

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

25th JUNE 2007

LOCAL CODE OF CORPORATE GOVERNANCE

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Head of Financial Services

1. Summary

- 1.1 To present the updated Local Code of Corporate Governance and Statement of Assurance for 2006/2007.

2. Recommendation

- 2.1 The Audit Board is recommended to note and approve the updated Local Code of Corporate Governance and Statement of Assurance for 2006/2007.

3. Background

- 3.1 Corporate governance is "the system by which Local Authority's direct and control their functions and relate to their communities".
- 3.2 On the 18th May 2005, the Executive Cabinet approved the introduction of a Local Code of Corporate Governance. The document enables Bromsgrove District Council to evidence its commitment to the principles of good corporate governance, to operate in an open and accountable manner and demonstrate high standards of conduct and self governance. The three main principles of corporate governance are:
- Openness and inclusivity.
 - Integrity.
 - Accountability.
- 3.3 As part of the Accounts and Audit Regulations 2003 (as amended 2006) there is a requirement for the Authority, as part of its corporate responsibility for the financial management and accounting control systems, to review annually its internal control systems and make a statement on the adequacy of internal control.

- 3.4 As part of this review, the Authority produces a Statement of Assurance, which allows the Council to demonstrate its commitment to corporate governance. The statement summarises how the Council's business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 3.5 The Local Code of Corporate Governance underpins the Statement of Assurance and provides the supporting documentation to enable the statement to be produced.

4. **Local Code of Corporate Governance**

- 4.1 The Local Code of Corporate Governance is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework - *Corporate Governance in Local Government: a Keystone for Community Governance*.

The five key dimensions included in the CIPFA/SOLACE guidance are:

Community Focus - by demonstrating that the Council is working for and with the communities, exercising community leadership and promoting the "well being" of the area.

Service Delivery Arrangements - by having arrangements in place to deliver the right services to the right people in the right way and making sure we continue to improve.

Structures and Processes - by maintaining an appropriate political and managerial structure, as well as having up to date and effective processes that support decision making.

Risk Management and Internal Control - by having arrangements in place to identify, manage and minimise risk.

Standards of Conduct - by regulating the behaviour of members and officers and promoting the highest standards of conduct.

- 4.2 In June 2007, a review was completed of the governance arrangements the Authority has embedded, updated or introduced during 2006/2007. Following the review, a number of documents have been added to the Local Code of Corporate Governance:

- Money Laundering Policy.
- Internal Control Framework.
- Council Plan 2007-2010.
- Value for Money Strategy.
- Inclusive Equalities Scheme

An updated version of the Local Code of Corporate Governance has been attached in Appendix A.

5. Statement of Assurance

5.1 Following the governance review, the Statement of Assurance was prepared for 2006/2007. The main areas included in the statement are the:

- Authority's commitment to the principles of good governance.
- Current review mechanism for the Local Code of Corporate Governance.
- Areas that the Authority has shown improvement during 2006/2007.
- Areas that require further attention during future financial years.

5.2 A copy of the 2006/2007 Statement of Assurance has been attached in Appendix B.

6. Financial Implications

6.1 None outside existing budgets.

7. Legal Implications

7.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2003 (as amended 2006) to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices".

8. Corporate Objectives

8.1 Council Objective 02: Improvement.

9. Risk Management

9.1 The main risks associated with the details included in this report are:

- Non-compliance with standards and regulations.
- Ineffective governance arrangements.

9.2 These risks are being managed as follows:

- Non-compliance with standards and regulations.

Risk Register: Financial Services

Key Objective Ref.: 3

Key Objective: Efficient and effective Internal Audit service

- Ineffective governance arrangements.

Risk Register: Corporate

Key Objective Ref.: 2

Key Objective: Effective corporate leadership

9.3 Other local governance risks are managed on individual service risk registers.

10. Customer Implications

10.1 No customer implications.

11. Other Implications

11.1

Procurement Issues	None
Personnel Implications	None
Governance / Performance Management	Effective governance arrangements
Community Safety including Section 17 of the Crime and Disorder Act 1998	None
Policy	None
Environmental	None
Equalities and Diversity	None

12. Others Consulted on the Report

12.1

Portfolio Holder	No
Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

13. Appendices

13.1 Appendix A: Local Code of Corporate Governance.

13.2 Appendix B: 2006/07 Statement of Assurance.

Background Papers

13th June 2006 Audit Board agenda item 10: Local Code of Corporate Governance.

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