.1 The term Corporate Governance refers to the 'systems by which the Council directs and controls its functions and relates to the community it serves'. It is therefore the framework of the policies, systems, procedures and structures that together determine and control the way in which the Council manages its business, determines its strategies and objectives and sets about delivering its services to meet those objectives.
- 1.2 The basic principles of good governance as set out in this Code require the Council to carry out its functions in a way that is completely open and inclusive of all sectors of the community; demonstrates the utmost integrity in all its dealings and is fully accountable to the public it serves. Caerphilly County Borough Council fully supports these principles and this Code confirms the Council's commitment to these principles.
- 1.3 The initial CIPFA/SOLACE framework and supporting guidance issued in 2007 has been reviewed and updated with new Welsh specific guidance (published in November 2016) urging authorities to:
- review existing governance arrangements;
  - develop and maintain an up to date local code of governance, including arrangements for ensuring ongoing effectiveness;
  - report publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.
- 1.4 This local Code of Corporate Governance has been produced to show how Caerphilly County Borough Council will implement the core principles and detailed provisions of the new CIPFA/SOLACE Framework and therefore ensure compliance with it.

## 2. FUNDAMENTAL PRINCIPLES

- 2.1 The following seven fundamental principles are taken from the International Framework: Good Governance in the Public Sector on which the Delivering Good Governance in Local Government: Framework is based.

Within the Authority the fundamental function of good governance is to ensure that it achieves its intended outcomes while acting in the public interest at all times.

Acting in the public interest requires:

**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

**Ensuring openness and comprehensive stakeholder engagement.**

In addition, achieving good governance in the Council requires effective arrangements for:

**Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

**Determining the interventions necessary to optimise the achievement of the intended outcomes.**

**Developing the entity’s capacity, including the capability of its leadership and the individuals within it.**

**Managing risks and performance through robust internal control and strong public financial management.**

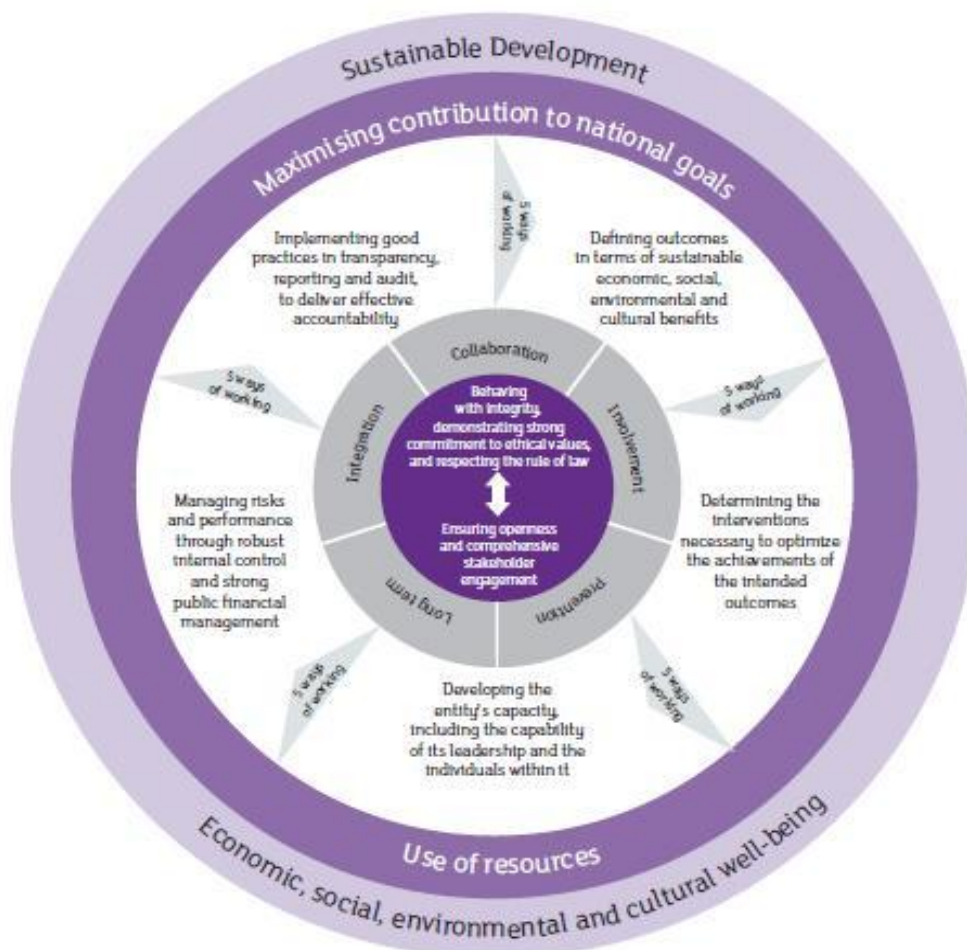
**Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**

