

PART TWO – EVALUATION AGAINST CIPFA/SOLACE FRAMEWORK

General Requirements

CIPFA/SOLACE Suggested Arrangements	Medway's Current Position	Evidence	Good Enough?	Recommendations
<p>Establishment of a locally adopted code of corporate governance and making adopted practice open and explicit</p> <p>(Paraphrased from Cipfa/Solace Framework document, Introduction).</p>	<p>The CIPFA/SOLACE framework for Corporate Governance was adopted by Full Council on 4 December 2003</p> <p>It has been incorporated into Medway's Consitution, which is accessible on Connections and Medway's Website.</p>	<p>Minutes of Full Council Meeting</p> <p>Publication of code in Constitution</p>	<p>Yes</p>	<p>None</p>
<p>Assignment of responsibility to a senior officer for:</p> <ul style="list-style-type: none"> • overseeing the implementation and monitoring the operation of the code • reviewing the operation of the code in practice • reporting annually to the relevant committee on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice. <p>(Wording taken from the example Assurance Statement, Appendix B, Cipfa/Solace Guidance to Framework).</p>	<p>The Director of Finance and Corporate Services has accepted responsibility, supported by the Assistant Directors, Legal and Contract Services and Communications and Enterprise.</p>	<p>Agreed action plan in 2002/2003 audit report</p>	<p>Yes</p>	<p>None</p>
<p>Additionally, assignment of responsibility to the Chief Internal Auditor to carry out independent annual reviews of corporate governance and report to members</p> <p>(Wording taken from the example Assurance Statement, Appendix B, Cipfa/Solace Guidance to Framework).</p>	<p>Medway's Audit Services Manager has been assigned responsibility to carry out annual reviews of corporate governance and report to the Audit Sub Committee.</p> <p>The Assistant Director, Legal and Contract Services (Medway's Monitoring Officer) is to report annually to Standards Committee on compliance with the Code of Corporate Governance, using the results of the internal audit.</p>	<p>Audit report 02002 (for the year 2002/2003).</p> <p>Audit Sub Committee report 26 March 2003.</p> <p>Standards Committee meeting papers, 16 March 2004.</p>	<p>Yes</p>	<p>None</p>

The Framework

Note: The wording in the shaded columns is taken from the CIPFA/SOLACE framework and guidance

Dimension 1: Community Focus.

LAs should (a) work for and with their communities, (b) exercise leadership, (c) undertake ambassadorial role, (d) be accountable to stakeholders, (e) show integrity in their dealings, (f) communicate and engage.

