

Audit Committee - 25th September 2017

Amended Draft Local Code of Governance

1. Purpose of report

This report provides a draft copy of a Code of Local Governance for Walsall for comment/review that will assist and support the production of the Annual Governance Statement (hereafter AGS) for 2017/18 and beyond.

2. Recommendations

- 2.1 To note, comment on, and endorse the attached draft Local Code of Governance (subject to minor final amendment), that will be utilised to assist in the assurance gathering process for the AGS.
- 2.2 Delegate authority to the Chief Finance Officer and Monitoring Officer to make any final minor amendments to the Local Code and disseminate throughout the organisation, ensuring corporate buy-in and ownership of the said Code.

3.0 Background

- 3.1 The Audit Committee's responsibility includes contributing to and overseeing the Council's governance arrangements, including ensuring an effective internal control environment is maintained and the council meets its statutory requirements. The Council is required to review the effectiveness of the system of internal control, risk management, and the system of internal audit. The Local Code of Governance forms part of the systems of internal control.
- 3.2 The governance framework is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. The framework is intended to support the Council demonstrate good governance. The framework itself is not a statutory requirement, but rather a discretionary code offered to organisations as good practice. The framework outlines seven core principles of good governance focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community. The draft local code is based on the Chartered Institute

of Public Finance & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) 'Delivering Good Governance in Local Government 2016 Edition'.

3.3 The seven core principles of good governance are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

3.4 It is important to note that the annual governance statement covers all significant corporate systems, processes and controls, spanning the whole range of the authority's activities, including in particular those designed to ensure that:

- The council's policies are implemented in practice
- High-quality services are delivered efficiently and effectively
- The Council's values and ethical standards are met
- Laws and regulations are complied with

- Required processes are adhered to
- Financial statements and other published performance indicators are accurate and reliable
- Human, financial, environmental and other resources are managed efficiently and effectively

3.5 As part of its annual review of governance arrangements the council will periodically review the Local Code of Governance to ensure it meets organisational needs and accords with best practice as identified by the CIPFA/SOLACE framework as amended.

3.6 A draft Local Code of Governance has been updated to identify and bring together the arrangements in place to support and demonstrate good governance that is part of the entire governance framework of the council. This is attached for comment and review. Existing governance arrangements and their effectiveness are reviewed as part of the production of the Annual Governance Statement. The degree to which the authority follows the core principles set out in the Local Code work will be assessed in the AGS going forward.

4.0 Resource and Legal Considerations

4.1 There are no direct resource implications relating to this report.

4.2 In England the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and the relevant section(s) of the Code.

5. Performance management and risk management issues

5.1 Comprehensive, embedded and effective performance and risk management arrangements are fundamental to demonstrating good governance.

6.0 Equality implications

6.1 Adhering to the core principles of good governance will ensure that the council manages its public sector equality duty appropriately.

7.0 Consultation

7.1 This report and the local code has been prepared in consultation with the Chief Finance Officer, Chief Internal Auditor, Monitoring Officer and Chief Officers Management Team.

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