

		<b>AGENDA ITEM NO.</b>																						
<b>Report Cover Sheet</b>																								
<b>Name of Meeting:</b>		Standards Committee																						
<b>Date of Meeting:</b>		26 <sup>th</sup> April 2008																						
<b>Report Title:</b>		New Code of Corporate Governance																						
<b>Summary of report:</b>		This report sets out the new code of corporate governance and the arrangements for the preparation of the Annual Governance Statement																						
<b>For Further Information Please Contact (report author):</b>		Mary Hawkins																						
<b>Would the recommended decision be contrary to the Policy Framework:</b>		No																						
<b>Would the recommended decision be contrary to the Budgetary framework:</b>		No																						
<b>Wards of the District directly affected by this decision:</b>		None																						
<b>Key Decision?</b>		No																						
<b>Included within the Forward Plan?</b>		No																						
<b>Is the report Private &amp; Confidential</b>		No																						
<b>Background Papers:</b>		Delivering Good Governance in Local Government & Delivering Good Governance in Local Government- Guidance Note for English Authorities; CIPFA/SOLACE 2007  The Annual Governance Statement – Rough Guide for Practitioners, CIPFA Financial Advisory Network																						
<b>Consultation Undertaken</b> Below is a table of the Council's regular consultees. However not all have to be consulted on every matter and if there was no obligation to consult with a specific consultee they will be marked as n/a.																								
<table border="1"> <thead> <tr> <th>Consultees</th> <th>Yes/ No</th> <th>Who</th> </tr> </thead> <tbody> <tr> <td>Other Committees</td> <td></td> <td>n/a</td> </tr> <tr> <td>Ward Councillors</td> <td></td> <td>n/a</td> </tr> <tr> <td>Portfolio Holders</td> <td>Yes</td> <td>Cllr Coker – when report prepared for March Executive</td> </tr> <tr> <td>Other Councillors</td> <td></td> <td>Chair of Scrutiny Committees – when report prepared for March Executive</td> </tr> <tr> <td>Warwick District Council recognised Trades Unions</td> <td></td> <td>n/a</td> </tr> <tr> <td>Other Warwick District</td> <td></td> <td>Members' Services</td> </tr> </tbody> </table>				Consultees	Yes/ No	Who	Other Committees		n/a	Ward Councillors		n/a	Portfolio Holders	Yes	Cllr Coker – when report prepared for March Executive	Other Councillors		Chair of Scrutiny Committees – when report prepared for March Executive	Warwick District Council recognised Trades Unions		n/a	Other Warwick District		Members' Services
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Council Service Areas		
Project partners		n/a
Parish/Town Council		n/a
Highways Authority		n/a
Residents		n/a
Citizens Panel		n/a
Other consultees		Chair of Standards Committee - when report prepared for March Executive
<b>Officer Approval</b> With regard to officer approval all reports must be approved by the report authors relevant director, Finance Services and Legal Services.		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Relevant Director(s)	author	Mary Hawkins
Chief Executive		
CMT	28 February	
Section 151 Officer		author
Legal		Simon Best
Finance		Mike Snow & Richard Barr
<b>Final Decision?</b>		No
<b>Suggested next steps (if not final decision please set out below)</b>		
The preparation of the Annual Governance Statement as set out in the report.		

## 1. **RECOMMENDATION(S)**

- 1.1 The Committee notes the new proposed Code of Corporate Governance as set out in Appendix A and the arrangements for the preparation of the Annual Governance Statement as set out in Para's 2.8 – 2.11.

## 2. **REASONS FOR RECOMMENDATION(S)**

- 2.1 Corporate governance is everyone's business it can be defined as

*“Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner”* Audit Commission

*“How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.”*  
CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

- 2.2 CIPFA/SOLACE has just issued a new framework and guidance on delivering good governance in local government. It replaces the 2001 guidance and is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. These principles in relation to local government as set out in the new framework are

- a clear definition of the bodies purpose and desired outcomes
- focusing on the purpose of the authority and the outcomes for the community and creating and implementing a vision for the local area
- members and officers are 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

- 2.3 The new framework is more comprehensive than the 2001 approach. The new Code of Corporate Governance agreed at the March Executive based on the new framework is set out in Appendix A , and for ease of comparison the previous Code is set out at Appendix B.