2.2 The diagram below brings together the above principles of good governance with the requirements of the Well-being of Future Generations Act 2015. It shows sustainability as all encompassing.

The core behaviours of ;

- behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law, and
- ensuring openness and comprehensive stakeholder engagement, need to be applied to the five ways of working outlined in the 2015 Act.

The five ways of working have to permeate all segments of delivering outcomes which in turn should ensure effective use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well being of Wales.



2.3 In order to support the seven fundamental principles this code sets out the requirements identified as being key to delivering good governance along with a series of measures that Caerphilly County Borough Council sees as being key to supporting and facilitating their delivery.

**Fundamental principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
<p><b>Behaving with integrity</b></p> <p>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the authority.</p>	<p>Codes of conduct</p> <p>Individual sign off with regard to compliance with code</p> <p>Induction for new members and staff on standard of behaviour expected</p> <p>Performance appraisal</p>
<p>Ensuring members take the lead in establishing specific standard operating principles or values for the Authority and its staff and that they are communicated and understood. These should build on the seven Principles of Public life (the Nolan Principles).</p>	<p>Standards reflect Welsh Government public service values</p> <p>Communicating shared values with members, staff, the community and partners</p>
<p>Leading by example and using these standard operating principles or values as a framework for decision making and other actions.</p>	<p>Leadership behaviours set out by the Welsh Government are followed</p> <p>Decision making practices</p> <p>Declarations of interests made at meetings</p> <p>Conduct of meetings</p> <p>Shared values guide decision making</p> <p>Develop and maintain an effective standards committee</p>
<p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</p>	<p>Anti-Fraud and corruption policies are working effectively</p> <p>Up to date register of interests(members and staff)</p> <p>Up to date register of gifts and hospitality</p> <p>Whistleblowing policies are in place and protect individuals raising concerns</p> <p>Whistleblowing policy has been made available to members of the public, employees, partners and contractors</p> <p>Complaints policy and examples of responding to complaints about behaviour</p> <p>Changes/improvements as a result of complaints received and acted upon</p> <p>Members and officers code of conduct refers to a requirement to declare interests</p> <p>Minutes show declarations of interest were sought and appropriate declarations made</p>

<p><b>Demonstrating strong commitment to ethical values</b></p> <p>Seeking to establish, monitor and maintain the Authority's ethical standards and performance.</p>	<p>Scrutiny of ethical decision making</p> <p>Championing ethical compliance at governing body level</p>
<p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Authority's culture and operation.</p>	<p>Provision of ethical awareness training</p>
<p>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</p>	<p>Appraisal processes take account of values and ethical behaviour</p> <p>Staff appointments policy</p> <p>Procurement policy</p>
<p>Ensuring that external providers of services on behalf of the Authority are required to act with integrity and in compliance with high ethical standards expected by the Authority.</p>	<p>Agreed values in partnership working</p> <ul style="list-style-type: none"> <li>• Statement of business ethics communicates commitment to ethical values to external suppliers</li> <li>• Ethical values feature in contracts with external service providers</li> </ul> <p>Protocols for partnership working</p>
<p><b>Respecting the rule of law</b></p> <p>Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p>	<p>Statutory provisions</p> <p>Statutory guidance is followed</p> <p>Constitution</p>
<p>Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</p>	<p>Job description/specifications</p> <p>Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016)</p> <p>Terms of reference</p> <p>Committee support</p>
<p>Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</p>	<p>Record of legal advice provided by officers</p>
<p>Dealing with breaches of legal and regulatory provisions effectively.</p>	<p>Monitoring officer provisions</p> <p>Record of legal advice provided by officers</p> <p>Statutory provision</p>
<p>Ensuring corruption and misuse of power are dealt with effectively.</p>	<p>Effective anti-fraud and corruption policies and procedures</p>