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Accountability	Accountability to stakeholders for the council's performance	Publish on a timely basis an annual report or performance plan presenting an objective, understandable account of this council's: <ul style="list-style-type: none"> - activities and achievements - current performance in service delivery - plans to maintain and improve service quality - financial position and performance. 	1.1	Medway's 2003/2004 Performance Plan, published June 2003 meets all statutory requirements and has been approved by the external auditor. It includes an unaudited financial summary for 2002/2003. The Community Plan published in 2002, in conjunction with the council's strategic partners, covers 3 years.	Performance Plan 2003/2004 Community Plan 2002-2005	Yes	None
		Include in these statements <ul style="list-style-type: none"> - explanation of the council's responsibility for the financial statements, - confirmation of compliance with the relative standards and codes of corporate governance, and - a report on the effectiveness of the authority's system for risk management and internal control. 	1.2	Medway's 2002/2003 financial statements included explanation of the council's responsibility, and a report on the effectiveness of internal financial control. The first full Statement on Internal Control, will be published with the 2003/2004 financial statements. There is now uncertainty over the need for a separate, signed, CGAS and further advice is awaited. Meanwhile the Assistant Director Legal and Contract Services, in his capacity as Monitoring Officer, has agreed with Standards Committee that he will bring them an annual report on compliance with the Code of Corporate Governance.		The authority is on target to reach full compliance with CIPFA/SOLACE.	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Effectiveness	Effectiveness in the delivery of services and sustainable use of resources	Independent review of the financial and operational reporting processes.	1.3	The authority is subject to Internal and External Audit and Inspectorate reviews. A Scrutiny Committee function is in place.	Audit, Inspectorate and committee reports.	Yes	None
		Monitoring processes to ensure that: - channels of communication with all sections of the community and stakeholders - arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of the authority operate effectively.	1.4	Medway's Corporate Policy Unit manages the authority's consultation procedures and chairs a council-wide Research and Consultation Group. During 2003/2004, consultation methods and strategy have been reviewed. As a result steps are being taken to improve: - co-ordination of consultation across the council - sharing of research information - methods of engaging all sectors of the public in consultation, particularly the hard to reach groups.	Strategy paper "Listening to Medway".	Yes	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Integrity	Integrity in building effective relationships and partnerships with other public agencies and the private/voluntary sector	Establish clear channels of communication with all sections of the community and stakeholders	1.5	<p>The authority has a proactive communications unit headed by an Assistant Director. Channels of communication include:</p> <ul style="list-style-type: none"> - Citizens Panel - Corporate Focus Groups - Residents Opinion Poll (annual) - Internet website - Ethnic Minority Forum - Medway Matters (6 weekly newspaper delivered to all Medway households) - Press releases to local newspapers - Voluntary Sector User Forums - Local Strategic Partnership and Community Plan - Youth Parliament 	Records of consultations, publications and press releases	Yes	None
Openness	Openness in all dealings	Make an explicit commitment to openness in all dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	1.6	<p>The wording of Medway Council's Constitution demonstrates commitment to openness:</p> <p><i>Medway Council has agreed a new constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, <u>transparent</u> and accountable to local people.</i></p>	Constitution	Yes	None
		By action and communications, deliver an account against that commitment.	1.7	<p>Publication on the website and by other means, of plans, projects, committee meeting dates, agendas, reports and decisions, are among the council's methods of delivering an account against their commitment to openness.</p>	Website	Yes	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Inclusivity	Inclusivity by communicating and engaging with all sections of the community to encourage active participation	Arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of the authority.	1.8	See 1.5.	See 1.5	Yes	None
Up to Date	An up to date clear vision and corporate strategy in response to community needs	A vision for local communities and their strategic plans, priorities and targets - developed through robust mechanisms, and in consultation with the local community and other stakeholders.	1.9	The "More to Medway" Local Strategic Partnership has produced a Community Plan which sets out the long term vision and the main issues and targets for 2002-2005.	Community Plan	Yes	None
		Clear articulation and dissemination of the above.	1.10	Disseminated through the communication channels described in 1.5.	As aside	Yes	None

Dimension 2: Service Delivery Arrangements

LAs should (a) ensure continuous improvement, (b) implement agreed policies, (c) carry out decisions.

