

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 17 March 2009

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CORPORATE GOVERNANCE FRAMEWORK

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1 PURPOSE

To update Members on the application and effectiveness of the Corporate Governance Framework for 2008/09.

2 RECOMMENDATIONS

That the contents of the report be noted.

3 BACKGROUND

- 3.1 A report to the Audit Committee on 17 March 2008 stated that a local code of corporate governance (the Corporate Governance Framework) had been produced. Integral to this was the completion of Service Based Governance Statements by every Head of Service and First Report, together with a combined corporate self assessment and action plan based on the principles of good governance.
- 3.2 As part of the ongoing administrative arrangements to support the framework, all Heads of Service and First Reports have reviewed and updated their Service Based Governance Statements. Receiving assurance from officers is an integral requirement to the framework and provides a view on the effectiveness of key controls.
- 3.3 In addition, the corporate self assessment and improvement plan based on principles of good governance has been reviewed and updated by a group of officers with key governance responsibilities.

4 REASONS FOR RECOMMENDED COURSE OF ACTIONS AND OTHER OPTIONS

- 4.1 The Corporate Governance Framework clearly sets out what must be done to help achieve good governance in accordance with six key principles:

- **A clear definition of the authority's purpose and desired outcomes** - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- **Well defined functions and responsibilities** - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- **An appropriate corporate culture** - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- **Transparent decision making** - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- **A strong governance team** - Developing the capacity and capability of Members and officers to be effective.
- **Real accountability to stakeholders** - Engaging with local people and other stakeholders to ensure robust public accountability.

4.2 The review of the corporate self assessment and improvement plan by officers with key governance responsibilities was completed During February 2008. This review assessed the position of the organisation as a whole against the six principles, applying a score of 1 - 10 against elements of each principle, with a score of 10 representing very best practice. The updated self assessment and improvement plan is shown at appendix A.

4.3 The self assessment shows an improvement since last year. Only one score of 5 was allocated. All other scores were allocated on the range 6 to 9, summarised as follows:

- 4 allocations of score 6 (8%)
- 17 allocations of score 7 (32%)
- 11 allocations of score 8 (21%)
- 20 allocations of score 9 (38%)

4.4 Overall, the self assessment presents the corporate governance arrangements in a good position, heading in the right direction. Where an improvement action is needed, brief details are provided by the responsible officer, who should include the action in their service plan.

4.5 In an exercise separate to the self assessment, Heads of Service and first reports updated their Service Based Governance Statements. In doing so, they completed three steps:

- Assessed how effectively the control environment operated during 2008/09 in respect of the service areas for which they have responsibility.
- Reviewed the operation of the system of internal control within their service area, making reference to supporting evidence.
- Identified areas of control weakness and set out actions to address these.

4.6 The statements require Heads of Service and First reports to express "major concerns", or "some concerns", or "no concerns" in respect of elements from the framework covered by the three steps above. A simple analysis of the completed

statements is shown at appendix B.

- 4.7 No "major concerns" were recorded. Where "some concerns" were expressed, steps have been taken to ensure that relevant Heads of Service have identified improvement actions, which should be managed and completed through their respective service plans for the year ahead. Overall the position is satisfactory, given that realistic improvement plans are in place.
- 4.8 This exercise has enabled the identification and sharing of good practice between service delivery units and will help inform future decisions about the design and delivery of corporate training, for example around specific risk management needs.

5 IMPLICATIONS

5.1 Financial Implications

- 5.1.1 None arising directly from this report.
- 5.1.2 Good governance enables the Council to pursue its vision and corporate objectives effectively, as well as underpinning these with mechanisms for the control and management of risk.

5.2 Legal Implications

It is a requirement for the Council to publish an Annual Governance Statement as part of its Statement of Accounts. This is due to be reported to Audit Committee in June 2009.

BACKGROUND PAPERS

- CIPFA/SOLACE - "Delivering Good Governance in Local Government"

APPENDICES

- Appendix A - Corporate self assessment "Schedule to assist in putting the six principles into practice"
- Appendix B - Summary analysis of Service Based Governance Statements for 2008/09