## Fundamental principle 2 - Ensuring openness and comprehensive stakeholder engagement.

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
<p>Ensuring an open culture through demonstrating, documenting and communicating the Authority's commitment to openness.</p>	<p>Annual report Freedom of Information Act publication scheme Online council tax information Authority's goals and values Authority website</p>
<p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</p>	<p>Record of decision making and supporting materials</p>
<p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, that they are clear about the impact and consequences of those decisions are clear.</p>	<p>Decision making protocols Report pro-formas Record of professional advice in reaching decisions Meeting reports show details of advice given Discussions between members and officers on the information needs of members to support decision making Agreement on the information that will be provided and timescales Calendar of dates for submitting, publishing and distributing timely reports is adhered to</p>
<p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action.</p>	<p>Wellbeing strategy (public service board) and statement (local authority) Use of consultation feedback Complaints policy and use of complaints Citizen survey</p>
<p><b>Engaging comprehensively with institutional stakeholders</b></p> <p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p>	<p>Communication and engagement strategy</p>

<p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p>	<p>Database of stakeholders with whom the authority should engage and for what purpose and a record of an assessment of the effectiveness of any changes</p>
<p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> <li>• trust</li> <li>• a shared commitment to change</li> <li>• a culture that promotes and accepts challenge among partners</li> </ul> <p>and that the added value of partnership working is explicit.</p>	<p>Wellbeing strategy Partnership protocols.</p>
<p><b>Engaging stakeholders effectively, including individual citizens and service users</b></p> <p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p>	<p>Record of public consultations Partnership framework Public service boards' terms of reference</p>
<p>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p>	<p>Evidence of structured stakeholder discussions Communications strategy.</p>
<p>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</p>	<p>Communications and engagement strategy Effective community involvement.</p>
<p>Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.</p>	<p>Communications and engagement strategy</p>
<p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p>	<p>Processes for dealing with competing demands within the community, for example, consultation.</p>
<p>Taking account of the interests of future generations of tax payers and service users.</p>	<p>Reports Wellbeing assessment (public services board) Wellbeing objectives and statements</p>



**Fundamental principle 3 - Defining outcomes in terms of sustainable economic, social, and environmental benefits**

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
<p><b>Defining outcomes</b></p> <p>Having a clear vision which is an agreed formal statement of the Authority's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Authority's overall strategy, planning and other decisions.</p>	<p>Wellbeing statement and objectives</p> <p>Vision used as a basis for corporate and service planning</p>
<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.</p>	<p>Community engagement and involvement</p> <p>Corporate and service plans</p> <p>Wellbeing plan (public service board) and wellbeing statement (local authority)</p>
<p>Delivering defined outcomes on a sustainable basis within the resources that will be available.</p>	<p>Regular reports on progress</p>
<p>Identifying and managing risks to the achievement of outcomes.</p>	<p>Performance trends are established and reported upon</p> <p>Risk management protocols</p>
<p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<p>An agreed set of quality standard measures for each service element are included in service plans</p> <p>Processes for dealing with competing demands within the community</p>
<p><b>Sustainable economic, social and environmental benefits</b></p> <p>Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.</p>	<p>Capital investment is structured to achieve appropriate life spans and adaptability for future use so that resources are spent on optimising social, economic and environmental wellbeing</p> <ul style="list-style-type: none"> <li>- Capital programme</li> <li>- Capital investment strategy</li> </ul> <p>Legislative requirements – Well-being of Future Generations (Wales) Act 2015</p>
<p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Authority's intended outcomes and short-term factors such as the political cycle or financial constraints.</p>	<p>Application of Wales procurement policy statement</p> <p>Corporate plans take account of medium and long-term service plans</p> <p>Discussion between members and officers on the information needs of members to support decision making</p> <p>Record of decision making and supporting</p>

	materials
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade offs.	Public Services Board wellbeing plan Record of decision making and supporting materials Protocols for consultation
Ensuring fair access to services.	Develop protocols to ensure fair access and that statutory guidance is followed

**Fundamental principle 4 – Determining the interventions necessary to optimise the achievement of the intended outcomes**