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Accountability	Discharge of accountability for service delivery at a local level	Standards and targets for performance in the delivery of services on a sustainable basis and with reference to equality policies	2.1	<p>A range of performance indicators has been set for each of the council's 6 core values, one of which is "Working for Equal Opportunity".</p> <p>The culture of the authority encourages Individual services to adopt or draw up their own specific standards.</p> <p>Further standards have been set by Equal Opportunities policies and the Medway Race Equality Scheme.</p> <p>There is a Customer Care Charter which informs the public of certain standards e.g. for answering letters and telephone calls.</p> <p>To embed the standards within the workforce, the council has produced a Management Competency Framework. Required competencies include those concerned with "equality and diversity".</p>	<p>Performance Plan</p> <p>Service specific standards</p> <p>Equal Opportunities Policies</p> <p>Race Equality Scheme</p> <p>Customer Care Charter</p> <p>Management Competency Framework</p>	Yes	None
Effectiveness	Ensuring effectiveness through setting targets and measuring performance	Development of comprehensive and understandable performance plans	2.2	The content of Medway's 2003-2004 Performance Plan has been reviewed by Members.	Committee Reports June 2003	Yes	None
		Sound systems for providing management information for performance measurement purposes	2.3	Systems for providing the information for the PIs exist and are regularly reviewed by auditors.	Audit documentation	Yes.	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Effectiveness (cont)	Ensuring effectiveness through setting targets and measuring performance (cont)	Monitoring and reporting of performance against agreed standards and targets	2.4	Key performance indicators (Critical Success Factors) relative to Medway's Performance and Community Plans have been identified. They are monitored and reported to Management Team, relevant committees and Cabinet.	Reports to Management Team and Cabinet	Yes	None
		Positive response to the findings and recommendations of auditors and statutory inspectors and effective implementation of agreed actions	2.5	Audit and inspection recommendations are reported to and monitored by members.	O&S Coordinating and Audit Sub Committee reports.	Yes	None
Integrity	Integrity in dealings with service users and developing partnerships to ensure the "right" provision of services locally	Allocation of resources according to priorities	2.6	An integrated approach to service planning and budget setting has been adopted. The draft 2004/2005 budget was submitted to Members together with directorate business plans. Budget consultation with the Chamber of Commerce and the business community is a legal requirement.	Cabinet and Committee papers	Yes	None
		Effective relationships and partnerships with other public sector agencies and the private and voluntary sectors	2.7	The council has formed a local strategic partnership "More to Medway". Participating organisations include the Medway NHS Primary Care Trust, Kent County Constabulary, SEEDA, GOSE, the Community and Voluntary Sector Forum, Medway Ethnic Minority Forum, the Learning and Skills council.	Community Plan	Yes	None
Openness		Consideration of outsourcing where it is efficient and effective to do so in delivering services to meet the needs of the local community	2.8	Consideration of outsourcing is part of the BVR process and a key element of Medway's procurement strategy.	BVR Guide BV reports Procurement Strategy	Yes	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Inclusivity	Demonstration of openness	Consultation with key stakeholders, including service users	2.9	Consultation is part of the BVR process. Also demonstrated through partnerships and direct consultations with the public (see 1.4, 1.5).	BVR reports See 1.4, 1.5	Yes	None
Up to Date	Demonstration of inclusivity	Consultation with key stakeholders, including service users	2.10	See 2.9	See 2.9	Yes	None
	Flexibility	Updating of service delivery arrangements Adaptation to accommodate change and meet user wishes	2.11	Local managers are responsible for ensuring services adapt to needs and reflect the outcomes of BVRs. The annual service planning process ensures regular review takes place.	Flexibility is evidenced by frequent organisational changes.	Yes	None

Dimension 3: Structures and Processes.

LAs should establish effective political and managerial structures and processes to govern decision making and exercise of authority within the council.