- 2.4 In addition to having a code of corporate governance; the Accounts and Audit Regulations now require every authority to produce an Annual Governance Statement. It is a requirement for this statement to be published with the Accounts in place of the previous statement of internal control. The councils internal audit

manager will still provide a written annual report to those charged with governance timed to support the Annual Governance Statement. However the Annual Governance Statement is a comment on the totality of good corporate governance.

- 2.5 The CIPFA financial advisory network has produced a rough guide for practitioners on producing the Annual Governance Statement. Its advice is that this is a key corporate document and the most senior officer and the most senior member (Leader and Chief Executive) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior officers and members of the authority and that it is essential that there is a buy in at the top level of the organisation and in particular advises that the work should not be delegated to a single officer.
- 2.6 The Chief Executive and Leader of the Council as signatories of the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. In order to achieve this they are likely to rely are many sources assurance, such as:
- directors and managers;
  - the responsible financial officer;
  - the monitoring officer;
  - members;
  - the head of internal audit;
  - performance and risk management;
  - third parties, e.g. partnerships;
  - external audit and other review agencies
- 2.7 There is no definitive way of producing the Annual Governance Statement. The rough guide states that at the centre of the review process should be a corporate group who will be given ultimate responsibility for drafting the statement, evaluating assurances and the supporting evidence. This group should review whether or not there is consistency with existing policies and the authorities' governance framework. Although the Annual Governance Statement should be reviewed alongside the review of the effectiveness of the systems of internal control, it has been agreed that Audit and Resources Scrutiny Committee consider the latter and give comments to Standards Committee to aid them in agreeing the Annual Governance Statement.
- 2.8 An officer working group consisting of the following is currently working on the preparation of the Annual Governance Statement
- The Chief Executive (chair)
  - the Monitoring Officer
  - The Strategic Director (Community Resources)
  - the Assistant Chief Executive (Members)
  - the Head of Finance
  - the Internal Audit Manager
  - the Senior Committee Services Officer
  - the Policy and Performance Manager

2.9 It has been agreed by the Executive that the following are used as a reference group to give feedback to the officer group on their evidence in support of the Annual Governance Statement.

- the Chairman of the Council
- the Vice Chairman of the Council
- the Leader of the Council
- the Chairs of Overview and Scrutiny Committees (Currently Executive & Audit and Resources)
- the Chair of the Standards Committee

As the Annual Governance Statement relates to a specific council year; the reference group would comprise of those who held the post during the year to which the statement relates.

2.10 The anticipated timescale for agreeing the Annual Governance Statement for 2007/08 is as follows: -

Mid April: Officer Group complete review of evidence against Code of Corporate Governance and agree items for Annual Governance Statement

29 April: CMT considers first draft Annual Governance Statement

Mid May: Reference group of Chairmen meet to review draft annual governance statement

3 June: Audit and Resources consider the review of the Effectiveness of the Systems of Internal Audit

11 June: Standard Committee meeting critically reviews annual governance statement alongside the review of the Effectiveness of the Systems of Internal Audit, and comments from Audit & Resources Scrutiny

13 June: Amendments suggested by Standards Committee incorporated into draft Annual governance Statement

25 June: Council agrees accounts and annual governance statement

2.11 The rough guide to preparing the Annual Governance Statement shows *“the need for a review body in the process, such as an audit committee or scrutiny role who should be charged with critically reviewing the AGS and its supporting documentation”*.

The changes to the Council’s constitution being considered by the Executive in early April contain proposals for this function to be assigned to the Standards Committee. It is being recommended to members that this is a satisfactory means of meeting the requirements for a critical review of the Annual Governance Statement.

### 3. **ALTERNATIVE OPTIONS CONSIDERED**

3.1 No alternative options were considered as the Committee had asked for a briefing on this matter.

#### 4. **POLICY AND BUDGET FRAMEWORK**

4.1 This work is being carried out by members and officers within existing resources.

4.2 The proposals will assist the Council in furtherance of its Corporate and Strategic Leadership priority of providing clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner.