



NAMBUCCA SHIRE COUNCIL GOVERNANCE ASSURANCE FRAMEWORK POLICY NO. G 03

Our Vision

Nambucca Valley ~ Living at its best

Our Mission Statement

‘The Nambucca Valley will value and protect its natural environment, maintain its assets and infrastructure and develop opportunities for its people.’

GOVERNANCE ASSURANCE FRAMEWORK

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INTRODUCTION

This document details how the Council will obtain assurance regarding the extent to which the Council is adhering to its commitment to good governance as set out in the adopted Governance Framework Document.

1 What is Governance?

Governance is an important concept and impacts on Council as a whole and on all sectors of the community. The practice of good governance is increasingly seen as critical for ensuring that:

- the organisation meets legal and ethical compliance
- decisions are made in the interests of stakeholders
- the organisation behaves as a good corporate citizen should.

Good governance encompasses authority, accountability, stewardship, leadership, direction and control. It allows Council to evaluate, direct and monitor its activities.

Good governance generally focuses on two main requirements:

- **performance**, whereby the organisation uses its governance arrangements to contribute to its overall performance and the delivery of its goods, services or programs; and
- **conformance**, whereby the organisation uses its governance arrangements to ensure it meets the requirements of the law, regulations, published standards and community expectations of probity, accountability and openness.

The Australian National Audit Office describes Corporate Governance as:

“Formalising and making clear and consistent the decision-making processes in the organisation. An effective system of corporate governance will help facilitate decision making and appropriate delegation of accountability and responsibility within and outside the organisation. This should ensure that the varying needs of the stakeholders are appropriately balanced; that decisions are made in a rational, informed and transparent fashion; and that those decisions contribute to the overall efficiency and effectiveness of the organisation.”

2 Governance Framework

Council has developed a Governance Framework Document which is available on its website at:

https://www.nambucca.nsw.gov.au/cp_themes/default/page.asp?p=DOC-YQT-47-32-03

There are a range of benefits that can be derived from the development and implementation of an effective Governance Framework. These include:

1. Quality decision making founded on adequate, timely and relevant information disclosure.
2. Assurance of desired outcomes or results.
3. Effective management of risk and opportunities.
4. Effective and widespread stakeholder commitment and support for good corporate governance.
5. The system of corporate governance is streamlined and flexible to meet emerging demands or needs.
6. Strong ethical, performance and values based culture.
7. Transparency and disclosure.

3 What is an Assurance Framework?

3.1 Assurance is defined as an “objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation”. An assurance framework is a structured means of identifying and mapping the main sources of assurance in an organisation and co-ordinating them to best effect.

3.2 There are many mechanisms within the Council that can help to provide information on how well the organisation is performing and how its governance arrangements are managed. An assurance framework is a good way of managing this in a structured, visible format, ensuring that the different assurance mechanisms are focused to provide the best results, in a proportionate and effective manner.

3.3 There are significant benefits in developing and maintaining an assurance framework;

1. It provides an opportunity to identify gaps in assurance needs that are vital to the Council and to consider the most appropriate way to manage these; including the use of Internal Audit;
2. It provides timely and reliable information on the effectiveness of the management of the Council’s Governance arrangements;
3. It facilitates the escalation of issues requiring visibility and attention by Senior Management;
4. It can raise organisational understanding of governance and strengthen accountability and clarity of ownership, avoiding duplication and overlap;
5. It clarifies, rationalises and consolidates assurance inputs;
6. It provides for a better use of assurance skills and resources;

4 Key Governance Areas requiring Assurance

4.1 There are a number of key systems, processes and policies within the Council that provide a body of evidence required to support the continuous assessment of the effectiveness of the Council’s Governance arrangements.

4.2 Council’s Assurance Framework is structured to provide evidence to underpin the assessment of its Governance arrangements which support the production of a Governance Statement which is included in Council’s Annual Report.