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Accountability	Definition of the roles and responsibilities of members and officers to ensure accountability, clarity and ordering of the authority's business	Regular formal meetings of members to set the strategic direction of the authority and monitor service delivery	3.1	In place	Constitution Meeting schedules and minutes	Yes	None
		Develop and maintain a scheme of delegated or reserved powers, which should include a formal schedule of those matters specifically reserved for the collective decision of the authority	3.2	In place	Constitution	Yes	None
		Members' roles and responsibilities - clearly documented and understood management processes for: - policy development, implementation and review - decision making - monitoring and control reporting	3.3	In place	Constitution	Yes	None
		Formal procedural and financial regulations to govern the conduct of the authority's business	3.4	In place	Constitution	Yes	None
		Access for members to all relevant information, advice and resource as necessary to enable them to carry out their roles effectively	3.5	In place	Constitution	Yes	None
		Definition in writing of the role of the executive member(s), to include responsibility for providing effective strategic leadership to the authority and for ensuring that the authority successfully discharges its overall responsibilities for the activities of the organisation as a whole	3.6	In place	Constitution	Yes	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Accountability (cont)	Definition of the roles and responsibilities of members and officers to ensure accountability, clarity and ordering of the authority's business (cont)	Clear definition in writing of the roles and responsibilities of all members of the local authority, together with the terms of their remuneration and its review	3.7	In place	Constitution Members' Allowance Scheme	Yes	None
		Chief executive with responsibility to the authority for all aspects of operational management	3.8	In place	Constitution - Scheme of Delegation	Yes	None
		Senior officer with responsibility to the authority for ensuring that appropriate advice is given to it on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	3.9	The Director of Finance and Corporate Services has section 151 responsibility.	Constitution - Financial Rules	Yes	None
		Clear definition of the roles and responsibilities of all senior officers, together with the terms of their remuneration and its review	3.10	In place, subject to finalisation of Pay & Grade review issues. Member approval of all senior level re-organisations.	Job descriptions Pay and grading structure. Constitution	Yes	None
Effectiveness	Proper scrutiny and review of all aspects of performance and effectiveness	Senior officer with responsibility to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with	3.11	In place – the Monitoring Officer fulfills this role.	Constitution – Article 12	Yes	None
		Training for members	3.12	An induction pack and training is provided to all new members.	Members' Training Pack	Yes	None
Integrity	Demonstration of integrity by ensuring a proper balance of power and authority	Clearly documented protocols governing relationships between members and officers	3.13	In place.	Constitution – Chapter 5 Part 3	Yes.	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Integrity (cont)	Demonstration of integrity by ensuring a proper balance of power and authority (cont)	Clear definition of the relative roles and responsibilities of executives and other members, members generally and senior officers	3.14	In place	Constitution – Chapter 5 Part 3	Yes	None
		Adoption of clear protocols and codes of conduct to ensure that the implications for supporting community political leadership for the whole council are acknowledged and resolved	3.15	In place	Constitution – Chapter 5	Yes	None
Openness	Demonstration of openness	Document structures and process and communicate them	3.16	The Constitution is viewable by staff, councillors, and members of the public with internet access.	Medway's website.	Yes	None
Inclusivity	Demonstration of inclusivity	Document structures and process and communicate them	3.17	As 3.16	As 3.16	Yes	None
Up to Date	Updating of structures and processes	Updating of structures and processes Adaptation to accommodate change	3.18	Three updates took place during 2003/2004.	Council papers	Yes	None

Dimension 4: Risk Management and Internal Control

LAs should establish and maintain a systematic strategy, framework and processes for managing risk.

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Accountability	Making public statements to stakeholders on the authority's risk management strategy, framework and processes to demonstrate accountability	Publication on a timely basis, within the annual report, an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice	4.1	<p>During 2003/2004, a statement of internal financial control was produced with the 2002/2003 accounting statements.</p> <p>Following last year's audit of Corporate Governance, Internal Audit has been charged with reporting on all types of internal control, not just financial, in order to help inform the annual Statement of Internal Control (SIC).</p> <p>Other sources of information for the SIC will be the External Auditor and review bodies such as the Health and Safety Inspectorate and OFSTED.</p> <p>The first full SIC is to be published with the 2003/2004 accounting statements.</p>	2002/2003 accounting statements.	The authority is on target for compliance.	None
Effectiveness	Monitoring and reviewing effectiveness against agreed standards and targets and the operation of controls in practice	<p>Effective risk management systems, including systems of internal control and an internal audit function. These arrangements need to ensure:</p> <p>a) compliance with all applicable statutes, regulations and relevant statements of best practice</p> <p>b) that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use</p>	4.2	<p>Financial rules, contract rules, health and safety procedures and the insurance functions guide and assist managers in their responsibility to manage risks.</p> <p>The internal audit function operates to professional standards.</p>	Constitution - rules	Yes	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Effectiveness (cont)	Monitoring and reviewing effectiveness against agreed standards and targets and the operation of controls in practice (cont)	Delivery of services by trained and experienced people	4.3	A robust recruitment process is in place. Personal Development Reviews identify training needs. The council has a strong training function.	Personnel Handbook PDR system Publications of training opportunities	Yes	None
Integrity	Demonstration of integrity by robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks	Robust systems for identifying and evaluating all significant risks, which involve the proactive participation of all those associated with planning and delivering services (NOTE: The above are the words in the CIPFA/SOLACE framework. The external auditors have looked specifically for a <u>Risk Register</u>)	4.4	A risk identification and evaluation system has been embedded into the service planning process throughout the council. The adequacy of this process has been the subject of a separately audit.	Audit report 03023	The process was adequate for its first year of operation, but now needs to be developed to include corporate analysis of risks and routines for monitoring and updating them.	Continue to develop the risk management system in accordance with audit recommendations.
		Maintenance of an objective and professional relationship with auditors and statutory inspectors	4.5	Council employees work within codes of conduct which should ensure this.	Constitution – codes of conduct	Yes	None
Openness	Display of openness	Involvement of all those associated with planning and delivering services, including partners	4.6	See 2.9	See 2.9	Yes	None
Inclusivity	Display of inclusivity	Involvement of all those associated with planning and delivering services, including partners	4.7	See 2.9	See 2.9	Yes	None
Up to Date	Monitoring of the risk management and control process to ensure that it is complied with, that changes in circumstances are accommodated and that it remains up to date	Objective review of risk management and internal control, including internal audit	4.8	The Accounts and Audit Regulations 2003 now require this objective review. Procedure has yet to be clarified.		No	Clarify procedure for the required objective overview of risk management and internal control, including Internal Audit.

