	REPORT FOR DECISION	**Agenda Item**	

MEETING: AUDIT COMMITTEE

DATE: 11 DECEMBER 2007

SUBJECT: REVIEW OF ETHICAL GOVERNANCE

REPORT FROM: HEAD OF INTERNAL AUDIT

CONTACT OFFICER: BARRIE STROTHERS

TYPE OF DECISION: Non key.

REPORT STATUS: FOR PUBLICATION

PURPOSE/SUMMARY:

This is a report to inform Members of the Council's approach to reviewing the effectiveness of our Ethical Governance arrangements. The Key Lines of Enquiry for the Use of Resources element of the forthcoming CPA assessment have been amended and having taken advice from the Authority's external auditors, KPMG, an internal review is now to be undertaken examining Ethical Governance, focussing on the effectiveness of the Scrutiny Committee.

OPTIONS AND RECOMMENDED OPTION:

Members are requested to note the contents of the report.

IMPLICATIONS -

Financial Implications and Risk Considerations	The cost of undertaking this review will be found within the existing Internal Audit budget.
Corporate Aims/Policy Framework: Do the proposals accord with the Policy Framework?	Yes
Are there any legal implications?	No.
Considered by Monitoring Officer:	No.
Statement by Director of Finance And E-Government:	There are no direct financial implications arising from this report.
Staffing/ICT/Property:	There are no direct resource implications arising from the report.
Wards Affected:	The work of Internal Audit impacts on all of the Council's wards and Area Boards.
Scrutiny Interest:	None.

TRACKING/PROCESS **DIRECTOR:**

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
Scrutiny Panel	Executive	Committee	Council
		Audit 11/12/07	

1.0 BACKGROUND

1.1 Ethical Governance refers to the process, procedures, cultures and values that ensure high standards of behaviour.

1.2 The Authority has developed a local code of Corporate Governance and Codes of Conduct for both Members and Officers to ensure appropriate standards are in place.

1.3 The Authority included a "Governance Statement" in its 2006/07 statement of accounts; one year ahead of this becoming mandatory.

1.4 Ethical Governance is central to the Use of Resources element of the forthcoming CPA assessment. Having taken advice from the Authority's external auditors, KPMG, an internal review of Ethical Governance is to be undertaken.

2.0 WORK TO BE UNDERTAKEN

2.1 The review will be undertaken using the IDEA Ethical Governance Toolkit which is designed to be a health check to help the Council to recognise its strengths and areas for improvement by demonstrating how well the Council is meeting the ethical agenda and how well it is meeting Audit Commission key lines of enquiry regarding areas of Corporate Governance. There are six topic areas which will be covered:-

- Leadership, behaviours and roles
- Communications
- Relationships-roles and responsibilities
- Accountability
- Management of standards – systems, processes and risk assessment, ambiguity, conflict and whistle blowing
- Team Working and Co-operation

Further detail is attached in Appendix A.

2.2 The work is to be completed by the end of January 2008.

2.3 The results will be reported to the Audit Committee in February 2008.

3.0 RECOMMENDATION

3.1 That this report and proposed timescales are noted.

List of Background Papers
Appendix A

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Leadership, behaviours and styles

Establish if the Committee provides visionary leadership by being well prepared and able to create a culture of excellence and probity by acting as the public face of the Council and a role model for others and encouraging and promoting high ethical standards across the Authority.

Communications

Establish if relevant information, policies, procedures and guidance on ethical standards is disseminated to Members, staff, the public, other individuals and organisations that the Council is involved with and encourage active listening, dialogue and feedback. Establish if there is regular communication with individuals and groups in the community making sure that people are informed.

Relationships – roles and responsibilities

Establish if the Authority builds positive relationships by making others feel valued, trusted and included by working collaboratively to achieve goals. Establish if Members and officers are clear about their roles and responsibilities and if the Chief Executive is supportive of the monitoring officer and Scrutiny Committee.

Accountability

Establish if the Council has clearly defined and well understood roles and responsibilities for both Members and staff, and clear management processes for policy development, implementation and review, and for decision making, monitoring and reporting. Establish if the decision making process is transparent and based on evidence and following appropriate debate. Establish if decision making takes into account the community needs and local priorities, budgets and agreed protocols.

Management of Standards – systems, processes and risk management, ambiguity, conflict and whistle blowing

Establish if high standards are integral to the working of the Authority and that they are included within the Authority's constitution and relationships with stakeholders.

Team Working and Co-operation.

Establish if there is an expectation that Members and staff will operate collectively to the highest standards of conduct and are actively encouraged to do so.