

AUDIT COMMITTEE

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| Date of Meeting | Wednesday, 27 January 2016 |
| Report Subject | Corporate Governance Report |
| Cabinet Member | N/A |
| Report Author | Internal Audit Manager |
| Type of Report | Governance |

EXECUTIVE SUMMARY

The Code of Corporate Governance must be reviewed and updated annually to ensure it remains up to date and meets the regulatory requirements.

The role of the Audit Committee includes reviewing the effectiveness of corporate governance and making reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements.

Similarly, the preparation of the Annual Governance Statement (AGS), including the review of the effectiveness of the governance framework, must take place throughout the financial year. The process has already commenced in order for the draft AGS to be ready by July.

RECOMMENDATIONS

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| 1 | For the Audit Committee to agree or amend as appropriate the updated Code of Corporate Governance shown in Appendix 2. |
| 2 | For the Audit Committee to endorse the process for the preparation of the Annual Governance Statement shown in Appendix 3. |

REPORT DETAILS

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| 1.00 | EXPLAINING THE REVIEW OF THE CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT |
| 1.01 | <p>The Corporate Governance Working Group (CGWG) has two main roles relating to the annual update of the Code of Corporate Governance and the preparation of the Annual Governance Statement (AGS). For both roles it prepares the draft documentation for consideration by the Chief Executive, Monitoring Officer and Section 151 Officer prior to consideration by the Audit Committee. The current membership of this officer working group is shown in Appendix 1.</p> |
| 1.02 | <p>The Council's Code of Corporate Governance forms part of the Constitution and applies to all aspects of the Council's business. Members and employees of the Council must in carrying out its business conduct themselves in accordance with the high standards expected by the citizens of Flintshire. The code recognises the emphasis placed upon corporate governance by the Welsh Government and is based upon and reflects the various principles in the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) document entitled 'Delivering Good Governance in Local Government: Framework'.</p> |
| 1.03 | <p>The Code states that the Chief Executive and Monitoring Officer are responsible for ensuring that it is kept up to date by way of annual reviews. This updating review was initially carried out by the Corporate Governance Working Group followed by consultation with the Chief Executive, Monitoring Officer and Section 151 Officer. Whilst the majority of the code remains accurate and appropriate some parts of it needed updating. Attached as Appendix 2 is the Code with the proposed updating changes tracked.</p> |
| 1.04 | <p>The main updating changes this year are:</p> <ul style="list-style-type: none">• In 1.2 some information on the developing Alternative Delivery Models• In 1.9 updates on the Medium Term Financial Strategy• In 1.17 updates on the information provided in committee reports• In 4.9 and 4.10 information on the updated risk management approach• In 4.21 to 4.25 information on the complaints and appeals procedures <p>Other minor changes appear throughout the document.</p> |
| 1.05 | <p>The tracked changes are also being taken to the Constitution Committee on the afternoon of 27th January 2016. Any comments and amendments from this meeting will be reported to the Constitution Committee when they consider the changes.</p> |

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| 1.06 | For each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance and it also meets the requirements of the Accounts and Audit (Wales) Regulations 2014. |
| 1.07 | The process of preparing the AGS for the financial year 2015/16 has already commenced. As in previous years there is a need for Member involvement which includes this paper to request the committee to endorse the process. In addition, as last year, questionnaires have been sent to the Chairs of Overview and Scrutiny Committees for them to complete in addition to the questionnaires completed by senior officers. Given the timing of committee meetings this process has already started. In future it is intended that this paper will be brought to the September meeting. |
| 1.08 | In previous years a draft AGS has been brought informally to the committee before the June meeting, so that any amendments could be incorporated before it was formally reviewed. This year the draft AGS will be brought to the July committee. If the committee only requires minor amendments, it will be asked to accept the AGS subject to those amendments. If there are major amendments to be made, the AGS will be re-presented to the committee in September along with the financial statements. |
| 1.09 | Attached as Appendix 3 is the process for the preparation of this year's AGS which the committee is being asked to endorse. |

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| 2.00 | RESOURCE IMPLICATIONS |
| 2.01 | None as a direct result of this report. |

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| 3.00 | CONSULTATIONS REQUIRED / CARRIED OUT |
| 3.01 | With the Corporate Governance Working Group, Chief Executive, Monitoring Officer, section 151 Officer and senior officers where appropriate. |

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| 4.00 | RISK MANAGEMENT |
| 4.01 | <p>The main risk is in not updating the Code, meaning it does not reflect the systems in place or meet the requirements.</p> <p>Similarly, in order to comply with requirements, the AGS needs to be prepared each year with input from members and officers, and including an annual review of the effectiveness of governance.</p> |

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| 5.00 | APPENDICES |
| 5.01 | <p>Appendix 1 – Membership of the CGWG</p> <p>Appendix 2 – Code of Corporate Governance showing tracked changes</p> <p>Appendix 3 – Process for the preparation of the AGS</p> |

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| 6.00 | LIST OF ACCESSIBLE BACKGROUND DOCUMENTS |
| 6.01 | <p>None.</p> <p>Contact Officer: David Webster, Internal Audit Manager Telephone: 01352 702248 E-mail: david.webster@flintshire.gov.uk</p> |

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| 7.00 | GLOSSARY OF TERMS |
| 7.01 | <p>(1) Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>(2) Alternative Delivery Models: operating models which are different from current or traditional methods of service delivery and which are responding to changed situations to sustain important services.</p> <p>(3) Medium Term Financial Strategy: a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> |