<b>SUPPORTING REQUIREMENTS</b>	<b>DELIVERABLE MEASURES</b>
<p><b>Determining interventions</b></p> <p>Ensuring decisions makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p>	<p>Discussion between members and officers on the information needs of members to support decision making</p> <p>Decision making protocols</p> <p>Option appraisals</p> <p>Agreement of information that will be provided and timescales</p>
<p>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</p>	<p>Financial strategy</p>
<p><b>Planning interventions</b></p> <p>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</p>	<p>Calendar of dates for developing and submitting plans and reports that are adhered to</p>
<p>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</p>	<p>Communication an engagement strategy</p> <p>Public Services Board wellbeing plans</p>
<p>Considering and monitoring risks facing each partner when working collaboratively including shared risks.</p>	<p>Partnership framework</p> <p>Risk management protocol</p>
<p>Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.</p>	<p>Planning protocols</p>
<p>Establishing appropriate local performance</p>	<p>Local performance indicators have been</p>

indicators (as well as relevant statutory or other national performance indicators) as part of the planning process in order to identify how the performance of services and projects is to be measured.	established and approved for each service element and included in the service plan and are reported upon regularly
Ensuring capacity exists to generate the information required to review service quality regularly.	Reports include detailed performance results and highlight areas where corrective action is necessary
Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan.	Evidence that budgets, plans and objectives are aligned
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.	Budget guidance and protocols Medium-term financial plan Corporate plans
<b>Optimising achievement of intended outcomes</b> Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.	Feedback surveys and exit/decommissioning strategies Changes as a result
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.	Budgeting guidance and protocols
Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	Financial strategy Long-term trends are taken into account
Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is 'the additional benefit to the community...over and above the direct purchasing of goods services and outcomes.'	Service plans demonstrate consideration of 'social value' Achievement of 'social value' is monitored and reported upon

**Fundamental principle 5 – Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

<b>SUPPORTING REQUIREMENTS</b>	<b>DELIVERABLE MEASURES</b>
<b>Developing the entity’s capacity</b> Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.	Regular reviews of activities, outputs and planned outcomes

Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.	Utilisation of research and benchmarking exercises
Recognising the benefits of partnerships and collaborative working where added value can be achieved.	Effective operation of partnerships which deliver agreed outcomes
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.	Workforce plan Organisational development plan
<b>Developing the capability of the entity's leadership and other individuals</b>  Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.	Job descriptions  Chief executive and leader pairings have considered how best to establish and maintain effective communication
Publishing a statement that specifies the types of decisions delegated and those reserved for the collective decision making of Council.	Scheme of delegation reviewed at least annually in the light of legal and organisational changes  Standing orders and financial regulations which are reviewed on a regular basis
Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	Clear statement of respective roles and responsibilities and how they will be put into practice
Developing the capabilities of members and senior management to achieve effective leadership and to enable the Authority to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by;  <ul style="list-style-type: none"> <li>ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</li> <li>ensuring members and officers have the appropriate skills, knowledge resources and support to fulfil their roles and responsibilities</li> </ul>	Access to courses/information briefings on new legislation  Member development strategy Members induction and ongoing training and development programme Mentoring and peer support programmes Personal development plans for members and officers  For example, for members this may include the ability to;

<p>and ensuring that they are able to update their knowledge on a continuing basis.</p> <ul style="list-style-type: none"> <li>ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses.</li> </ul>	<ul style="list-style-type: none"> <li>Scrutinise and challenge</li> <li>Recognise when outside expert advice is required</li> <li>Promote trust</li> <li>Work in partnership</li> <li>Lead the organisation</li> <li>Act as a community leader</li> </ul> <p>Efficient systems and technology used for effective support</p> <p>Arrangements for succession planning</p>
<p>Ensuring that there are structures in place to encourage public participation.</p>	<p>Citizens' and residents' panels</p> <p>Stakeholder forum terms of reference</p> <p>Communication and engagement strategy</p>
<p>Taking steps to consider the leaderships own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</p>	<p>Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs</p> <p>Peer reviews</p>
<p>Holding staff to account through regular performance reviews which take account of training or development needs.</p>	<p>Training and development plan</p> <p>Staff development plans linked to appraisals</p> <p>Implementing appropriate human resource policies and ensuring that they are working effectively</p>
<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p>	<p>Human resource policies</p>

**Fundamental principle 6 – Managing risks and performance through robust internal control and strong public financial management**