4.3 Appendix “A” provides a summary of the key assurance areas and how these link to the Governance Framework Document.

4.4 A key component of reporting includes assurance reports to the Audit, Risk and Improvement Committee.

5 Sources of Assurance

Council has adopted the “Three Lines of Defence” model with assurances being taken from one or more of the three sources below:

Source of Assurance	Assurance Given
<p>First Line of Defence:</p> <p>Individual Services Leadership and Management Managers in services have the day to day responsibility for managing and controlling activities and are accountable for successful delivery. They are responsible for adherence to internal controls and agreed policies and procedures.</p> <p>Service Managers are the first line of defence and as such, are required to take overall responsibility for delivering their services in line with the Governance Framework.</p> <p>Service Managers are not required to provide a positive formal assurance on each of the elements contained within the Assurance Framework but are required to escalate key governance concerns or weaknesses, as they occur.</p>	<p>It will be assumed that Service Managers comply with the requirements of the Assurance Framework, unless any concerns or weaknesses have been escalated by themselves or identified by the Corporate Oversight Function (refer to second line of defence)</p> <p>Where concerns are escalated managers are required to identify actions they will be taking or support required to increase the level of assurance.</p>
<p>Second Line of Defence:</p> <p>Corporate Oversight Functions This assurance is separate from those responsible for front line delivery. Corporate Assurers (GM & AGM's) are responsible for developing and defining governance processes. There are two elements to corporate assurance:</p> <p>1) That the Council has put in place policies and procedures to guide/advise services on the Governance area. For example; an Enterprise Risk Management Plan.</p> <p>2) That services are compliant and are meeting defined organisational requirements. Corporate Oversight Functions have insight into how well activities are consistently being carried out across the organisation, against set expectations, policy or regulatory considerations.</p> <p>The second line of assurance is more objective. How assurances are obtained, and the frequency will vary depending on the level of risk and previous assurance ratings:</p>	<p>A 'Fully', 'Partially', 'Limited' or 'None' rating indicates the level of assurance given. Assurance may be requested at one or both levels; as follows:</p> <p>Element 1 = Corporate process in place.</p> <p>Fully Compliant = Corporate Oversight Functions can give substantial assurance that policies and processes have been put in place, cover the guidance and are up-to-date.</p> <p>Partially Compliant = Corporate Oversight Functions can give adequate assurance that policies and processes have been put in place and cover the majority of the guidance.</p> <p>Non-Compliant = Corporate Oversight Functions can only give limited or no assurance. Policies and processes may be considered to be insufficiently robust, effective, up-to-date or are not in place.</p> <p>Where the level of assurance is 'Partially' or "Non" Corporate Assurers are</p>

<p>1) For elements of the framework which received full assurance in the previous year and, in the main remain static and are subject to limited change (low risk), confirmation that arrangements remain in place will be obtained annually from the relevant Corporate Oversight Function.</p> <p>2) Specific assurances will be obtained in relation to higher risk areas, and areas subject to reduced assurance in the previous year.</p>	<p>required to identify actions they will take to increase the level of assurance.</p> <p>Element 2 = Compliance.</p> <p>Fully Compliant= Corporate Oversight Functions can give substantial assurance that policies and processes are working effectively across the Council.</p> <p>Partially Compliant = Corporate Oversight Functions can give adequate assurance of compliance, there may be some lapses of compliance across the Council, but not significant.</p> <p>Non-Compliant = Corporate Oversight Functions can only give limited or no assurance of compliance. There are significant lapses of compliance across the Council which represent a risk to the Council effectively meeting its objectives.</p>
<p>Third line of defence:</p> <p>Internal Audit – provides independent and objective opinion/assurance on service delivery arrangements, management of risks, design and operation of controls, performance and governance arrangements.</p> <p>Internal Audit’s work is scheduled on a risk assessment annually, and as such, may not cover all the areas requiring assurance in any one year. However, they are likely to cover all areas during a three to four year cycle.</p> <p>Internal Audit will place reliance on the first and second lines of defence, to enable it to direct resources most effectively on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements.</p> <p>The Council may take assurance from other independent assurance providers operating in the third line, such as those provided by independent regulators and peer reviews.</p> <p>The external auditors are an additional line of assurance, sitting outside the internal assurance framework. This type of assurance is also independent and objective.</p>	<p>Red – Amber – Green rating indicating the level of assurance that is given by Internal Audit (based on the levels used in the internal audit reports):</p> <p>Red = Limited or No assurance</p> <p>Amber = Adequate assurance</p> <p>Green = Substantial assurance</p> <p>This assessment is based on the outcome of the Internal Audit work.</p>

