

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 18 DECEMBER 2013**

REPORT BY: **HEAD OF LEGAL AND DEMOCRATIC SERVICES**

SUBJECT: **CORPORATE GOVERNANCE**

1.00 PURPOSE OF REPORT

- 1.01 To agree the annual update of the Code of Corporate Governance.
- 1.02 To agree the process for preparing the Annual Governance Statement (AGS) for 2013/14

2.00 BACKGROUND

- 2.01 The Corporate Governance Officer Working Group has two main roles relating to the annual update of the Code of Corporate Governance and the preparation of the AGS. For both roles it prepares the draft documentation for consideration by the Chief Executive, Monitoring Officer and Head of Finance prior to consideration by Audit Committee. The current core membership of this officer working group is shown in Appendix 1.
- 2.02 The Council's Code of Corporate Governance forms part of the Constitution and applies to all aspects of the Council's business. Members and staff 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 & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) document entitled "Delivering Good Governance in Local Government: Framework".
- 2.03 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 commencing in October each year. This updating review was initially carried out by the Corporate Governance Officer Working Group followed by consultation with the Chief Executive, Monitoring Officer and Head of Finance. Attached as Appendix 2 is the Code with the proposed updating changes tracked.

- 2.04 The Constitution Committee is midway through a 3 year programmed review of the Council's Constitution. One part of the Constitution due for review in the near future is the Officers' Delegation Scheme. It is the intention to bring a report on this to a future meeting of the Audit Committee.
- 2.05 For each financial year the Council is required to produce an 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) (Amendment) Regulations 2010. CIPFA and SOLACE have jointly produced a detailed guidance note on the preparation and contents of an AGS.
- 2.06 From the financial year 2011/12 the preparation of the AGS has been coordinated by the Corporate Governance Officer Working Group reporting to the Chief Executive, Monitoring Officer and Head of Finance on its work.

3.00 CONSIDERATIONS

- 3.01 The annual update of the Code of Corporate Governance has received detailed consideration by the Corporate Governance Officer Working Group and this is one of the reasons that there appear to be so many updating changes. The other reason is that it covers the entire governance arrangements of the Council and these arrangements change either through the local choice of the Council or as a result of initiatives by the Welsh Government.
- 3.02 The main updating changes this year are:-
- In the third paragraph of the introduction to include reference to relevant legislation as well as the guidance documents issued by CIPFA/SOLACE.
 - To update paragraph 1.12 in relation to the Council's annual performance report and the council's organisational change programme.
 - To include in paragraph 3.2 reference to the recently adopted local resolution procedure for dealing with internal complaints of a Member not complying with the Members' Code.
 - In 4.8 to reflect the changed terms of reference of the Audit Committee.
 - In 4.10 to reflect the changes to risk management.
 - In 5.4 to reflect the changes to the Council's People Strategy.
- 3.03 In relation to the AGS the process of preparing this for the financial year 2013/14 is about to commence. Since the coordination of the AGS has been undertaken by the Corporate Governance Officer Working Group the Wales Audit Office (WAO) have not required any significant alterations to it when auditing it as part of the Council's Statement of Accounts. In its recent national study of corporate

governance arrangements the WAO, whilst generally complimentary of Flintshire's arrangements, has suggested consideration be given to more Member involvement in the preparation of the AGS. This suggestion led to an informal meeting of the Audit Committee being arranged on the 3 July 2013 prior to formal consideration of last year's AGS at the Audit Committee meeting on the 17 July 2013. In addition to this greater Member involvement towards the end of the process this report is suggesting there ought to be more Member involvement at the start of the process.

- 3.04 Firstly, the committee is being asked to endorse the process for preparation of the AGS. This process is detailed in Appendix 3. Secondly, as indicated in Appendix 3 it is being suggested that in addition to questionnaires being completed by each Head of Service the chairs of the Overview & Scrutiny Committees should also be asked to complete a corporate governance questionnaire as part of the preparation of the AGS. A draft of that questionnaire is attached as Appendix 4.

4.00 RECOMMENDATIONS

- 4.01 For the Audit Committee to agree or amend as appropriate the updated Code of Corporate Governance shown in Appendix 2.
- 4.02 For the Audit Committee to endorse the process for preparation of the AGS as shown in Appendix 3.
- 4.03 For the Audit Committee to agree or amend as appropriate the questionnaire to be sent to Overview & Scrutiny Chairs shown in Appendix 4.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None as a result of this report.

6.00 ANTI POVERTY IMPACT

- 6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

- 8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 The workload arising from this report can be accommodated within the

existing staffing resources.

10.00 CONSULTATION REQUIRED

10.01 With the Corporate Governance Working Group, Chief Executive, Monitoring Officer and Section 151 Officer.

11.00 CONSULTATION UNDERTAKEN

11.01 With the Corporate Governance Working Group, Chief Executive, Monitoring Officer and Section 151 Officer.

12.00 APPENDICES

12.01 Appendix 1 - Corporate Governance Working Group core membership

Appendix 2 - Proposed tracked updating changes to the code

Appendix 3 - AGS preparation process

Appendix 4 - Draft questionnaire

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

None

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