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
<p><b>Managing risk</b></p> <p>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</p>	<p>Risk management protocol</p>

Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.	Risk management strategy/policy formally approved, adopted, reviewed and updated on a regular basis
Ensuring that responsibilities for managing individual risks are clearly allocated.	Risk management protocol
<b>Managing performance</b> Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	Performance map showing all key activities have performance measures Benchmarking information Cost performance (using inputs and outputs) Calendar of dates for submitting, publishing and distributing timely reports that are adhered to
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Authority's financial, social and environmental position and outlook.	Discussion between members and officers on the information needs of members to support decision making Publication of agendas and minutes of meetings Agreement on the information that will be needed and timescales
Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the authority's performance and that of any organisation for which it is responsible.	The role and responsibility for scrutiny has been established and is clear Agenda and minutes of scrutiny meetings Evidence of improvements as a result of scrutiny Terms of reference Training for members Membership Public Service Boards are subject to effective scrutiny
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.	Calendar of dates for submitting, publishing and distributing timely reports that are adhered to
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements ).	Financial standards, guidance Financial regulations and standing orders
<b>Robust internal control</b> Aligning the risk management strategy and policies on internal control with achieving the authority's objectives.	Risk management strategy Audit plan Audit reports

Evaluating and monitoring the authority's risk management and internal control on a regular basis.	Risk management strategy/policy has been formally approved and adopted and is reviewed and updated on a regular basis
Ensuring effective counter fraud and anti-corruption arrangements are in place.	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	Annual governance statement Effective internal audit service is resourced and maintained
Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body. <ul style="list-style-type: none"> <li>provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.</li> <li>that its recommendations are listened to and acted upon.</li> </ul>	Audit committee complies with best practice – see Audit Committees; Practical Guidance for Local Authorities and Police (CIPFA, 2013) Terms of reference Membership Training
<b>Managing Data</b> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	Data management framework and procedures Designated data protection officer Data protection policies and procedures
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.	Data sharing agreement Data sharing register Data processing agreements
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	Data quality procedures and reports Data validation procedures
<b>Strong public financial management</b> Ensuring the financial management supports both long term achievement of outcomes and short-term financial and operational performance.	Financial management supports the delivery of services and transformational change as well as securing good stewardship
Ensuring well-developed financial management is integrated at all organisational levels of planning and control, including management of financial risks and controls.	Budget monitoring reports

**Fundamental Principle 7 – Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

SUPPORTING REQUIREMENTS	DELIVERABLE MEASURES
<p><b>Implementing good practice in transparency</b> Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p>	<p>Website Council meetings are webcast</p>
<p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous for the authority to provide and for users to understand.</p>	<p>Councillor’s annual reports Annual report</p>
<p><b>Implementing good practices in reporting</b> Reporting at least annually on performance, value for money and the stewardship of its resources.</p>	<p>Formal annual report which includes key points raised by external scrutineers and service users’ feedback on service delivery Annual financial statements</p>
<p>Ensuring members and senior management own the results.</p>	<p>Appropriate approvals</p>
<p>Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).</p>	<p>Annual governance statement</p>
<p>Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.</p>	<p>Annual governance statement</p>
<p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.</p>	<p>Format follows best practice</p>
<p><b>Assurance and effective accountability.</b> Ensuring that recommendations for corrective action made by external audit are acted upon.</p>	<p>Recommendations have informed positive improvement</p>



Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to the governance arrangements and recommendations are acted upon.	Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010) Compliance with the Public Sector Internal Audit Standards
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.	Recommendations have informed positive improvement
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	Annual governance statement
Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.	Public service boards' terms of reference and wellbeing plans Public service boards engage with scrutiny

### 3. REVIEW OF ARRANGEMENTS

- 3.1 The CIPFA/SOLACE Framework requires the Council to:
- consider the extent to which it complies with the principles and requirements of good governance set out in the Framework
  - identify systems, processes and documentation that provide evidence of *compliance*
  - identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
  - identify the issues that have not been addressed adequately in the Authority and consider how they should be addressed
  - identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
- 3.2 A working group, known as the Corporate Governance Panel has been established to facilitate the ongoing review of the Authority's governance arrangements including the annual self-assessment of compliance with the above core and supporting principles leading to the publication of the Annual Governance Statement.
- 3.3 The composition of the working group includes the Cabinet Member for Finance, Performance and Governance, and key officers as below:
- The Director of Education and Corporate Services (Chair)
- Section 151 Officer, Head of Corporate Finance
- The Head of Legal Services & Monitoring Officer
- The Interim Head of Business Improvement Services
- The SIRO, Head of Customer and Digital Services

