

REVISED CORPORATE CODE OF GOVERNANCE**AUDIT COMMITTEE
MEETING DATE**

18 April 2018

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

CORPORATE DIRECTOR

Ian Williams Group Director of Finance and Corporate Resources

1. INTRODUCTION AND PURPOSE

- 1.1 The purpose of this report is for the Audit Committee to consider and approve the revised Code of Governance. This follows review by Scrutiny Committee in February 2018.

2. RECOMMENDATION(S)

The Audit Committee is recommended to:

- 2.1. Review and approve the revised draft version of the Council's Code of Governance, with the option for in-year changes.

3. BACKGROUND

- 3.1. The Code of Governance sets out and describes the way in which the Council carries out its functions and the processes in place that aim to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. This draft version has been revised to incorporate current CIPFA (Chartered Institute of Public Finance and Accountancy) best practice. The changes in the revised Code are already used as a foundation for the Annual Governance Statement process.
- 3.2. The changes from the principles set out in the current (2011) Code of Governance are summarised in the following table, the previous principles were drawn from earlier CIPFA best practice guidance. The two core principles of the 2018 guidance are highlighted. While the Council is not obliged to comply with best practice, it is expected to do so.

2011 Code of Governance	2018 Revisions
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
Engaging with local people and other stakeholders to ensure robust public accountability.	Ensuring openness and comprehensive stakeholder engagement.
Focusing on the purpose of the authority and on outcomes for the community and on creating and implementing a vision for the local area	Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Members and officers working together to achieve a common purpose with clearly defined functions and roles.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Developing the capacity and capability of members and officers to be effective.	Developing the Council's capacity, including the capability of its leadership and the individuals within it.
Taking informed transparent decisions which are subject to effective scrutiny and managing risk.	Managing risks and performance through robust internal control and strong public financial management.
	Determining the interventions necessary to optimise the achievement of the intended outcomes.

3.3 The revised draft Code has previously been considered and endorsed by the Statutory Officers Group, Scrutiny Panel and the Member for Finance, it is now submitted to Audit Committee for approval. The Code brings together existing governance arrangements to set out the overall governance framework. For this reason it will be a dynamic document to be updated in-year as other policies and procedures are updated and introduced.

4. BACKGROUND

4.1 Policy Context

The Code confirms Hackney's commitment to the principles of good governance. It does not of itself introduce new policy requirements but rather draws together existing guidance to demonstrate how the Council delivers good governance in all of its' activities, both at officer and Member level.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment, existing policies that feed in to the Corporate Code already consider equality issues.

4.3 Sustainability

Not applicable.

4.4 Consultations

Consultation on the Corporate Code 2018 has taken place with senior management, Scrutiny Committee and the Member for Finance.

4.5 Risk Management

The Code does not of itself introduce new risk management considerations but does set out that effective management of risk is a core principal of the governance arrangements.

5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

5.1. *There are no financial implications arising from this report because the cost of maintaining effective corporate governance arise from existing governance arrangements.*

5.2 *Effective governance arrangements incorporate key internal controls and expected standards for officers and Members, thereby aiding the prevention and detection of fraud, waste and other occurrences that could otherwise result in budget pressures.*

6. COMMENTS OF THE DIRECTOR OF LEGAL

6.1. *The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements to provide:*

- *the effective exercise of its functions and the achievement of its aims and objectives;*
- *effective financial and operational management of the authority; and*
- *effective arrangements for the management of risk.*

The Code sets out a framework in support of these requirements. The regulations also set out the requirement to produce an Annual Governance Statement, and again the Code provides the framework upon which this is based.

6.2 *There are no immediate legal implications arising from the report.*

Appendices

Appendix 1 – Revised Code of Governance 2018

BACKGROUND PAPERS

Publication of Background Papers used in the preparation of reports is required.

Description of document (or None)

None

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