

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

14 February 2008

Report of the Chief Executive

Part 1- Public

Matters for Recommendation to Cabinet

1 CODE OF CORPORATE GOVERNANCE

Summary

This report presents a draft revision of the Council's Code of Corporate Governance and asks Members to recommend endorsement by Cabinet and Council.

1.1 Introduction

1.1.1 Members may recall that the Council introduced a Local Code of Corporate Governance in September 2003 as part of the Council's overall approach to Corporate Governance.

1.1.2 The Code arose from the publication of a document "Corporate Governance in Local Government – Framework" produced jointly by CIPFA and SOLACE.

1.1.3 During 2007 CIPFA/SOLACE reviewed the original document and considered how Corporate Governance had evolved. This resulted in the publication of "Delivering Good Governance in Local Government – Guidance Note for English Authorities".

1.1.4 This new framework is intended "*to be followed as best practice for developing and maintaining a local code of governance and making adopted practices open and explicit.*"

1.2 New Guidance

1.2.1 The new guidance recognises that Corporate Governance has developed since the original publication and is designed to capture the developments in Corporate Governance that have evolved since the original framework.

1.2.2 The guidance is divided into six core principles with each principle having sub-principles. The Code of Corporate Governance should be a tool for demonstrating how these principles are met.

- 1.2.3 The new guidance will be used as part of the evidential process for Members to use when considering the new Annual Corporate Governance Statement that will form part of the 2007/08 Accounts.
- 1.2.4 The guidance also stresses that authorities will need to assess how far their processes meet the criteria suggested in the framework in order to prevent the exercise becoming a box-ticking exercise. One suggested methodology is to score each principle and sub-principle out of ten and have an action plan for improvement. However, the revised Code requires consideration by Audit Committee, Cabinet and Council before acceptance and the time scale to achieve this in time for it to be included in the accounts does not permit this.
- 1.2.5 However, Members will need to consider the Code robustly and the guidance does include a checklist of questions for consideration for each set of principles. These questions are attached as **[Annex 1]** for Members to use as an assessment tool when reviewing the draft Code.

1.3 Revised Code of Corporate Governance

- 1.3.1 Officers have drawn up a draft revision of the Local Code of Corporate Governance based upon the framework supplied within the new guidance. This revision has also been considered by Management Team.
- 1.3.2 Members are asked to review the Code before it is passed to the Cabinet and Council for adoption. The draft Local Code of Corporate Governance is attached as **[Annex 2]** for Members consideration.

1.4 Legal Implications

- 1.4.1 The necessity for the Local Code of Corporate Governance falls with the requirement under the Accounts & Audit Regulations 2003 for authorities to have proper accounting procedures in place.

1.5 Financial and Value for Money Considerations

- 1.5.1 There are no considerations arising from this Code.

1.6 Risk Assessment

- 1.6.1 The Code is drafted in line with the principles set out in the Guidance Note and therefore considers all of the required elements. There is a risk that external inspection may consider that elements of the Code do not meet the principles contained within it. However, robust consideration by Members using the key questions supplied in the guidance should ensure that this does not happen.

1.7 Policy Considerations

- 1.7.1 The Code is a summary of all of the Governance arrangements of the authority and forms the cornerstone of the culture of this organisation.

1.8 Recommendations

- 1.8.1 Members are asked to review the draft Local Code of Corporate Governance and to **RECOMMEND** to Cabinet that the Code be considered and recommended to Council for adoption.

Background papers:

contact: David Buckley

Local Code of Corporate Governance –
CIPFA/SOLACE

David Hughes
Chief Executive