

Agenda Item No. 5

Title: **Corporate Governance - update**

Lead Member: **Cllr Hames - Chair of Audit Committee**

Reporting Officer: **Ian Jamieson - Head of Finance**

Purpose

To consider the draft Local Code of Corporate Governance in preparation for a detailed review of the code at the June 2007 meeting following the issue of revised guidance.

Background

The requirement for corporate governance originated from insurance, risk management and a number of high profile cases around the conduct, management and transparency of companies.

In addition to risk management this introduced systems and procedures to regulate the way organisations directed and controlled their business. Corporate Governance applies equally to both private and public sectors

It is a requirement for all Council's to have a Local Code of Corporate Governance.

The current local code was developed in 2003 and is based around the framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

At the time of development existing governance arrangements were compared to the code, scored and an action plan developed for improvement. The code was reviewed by external advisors and considered by the Corporate Management Team.

Key Issues

The existing local code has been brought up to date in terms of organisation structure and roles. However, it has not been updated for the new constitution, service risk analysis, detailed supporting work on governance arrangements or reviewed by the risk management group, corporate management team and audit committee.

A detailed review of the code has been planned for the last couple of years, but has been delayed awaiting the issue of new guidance. The CIPFA

/SOLACE guidance is in the process of being revised and should have been available in October 2006. Latest information suggests that this will be available in April 2007.

Effect on strategies and codes

The Local Code of Corporate Governance provides the overall governance framework through which local authorities direct and control their functions and relate to their communities.

Risk Management implications

These are contained within the report.

Financial and performance implications

There are no financial implications.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

Following the release of new guidance it is the intention to review in detail the existing local code and report changes through the risk management group, corporate management team and Audit Committee.

Recommendation

The Audit Committee:

- Notes the update and prepares for a detailed review of the code at the June 2007 meeting.

Background Papers: Final Accounts Working Papers – Room 35