Dimension 5: Standards of Conduct

Members and Senior officers should a) exercise leadership by conducting themselves as role models for others within the authority to follow; and b) define the standards of personal behaviour that are expected from members and staff and all those involved in service delivery.

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Accountability	Accountability through establishing systems for investigating breaches and disciplinary problems and taking actions where appropriate, including arrangements for redress	Development and adoption of formal codes of conduct defining the standards of personal behaviour to which individual members, officers, and agents of the authority are required to subscribe	5.1	Member and Employee codes of conduct are incorporated into the Constitution	Constitution – Chapter 5	Yes	None
		Whistleblowing arrangements to which staff and all those contracting with the council have access	5.2	In place	Personnel Handbook. Reference in "Working for Medway, Guidelines for Staff"	Yes	None
Effectiveness	Effectiveness in practice through monitoring compliance	Appropriate systems and processes to ensure that codes and ethical standards are complied with	5.3	Registers of declaration of conflict of interest (members and employees) are maintained Gifts and Hospitality registers (members and employees) are maintained Internal Audit's work encompasses evaluation of control to prevent and detect fraud. Internal Audit carries out an annual audit of arrangements to prevent corruption.	Registers held in CE's office and directorates Audit reports to Audit Sub Committee (March and October 2003) Audit Report2 02042, 03009 "Arrangements to Prevent Corruption" 24 April 2003 and 5 April 2004	Yes	None

CIPFA/SOLACE				Medway's Current Position	Evidence	Good Enough?	Recommendations
Principle	Effective Arrangements Required For:	Suggested Requirements					
Integrity	Demonstration of integrity through maintenance of objectivity and impartiality in all relationships	Arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.	5.4	Controls to prevent members or employees exercising bias in the conduct of the authority's business are built into its financial systems.	Constitution - Financial Rules, Contract Rules.	Yes	None
		Arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards	5.5	All new members and employees are made aware of the codes of conduct which set out the standards expected of them. Internal Audit work serves as an independent review.	Codes of conduct. Audit Reports 02042, 03009 "Arrangements to Prevent Corruption" 24 April 2003 and 5 April 2004	Yes	None
Openness	Display of openness	Documentation of standards and making sure they are understood	5.6	As 5.1, 5.3 and 5.5	As 5.1, 5.3 and 5.5	Yes	None
Inclusivity	Display of inclusivity	As 5.6	5.7	As 5.1, 5.3 and 5.5	As 5.1, 5.3 and 5.5	Yes	None
Up to Date	Keeping standards up to date	Regular review and updating of the standards	5.8	Revisions are made as necessary – the last went to Council in December 2003.	Council papers	Yes	None