

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**26 JANUARY 2009**

### **REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT**

#### **CORPORATE GOVERNANCE**

##### **1. EXECUTIVE SUMMARY**

- 1.1. This report seeks the Committee's endorsement of a new Code of Corporate Governance in line with the 'CIPFA/SOLACE Delivering Good Governance in Local Government Framework' ("THE Framework") published in July 2007.
- 1.2. The Framework replaced the previous Corporate Governance guidance and requires local authorities to undertake specific actions and have in place principles that should underpin the governance of each local government body from 2007/08. This should ensure that the Council complies with the Framework and accordingly the statutory requirements of the Accounts and Audit Regulations.

##### **2. BACKGROUND**

- 2.1. Each Local Authority operates through a governance framework. This is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. Traditionally, local government has conformed in whole or in part and in many different ways to the principles of good governance and has had a sound base on which to build.
- 2.2. In 2001, CIPFA in conjunction with SOLACE and with support from key organisations in local government responded to the need to draw together the principles identified in the Cadbury and Nolan reports and published 'Corporate Governance in Local Government – A Keystone for Community Governance Framework'. This Framework recommended that local authorities review their existing governance arrangements against a number of key principles and report annually on their effectiveness in practice. Through the development of the Framework authorities were encouraged to meet the standards of the best.
- 2.3. Since the 2001 Framework was published, local government has been subject to continued reform intended to improve local accountability and engagement and the revised Framework became effective from 2007.

2.4 This committee considered a report by the Director of Finance on the CIPFA/SOLACE Framework on 27 September 2007. The Committee resolved;

(1) That the report be noted.

(2) That regular updates be presented to this Committee via the Internal Audit Update report.

(3) That the member development required by the Framework be referred to the Member Training Steering Group.

### **3. DELIVERING GOOD GOVERNANCE FRAMEWORK**

3.1. The framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that will make the adopted practice open and explicit.

3.2. The Framework identifies the following six core principles developed by the Independent Commission on Good Governance in Public Services and supported by the Department for Communities and Local Government and CIPFA, that should underpin the governance of each local government body:

- Focussing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of Members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

3.3. Authorities are urged to test the effectiveness of their structures against these principles by:

- Reviewing existing arrangements against the Framework.

- Developing and maintaining an up-to-date local code of governance, including arrangements for ensuring its ongoing application and effectiveness.
  - Preparing a governance statement in order to report publicly on the extent to which they comply with their code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 3.4. The Accounts and Audit (Amendment) Regulations require local authorities to prepare and publish an Annual Governance Statement in accordance with the Framework from 2007/08 and for the Statement on Internal Control to be subsumed within this as there is no longer a requirement to prepare a separate statement.
- 3.5. In order to review the existing arrangements authorities need to:
- Consider the extent to which the Authority complies with the principles and requirements of good governance set out in the Framework.
  - Identify systems, processes and documentation that provide evidence of compliance.
  - Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified.
  - Identify the issues that have not been addressed adequately in the Authority and consider how they should be addressed.
  - Identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
- 3.6. The Internal Audit Section undertakes extensive work in the areas identified above to provide sufficient evidence to support the production of the Annual Governance Statement. The process is overseen by the Corporate Governance Group, chaired by the Chief Executive. Members of this Committee are provided with regular updates via the Internal Audit Update report.

#### 4. **CODE OF CORPORATE GOVERNANCE**

- 4.1 The proposed Code is attached as Appendix 1 to this report. It sets out the Council's position in relation to the Framework and follows a review of compliance with it. The Code will be referred to the Standards Committee, the Cabinet and Council and will become part of the Council's constitution. It will be communicated to staff and Members

and will be reviewed on at least an annual basis. The Draft Code has been considered by the Corporate Governance Group.

**5. FINANCIAL AND STAFFING IMPLICATIONS**

5.1. There are none arising from this report.

**6. LOCAL MEMBER SUPPORT IMPLICATIONS**

6.1. There are no local Member support implications.

**7. LOCAL AGENDA 21 STATEMENT**

7.1. There are no local agenda 21 implications.

**8. PLANNING IMPLICATIONS**

8.1. There are no planning implications.

**9. EQUAL OPPORTUNITIES IMPLICATIONS**

9.1. There are no equal opportunities implications.

**10. COMMUNITY SAFETY IMPLICATIONS**

10.1. There are no community safety implications.

**11. HUMAN RIGHTS IMPLICATIONS**

11.1. There are no human rights implications.

**12. BACKGROUND PAPERS**

12.1 Local Government Accounts and Audit Regulations and the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2007.

**13. RECOMMENDATION**

13.1 That the Code of Corporate Governance attached as Appendix 1 to this report be endorsed and be considered further by Cabinet.

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