APPENDIX A

GOVERNANCE AREA	DEFINITION	REFERENCE TO GOVERNANCE FRAMEWORK
Roles and Responsibilities	Role and responsibilities are clear to effectively deliver Council Services and hold the Council to account.	Sections 2.2.1 to 2.2.6
Information Technology	Council has efficient and effective systems and technology to effectively support delivery of services.	Section 5.3.1
Legal Framework	Council recognises the limits of lawful activity, and will strive to utilise its powers to the benefit of the community, whilst observing the requirements of legislation and general responsibilities placed on it. There is a strong commitment to the rule of the law and adherence to relevant laws and regulations.	Sections 5.4.2 and 5.4.3
Shared Values	Council will ensure that its values are integrated across the organisation.	Section 2.2.9
Effective Policies, Strategies and Procedures	Council will maintain an effective Policy Framework and identify the key policies to ensure effective delivery of Council's objectives.	Section 5.4.1
Decision Making and Evidence	Council will effectively evidence and record all decisions made in connection with the discharge of its functions and publish those on its website.	Sections 1.1.3 and 1.1.5
Delegation of Decisions and Duties	Council will ensure that decisions are made at the correct level and by individuals who are authorised to do so.	Section 2.2.7
Internal/External Audit	Council will maintain effective Internal and External Audit Functions.	Sections 2.3.8 and 2.3.9
Audit, Risk and Improvement Committee	Council will maintain an effective Audit, Risk and Improvement Committee which operates under Office of Local Government Guidelines.	Section 2.3.8
Conduct	Staff and Councillors will behave with integrity and lead a culture of acting in the public interest.	Section 2.3.1
Declaration of Interests	Council will maintain registers of related parties, pecuniary interests and gifts and benefits to ensure that appropriate safeguards are in place.	Sections 2.3.6, 2.3.7 and 2.3.10
Induction Training	Council will ensure that Staff and Councillors receive induction training to assist them in effectively executing their duties	Sections 4.2 and 2.26

GOVERNANCE AREA	DEFINITION	REFERENCE TO GOVERNANCE FRAMEWORK
Councillor Development	Council will ensure that Councillors receive continued professional development to ensure they maintain their skills and knowledge.	Section 4.2
Staff Development	Council will ensure that staff receive continued professional development to ensure they maintain their skills and knowledge.	Section 2.26
Risk Management Arrangements	Council will ensure that effective risk management is embedded across the Council and its decision making processes.	Sections 5.2.1, 5.2.2, 5.2.3 and 5.2.4
Service Planning	Council will develop and produce its suite of Integrated Corporate Plans.	Sections 1.1.9 and 3.1.3
Corporate Performance Management	Council will ensure that effective performance management arrangements are embedded across the Council and will report its performance publicly.	Sections 5.1.2, 5.1.3 and 5.1.4
Individual Performance Management	Council will hold individuals to account for their performance.	Section 2.2.8
Annual Report	Council will publish an annual report communicating the Council's activities, achievement and performance.	Section 5.1.1
Counter Fraud & Corruption	Council will ensure that effective counter fraud and corruption arrangements are embedded across the Council and will investigate suspected or identified fraud.	Section 2.3.4
Whistleblowing Arrangements	Council will maintain arrangements for individuals to raise concerns and will ensure that these are acted upon.	Sections 2.1 and 2.3.1
Effective Governance Framework	Council will maintain a Governance Framework and associated Assurance Framework and will review its governance arrangements periodically.	Both Frameworks in place and on website
Effective Information Governance	Council will ensure that effective information governance arrangements are embedded across the Council and will investigate suspected or identified breaches.	Section 5.3.4
Access to Information	Council will ensure transparency by providing access to information.	Section 5.3.3
Asset Management	Council will make effective use of its assets for the benefit of the community.	Section 3.1.5

GOVERNANCE AREA	DEFINITION	REFERENCE TO GOVERNANCE FRAMEWORK
Financial Management	Council will ensure that effective financial management arrangements are embedded across the Council, which supports short, medium and long term achievement of outcomes and operational performance.	Section 3.1.3
Consultation and Engagement	Council will have clear channels of communication in place with the community and other stakeholders, and will define the types of issues it will consult and engage on and how it will use the feedback received.	Sections 4.1.1, 4.1.2 and 4.1.3
Comments, Compliments and Complaints	Council recognises feedback as a valuable resource for improving the experiences of its customers and shaping the design and delivery of its services for the future.	Section 2.3.3
Local Plan	Council will prepare a Local Environmental Plan in accordance with State and Regional Plans that sets the overall strategic direction for land use within the Shire for the next 10 years.	Section 3.1.1
Inclusion, Access and Diversity	Council recognises and values the diversity of all people and communities in the Shire and in our workforce, and is committed to providing efficient, effective and relevant services to our residents and to ensuring that it is a good employer.	Section 2.3.2
Community Partnerships	Council is committed to effectively working in partnership to deliver outcomes, community benefits and to value add.	Sections 1.1.6 , 1.1.7 and 1.1.8