



AUDIT COMMITTEE – 11TH JUNE 2019

SUBJECT: UPDATED CODE OF CORPORATE GOVERNANCE AND TERMS OF REFERENCE FOR THE CORPORATE GOVERNANCE REVIEW PANEL

REPORT BY: INTERNAL AUDIT SERVICES MANAGER

1. PURPOSE OF REPORT

- 1.1 To seek approval of two updated documents prior to consideration by Cabinet on the 4th September 2019. The documents are the Code of Corporate Governance and the Terms of Reference for the Review Panel that oversees the annual review of governance arrangements and drafts the Annual Governance Statement (AGS).
- 1.2 The updated Code of Corporate Governance is attached at Appendix 1 and the Terms of Reference for the Corporate Governance Review Panel at Appendix 2.

2. SUMMARY

- 2.1 Following the publication of updated guidance by CIPFA/SOLACE in 2016 the Corporate Governance Review Panel has undertaken a review of, and updated, the Authority's local Code of Corporate Governance. The Terms of Reference of the Review Panel have also been reviewed and updated.

3. RECOMMENDATIONS

- 3.1 Members of the Audit Committee are asked to approve both the updated documents, the Code of Corporate Governance and the Terms of Reference for the Corporate Governance Review Panel prior to their consideration by Cabinet on the 4th September 2019.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that both Council documents remain up to date.

5. THE REPORT

- 5.1 The Authority has always strived to maintain a high level of probity and integrity when carrying out its business and with corporate governance continuing to become a key business driver the need to maintain, review and update key policies is as ever an important part of the governance toolkit.
- 5.2 In late 2016 the Chartered Institute of Public Finance and Accountancy (CIPFA) published revised guidance for Welsh Authorities in respect of a document called Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE, 2016). The new guidance is intended to assist local authorities in reviewing the effectiveness of their own governance arrangements by reference to best practice and using self-assessment.
- 5.3 The original CIPFA/SOLACE guidance issued in 2007 set out the requirement for authorities

to maintain a local Code of Corporate Governance and this requirement has been brought forward into the new publication. This Authority's local code was first approved in April 2010 and has been reviewed to bring it up to date and in line with the new Welsh specific guidance.

5.4 As previously the new document urges Authorities to: -

- Review existing governance arrangements;
- Develop and maintain an up to date local Code of Governance, including arrangements for ensuring ongoing effectiveness;
- Report publicly on compliance with their own Code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

5.5 The major changes between the two CIPFA/SOLACE publications is that originally there were six fundamental principles of good governance and these have now become seven, and also there is a recognition of the impact that the Well being of Future Generations (Wales) Act 2015 has on future governance structures and processes.

5.6 The revised local Code which reflects both these changes is attached at Appendix 1.

5.7 One of the key components of the governance structure as identified within the local Code is the Corporate Governance Review Panel. The Panel plays a pivotal role in the annual governance assessment leading to the production of the Annual Governance Statement (AGS).

5.8 The updated Terms of Reference at Appendix 2 have not changed fundamentally from the previous version with only some updating of post titles and wording improvements being made.

Conclusion

5.9 The governance landscape is continuing to evolve and grow and the CIPFA/SOLACE guidance continues to maintain its relevance in line with developments in business and organisational practices and procedures.

5.10 The embedding and alignment of good governance processes is seen as a necessity moving forward and will enable both the organisation and its stakeholders to benefit from increased focus on purpose, openness and transparency.

6. ASSUMPTIONS

6.1 It is assumed that the local Code of Corporate Governance and the Corporate Governance Review Panel will remain in place for some time but that from time to time updates and amendments will be required as the CIPFA/SOLACE guidance changes and staff roles and titles change.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 Strong corporate governance arrangements are an essential element of ensuring that the Council's key priorities are effectively delivered.

8. WELL-BEING OF FUTURE GENERATIONS

8.1 Strong corporate governance arrangements are a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

- A prosperous Wales.

- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

9. EQUALITIES IMPLICATIONS

9.1 There are no equalities implications.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report

11. PERSONNEL IMPLICATIONS

11.1 There are no personnel implications.

12. CONSULTATIONS

12.1 Any comments received have been reflected in the report.

13. STATUTORY POWER

13.1 Local Government Act 2000

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Appendices: 1. Code of Corporate Governance.
2. Corporate Governance Review Panel Terms of Reference.