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**To: Audit and Procurement Committee**

**Date 3 April 2017**

**Subject: Code of Corporate Governance**

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## **1 Purpose of the Note**

- 1.1 The Code of Corporate Governance provides a framework to help ensure that the Council's governance arrangements are up to date and reflect best practice. The Council is updating its Code to reflect changes in national guidance. The proposed changes will help support the preparation of the Annual Governance Statement which the Audit Committee signs off as part of the Statement of Accounts and this note sets out the proposed revisions.

## **2 Recommendations**

- 2.1 Audit and Procurement Committee is recommended to review the draft Code of Corporate Governance and review process attached at Appendix 2 and make any comments prior to consideration by the Cabinet Member for Policy and Leadership.

## **3 Information/Background**

- 3.1 Coventry City Council first introduced a Code of Corporate Governance in 2009 based on best practice at the time. The context in which local government operates has changed significantly since then and in 2016, the Chartered Institute of Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) updated their guidance on Corporate Governance and produced published the new *Delivering Good Governance in Local Government Framework*. This provides a best practice framework for local authorities to help make sure that their 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 the desired outcomes for service users and communities. It sets out the principles that underpin good governance and how local authorities can assure themselves and others that they are meeting them.
- 3.2 The Council has a range of measures to ensure that governance in the organisation is managed effectively and it works hard to ensure that these arrangements are robust and meet best practice. In reality this is achieved through a range of policies, plans, procedures such as the Constitution (including codes of conduct for Members and employees), the Council Plan, the Medium Term Financial Strategy and policies on whistle blowing, tackling fraud and corruption and managing risk. The Code of Corporate Governance does not set out to list or replicate these. Instead it provides a framework against which these can be assessed to ensure that the principles of the code are being met, that there are systems

and processes in place to measure their effectiveness and that gaps in policies, performance or assurance are identified and appropriate actions developed.

- 3.3 The revised Code reflects the new guidance, adopts the principles that it identifies as underpinning good governance and sets out how it can be used to strengthen corporate governance in the City Council.
- 3.4 The national framework provides examples of systems, processes, documentation and other evidence that can help to demonstrate how local authorities are meeting these. The City Council will use this to support an annual review of how it is meeting the Code. As well as ensuring that the Council has the right policies, plans and procedures in place, it will also review the arrangements that are in place to measure their effectiveness. An example of how this will be used is set out in Appendix 1.
- 3.5 Local authorities are required to conduct a review at least once every financial year of the effectiveness of their systems of internal control and to report on this review with its Statement of Accounts. The Audit and Procurement Committee is responsible for approving the Annual Governance Statement alongside the Statement of Accounts and the Code of Corporate Governance and its annual review will inform this process.

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