

North Somerset Council

| | |
|----------------------------|---|
| REPORT TO THE | AUDIT COMMITTEE |
| DATE OF MEETING: | 6 SEPTEMBER 2017 |
| SUBJECT OF REPORT: | LOCAL CODE OF CORPORATE GOVERNANCE |
| TOWN OR PARISH: | NONE |
| OFFICER/PRESENTING: | JEFF WRING – HEAD OF AUDIT WEST |
| KEY DECISION: | NO |

RECOMMENDATIONS:

The Audit Committee recommends the revised local code of corporate governance for adoption by full Council at its next formal review of the Constitution.

SUMMARY OF REPORT

The Audit Committee has specific terms of reference given to it from Full Council and as such is required to consider the Annual Governance Statement and the framework which supports it which includes primarily the local code of corporate governance. Following revised guidance by CIPFA/SOLACE a refreshed code is attached at Appendix 1 for recommendation on to full Council.

1. POLICY

There is no statutory obligation to have an Audit Committee, however they are widely recognised as a core component of effective governance as laid out in best practice from a number of professional bodies. The Audit Committee therefore has a key role in advising the council on the adequacy of its financial governance and other management arrangements for achieving the organisation's objectives.

2. DETAILS

The Annual Governance Statement is based on a 'Local Code of Corporate Governance' which forms part of the Council's Constitution. As the Annual Governance Statement is statutory we are required to take account of any revised guidance and during the year CIPFA/SOLACE have updated and refreshed their guidance and the requirements of a local code.

This guidance is used by the External Auditor in their audit of the accounts and we are therefore required to take account of these changes.

Delivering Good Governance in Local Government; Framework, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and

proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities
- There is sound and inclusive decision making
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

The new code is based on the following key principles of good governance –

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable, economic, social and environmental benefits
- Determining the interventions necessary to optimize 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 accountability

The supporting table provides further detail for each of the key principles to describe expectations and will be used as part of the Annual Governance Review each year. It is expected therefore to present a more concise Annual Governance Statement in future with supporting evidence presented separately.

The Committee is asked to endorse the revised Code and recommend on to full Council for adoption at the next review of the constitution.

3. CONSULTATION

The report has been disseminated to the Chair of the Audit Committee and the S151 Officer. The Chief Executive and Monitoring Officer have also reviewed informally through normal management processes.

4. FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this report.

5. RISK MANAGEMENT

An effective Corporate Governance framework demonstrates good governance to the public and stakeholders at large. This helps to ensure that the Council is transparent about the delivery of its functions and how it attempts to deliver good value to its residents from its services.

6. EQUALITY IMPLICATIONS

There are no specific equality implications. The elected members serving on the Audit Committee are representative of the council's political balance.

7. CORPORATE IMPLICATIONS

Good Corporate Governance is the responsibility of all officers and Members of the Council.

8. OPTIONS CONSIDERED

None.

AUTHORS

Jeff Wring Head of Audit West

01275 884750

jeff.wring@n-somerset.gov.uk

BACKGROUND PAPERS

Members requiring further information are requested to refer to the agenda, reports and minutes of the Committee meetings posted on the council's website.