## Internal Audit Manager

- 3.4 The Director of Corporate Services has corporate responsibility for governance including oversight of compliance with the CIPFA/ SOLACE Framework and the process leading to the publication of the Annual Governance Statement.
- 3.5 Any significant non-compliance issues identified in the self-assessment process will be disclosed within the Annual Governance Statement and fed into the business planning process. Progress in addressing governance issues will be regularly monitored by the working group to ensure that agreed actions are implemented and the intended outcomes are fully addressed.

## 4. ANNUAL GOVERNANCE STATEMENT

- 4.1 Regulation 5(2) of the Accounts and Audit (Wales) Regulations 2014 requires a local authority to “conduct a review at least once in a year of the effectiveness of its system of internal control and [5(4)] the body must approve a Statement on Internal Control prepared in accordance with proper practices. [5(5)] Such statement must accompany the financial statements”.
- 4.2 The new CIPFA/SOLACE Framework defines proper practice for the form and content of an Annual Governance Statement (AGS), which meets the requirements of regulation 5 of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a Statement on Internal Control.
- 4.3 The Council therefore publishes an AGS based on the CIPFA/SOLACE model governance statement. The AGS covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure:
- the Authority’s policies are put into place
  - the Authority’s values are met
  - laws and regulations are complied with
  - required processes are adhered to
  - financial statements and other published information are accurate and reliable
  - human, financial and other resources are managed efficiently and effectively
  - high quality services are delivered efficiently and effectively.
- 4.5 It therefore covers performance issues – good governance promotes good service but poor service performance reflects a failure of governance. Consequently, approval and ownership of the AGS should be at a corporate level and should be confirmed by the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) signing the statement on behalf of the Authority.
- 4.6 The Leader and Chief Executive therefore sign the AGS on behalf of Caerphilly County Borough Council once the review and approval process has been completed. The AGS will be approved by the Audit Committee and published with the annual financial statements so that the publication timetable for the financial statements drives the AGS approval timetable.

## 5. DIRECTORATE ASSURANCE STATEMENTS

- 5.1 As Section 4 above indicates, before signing the AGS the Leader and Chief Executive will seek assurances that the review and approval process has been followed. This ensures that the views of the statutory officers have been taken into account, and they have in turn sought the views of auditors (internal & external) and other inspectorates as to the adequacy and effectiveness of the Council's system of governance.
- 5.2 However in reviewing and approving the AGS members will also require assurances on the effectiveness of the governance framework from managers across the Council, as it is they who are charged with embedding corporate governance systems within their directorates.
- 5.3 The Council has therefore adopted a system of Directorate Assurance Statements (Appendix 1) which are compiled on an annual basis to coincide with the production of the AGS. These require Directors to review the operation of a wide range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues.
- 5.4 The completed Directorate Assurance Statements are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues. Any significant non-compliance issues emerging will be included in the Annual Governance Statement itself.

**DIRECTORATE ASSURANCE STATEMENT**

Caerphilly County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this responsibility, members and senior officers are responsible for establishing a sound system of governance. As Director, I have responsibility to enforce the system of governance within my Directorate to ensure that it supports the achievement of the Directorate's and therefore the Council's objectives. When discharging my responsibility for reviewing the effectiveness of the system of governance operating within the Directorate, I have taken into account the following:

- The adequacy and effectiveness of management review processes;
- Outcomes from risk assessments ;
- Relevant self-assessments of key service areas within the Directorate;
- Relevant internal audit reports and the implementation of recommendations made by Internal Audit Services; and
- Outcomes from reviews by other bodies including external and statutory inspectorates and the Council's external auditors.

I am satisfied that, except for the specific matters arising in the attached schedule, a sound system of governance has been in place throughout the year ended 31st March 20XX and is ongoing. I also propose to take steps to address the matters arising to enhance the Directorate's system of governance and I will be monitoring their implementation and operation on an ongoing basis.

**Director Signature:**

**Name:**

**Date:**