

## Brighton & Hove City Council

### For general release

**Meeting:** Standards Committee

**Date:** 16<sup>th</sup> December 2003

**Report of:** Deputy Chief Executive and Director of Corporate Resources

**Subject:** Corporate Governance

**Ward(s) affected:** All

### **1 Purpose of the report**

- 1.1 The purpose of this report is to provide members with a position statement on the application of best practice in relation to corporate governance, as contained in the CIPFA/SOLACE Framework for Corporate Governance in Local Government. It further updates members on the current position regarding the adoption of a Local Code of Corporate Governance.
- 1.2 Internal Audit Services carried out a review in July of this year to establish the application of best practice and identify areas for further action to strengthen the City Council's corporate governance arrangements. It is recognised however that certain arrangements have moved on since the review, in particular performance management.

### **2 Recommendations**

The Standards Committee is asked to:

- 2.1 Note the contents of the internal audit report and any further action required (see recommendations).
- 2.2 Establish a small task and finish working group to progress the Local Code of Corporate Governance, for adoption by the City Council.

### **3 Background to Corporate Governance on Local Government**

- 3.1 In May 2001 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published a Framework for Corporate Governance in Local Government. The document was commended to local authorities as best practice and had the support of Central Government.
- 3.2 Since its publication, the Audit Commission have identified the framework document as providing a standard against which external auditors might assess corporate health of local authorities. Subsequently the Audit Commission also included compliance with the framework document as a key indicator within the Comprehensive Performance Assessment (CPA) regime.

### **4 Internal Audit Review**

- 4.1 The outcome of the internal audit review was to provide substantial assurance that the arrangements in place for effective corporate governance meet the requirements of the CIPFA/SOLACE framework document.
- 4.2 Key recommendations arising from the internal audit review include:

- Review the location of regulations, policies, strategies and procedures to ensure logical, consistent and accessible by members and officers
- Ensure published versions of the Constitution reflects legally binding master copy
- Implement job descriptions for members with allocated responsibility
- Update the Risk Management Strategy
- Develop and communicate Code of Conduct for Officers as part of induction process
- Ensure framework for ensuring Code of Conduct for Officers is communicated

### **5 Local Code of Corporate Governance**

- 5.1 In March 2003, a report containing a draft Local Code of Corporate Governance was submitted to the Standards Committee and noted.

The code was draft, as full consultation had not taken place at that stage with interested parties. The draft code is at Appendix C.

- 5.2 One of the most important aspects of good corporate governance to the City Council is its ability to maintain and enhance public confidence. To demonstrate this, the CIPFA/SOLACE framework document recommends that local authorities should annually publish a signed statement in its annual report and Best Value Performance Plan setting out how the principles in the code are being applied and the extent of compliance. However since the Accounts & Audit Regulations 2003 become statute in April 2003, the requirement for a Corporate Governance Statement has become unclear due to similarities with the statutory requirement for a Statement on Internal Control. Further guidance is still awaited and the Head of Internal Audit is liaising with the Audit Commission and Professional Institutes.

## **6 Structure of this report**

- 6.1 This report has been prepared based on the findings of an internal audit review aimed at identifying the current arrangements put in place by the City Council to meet the requirements of the Corporate Governance Framework.
- 6.2 The Internal Audit Report is attached in Appendix B. For each of the five dimensions, the principles are shown and an internal audit assessment of how currently met.

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<b>Report of</b>	Head of Internal Audit
<b>Subject</b>	Corporate Governance
<b>Wards affected</b>	All

**Financial implications**

There are no financial implications arising directly from this report.

**Legal implications**

There are no implications arising directly from this report.

**Corporate/Citywide implications**

There are no implications arising directly from this report.

**Risk assessment**

There are no implications arising directly from this report.

**Sustainability implications**

There are no direct environmental implications arising from this report.

**Equalities implications**

There are no equalities implications arising directly from this report.

**Implications for the prevention of crime and disorder**

There are no implications for the prevention of crime and disorder arising from this report.

**Background papers**

- CIPFA/SOLACE Framework for Corporate Governance
- Audit Commission National Report, Corporate Governance

**Contact Offices**

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