

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive & Town Clerk

to

Audit Committee

on

28th March 2012

Report prepared by: Linda Everard Head of Internal Audit

Local Code of Governance: Annual Review

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To present the updated Local Code of Governance (the Code) to the Audit Committee for consideration.

2. Recommendations

- 2.1 **That the refreshed Local Code of Governance be recommended for approval.**
- 2.2 **Once approved, that the Constitution is updated.**

3. Background

- 3.1 In order to comply with good practice guidance, the Council:
- sets out its governance arrangements in the Code; and then
 - publishes an annual Governance Statement having assessed the adequacy of these arrangements and the effectiveness which they have operated, throughout the year.
- 3.2 The term 'governance' is defined as the systems and processes, and cultures and values, by which bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities. The governance framework is, therefore, an interrelated system that brings together an underlying set of values, legislative requirements, governance principles and business management processes that enable any organisation to achieve its objectives, whatever they may be.

4. Amendments to the Local Code of Governance

- 4.1 The Code has been updated to explain more cohesively, the Council's:

- principles and values
- arrangements for managing itself effectively.

4.2 There are now four sections to the Code, which cover:

- what governance is, why it is important and how members and staff are informed about the Code
- the principles and values to be adopted, setting the tone for how the organisation operates but also how individuals (both members and officers) conduct themselves
- the business management processes the Council operates in to enable it to successfully deliver the service objectives that it sets itself
- how these principles, values and business management arrangements should be implemented and the arrangements established to complete the annual review of their adequacy and operation throughout the year, which is used to support the production of the Governance Statement.

4.3 This exercise has mainly been about restructuring and explaining more clearly the approach previously adopted. However the opportunity has been taken to:

- reintroduce the expectation that members and staff will conduct themselves in accordance with the Nolan Committee's *Seven Principles of Public Life*
- include for the first time, the expectation that members and officers will also conduct themselves in accordance with the Council's values.

4.4 The intention is to ensure that Internal Audit's Terms of Reference, Strategy and Audit Plan, the Audit Committee's Terms of Reference and Work Programme and the Governance Statement are then:

- consistent with this framework
- plan to operate in such a way as to enable the requirements of the Code to be complied with.

5. Corporate Implications

5.1 Contribution to Council's Vision & Corporate Priorities

Operating robust governance arrangements contributes to the delivery of all Council aims and priorities.

5.2 Financial Implications

None

5.3 Legal Implications

Accounts and Audit (England) Regulations 2011 Section 4 requires that the relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

The findings of the review must be considered by Council or by a committee. Following the review, the body or committee must approve an annual governance statement prepared in accordance with proper practices in relation to internal control.

Proper practice in this sense is defined as guidance issued by the relevant professional body, which for local government is the CIPFA / SOLACE Framework (refer background papers). This requires local authorities to produce a Local Code of Governance and sets out the operational framework that it should adopt.

Therefore compliance with this Code satisfies the requirements of the Accounts and Audit (England) Regulations 2011.

5.4 People Implications

All members and staff need to adopt the principles and values outlined in the Code and apply the business management processes required within their service areas.

5.5 Property Implications

None

5.6 Consultation

The relevant stakeholders have been consulted.

5.7 Equalities and Diversity Implications

This is reflected in both the principles, values and business management processes to be adopted.

5.8 Risk Assessment

Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public money, public engagement and ultimately, poor outcomes for citizens and service users. It increases the risk that corporate priorities will not be delivered.

5.9 Value for Money

This is reflected in both the principles, values and business management processes to be adopted.

5.10 Community Safety Implications

None

5.11 Environmental Impact

None

6. Background Papers

- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Delivering Good Governance in Local Government - Framework.
- Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: Guidance Note for English Authorities
- The CIPFA Finance Advisory Network, The Annual Governance Statement, meeting the requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulation 2006, Rough Guide for Practitioners.
- The Accounts and Audit (England) Regulations 2011

7. Attachment:

Local Code of Governance and supporting appendices