

REPORT OF THE DIRECTOR OF GOVERNANCE AND LEGAL SERVICES

DRAFT CODE OF CORPORATE GOVERNANCE

Reason for Report

1. The Council is taking the opportunity to regularise its governance arrangements by putting in place a Code of Corporate Governance.
2. In line with the Constitution Committee's Terms of Reference the Draft Code of Corporate Governance is being brought forward for discussion and subject to comments recommended for inclusion within the Council's Constitution.

Background

3. There are a number of documents and processes that set out the governance arrangements of the Council. These include the Constitution, Financial Procedure Rules, and performance frameworks. However, it is considered good practice to have an overarching document that details these arrangements and the draft Code of Corporate Governance provides an opportunity to reaffirm how the governance framework of the Council operates.
4. The Code of Corporate Governance is based on the seven good governance principles developed by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local authority Chief Executives (SOLACE) in their publication 'Delivering Good Governance in Local Government framework'. The Code has been developed to ensure that the Council has clarity on how to apply, assess and use a governance assessment for reporting and making improvements to the Council.
5. In developing the Code there has been the opportunity to embrace several strands of current activity that form part of the Council's governance that had previously e.g. the Annual Governance Statement, which sits alongside the Statement of Accounts, and the introduction of a more 'enterprise' based risk management approach.

Issues

6. To ensure that the Code is not purely a statement but is a benchmark that can be used to promote understanding and engagement in one of the key strands of local government. In order to achieve this the Code has been developed in three parts:
 - How we apply the principles of good governance
 - How we assess governance in Cardiff Council
 - How we use our governance assessment

7. Part 1 set out the seven good governance principles, and dealing with each in turn includes a statement of intent and an explanation of how the principle is applied in the Council.
8. Part 2 sets out the approach to gathering together the relevant information upon which to reach a corporate position of the health of governance in the Council. The output of this is the Annual Governance Statement (AGS) which itself comprises of three elements:
 - Assurance statements from Senior Management, the Internal Audit Manager and the Audit Committee
 - Significant Governance issues raised through the review
 - Supporting information mapped to the seven good governance principles
9. Part 3 sets out how the output of these are used to make any necessary improvements as a result of the assessment, to track these improvements, and ensure that functions of assurance have regard when undertaking assessments.

Consultation – Audit Committee

10. On 30th January 2018 the Draft Code of Corporate Governance was discussed at the Council's Audit Committee where the overall feedback on the Code and its purpose was very positive. A focused discussion took place in relation to strengthening the visibility and references to Fraud. As a result, specific references have been included to Part 1: Sections A and F of the version of the draft Code (**Appendix A**).

Legal Implications

11. There are no legal implications arising directly from the contents of this report.

Financial Implications

12. There are no direct financial implications arising from this report.

RECOMMENDATION

The Constitution Committee considers the draft Code of Corporate Governance and, recommends to full Council to agree that the Code is included in the Constitution.

DAVINA FIORE

Director of Legal, Governance and Monitoring Officer

The following Appendix is attached:

Appendix A – DRAFT Code of Corporate Governance