

**Note to:        Audit Committee**

**From:            Michael Graham, Head of Corporate Governance**

**Dated:           17 October 2017**

### **Review of the Code of Corporate Governance**

The Code of Corporate Governance is a national standard which is published jointly between the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

The present Local Code of Corporate Governance in the Constitution is derived from the national standard. It pre-dates the most up to date published version of the Code (which was published in 2016). Our Local Code is therefore based on the guidance contained within the previous CIPFA / SOLACE Code (from 2007).

When the original Local Code was envisaged, it was suggested that it be reviewed annually. This was done for a number of years and the underlying systems of the Council appeared to be sound. Only one amendment was made to the Local Code and this was to remove a requirement on the Council to publish an Annual Report on the Scrutiny function. Councillors did not consider that to be a useful addition to the Local Code. Other supporting actions were noted over the years to update policies, processes and procedures generally.

The process of review and reporting was felt to be disproportionate to the value produced for the Council. Neither officers nor members found the annual review document to be a crucial part of the Council's overall good governance systems. In any event, a review of the major areas of governance systems occurs each year with the preparation of the annual accounts. This entails the production of the Annual Governance Statement which is drafted by the Chief Finance Officer in consultation with myself and Audit. It is signed by the Leader and Chief Executive. It is therefore the case that good governance is always at the fore-front of the Council's work and thinking.

It is now recommended that a formal review of the Local Code is appropriate given the time elapsed since the last formal review (2011) and the publication of the new CIPFA / SOLACE guidance (2016). Work has already started on this with the assistance of Committee Services. It is envisaged that a report will be available for your next Committee.