

## **PART 5 CODES AND PROTOCOLS**

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### **CODE OF CORPORATE GOVERNANCE**

#### **Introduction**

The Council has formalised a Code of Corporate Governance. This Governance Framework has adopted 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) 'Delivering Good Governance in Local Government Framework'.

The CIPFA / SOLACE framework principles of good governance form the basis of how we apply, assess and use our governance assessment for reporting and improvement purposes. The CIPFA / SOLACE framework utilises the International Framework definition of governance, as follows:

*Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*

#### **Purpose**

The Council is committed to effective governance as a means to delivering better stakeholder outcomes in an open approach which inspires confidence and trust. This Code of Corporate Governance sets out:

- How the governance framework in which the Council operates
- How the annual assessment of governance is made using this framework
- How annual governance assessments will be used for to deliver improvement

The annual assessment meets the requirements Accounts and Audit (Wales) Regulations.

#### **Good governance Principles**

The Framework comprises two core principles and five supporting principles. Principles A and B run through the implementation of principles C to G but good governance is dynamic, and the Council as a whole is committed to improving governance on a continuing basis through a process of evaluation and review.

#### Core Principles

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.

## Supporting Principles

- C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

**The Code of Corporate Governance for Cardiff Council is separated into three parts.**

[How we apply the principles of good governance](#)

[How we assess governance in Cardiff Council](#)

[How we use our governance assessment](#)

## **Part 1**

### **How we apply the principles of good governance**

#### **A: Behaving with integrity, demonstrating strong commitment to ethical values, and the rule of law.**

The Council has a strong commitment to integrity, ethical values and the law, and the Council's Corporate Values, Constitution and supporting policies and procedures centre on achieving this core governance principle.

We apply this core principle through the following:

- We maintain Corporate Values to guide our workforce and to communicate expectations to our stakeholders on conduct and behaviour.
- Our Members and officers are required to comply fully with Codes of Conduct as set out in the Constitution.
- We hold formal rules of procedure covering Cabinet, Committee, and officer responsibilities as set out in the Constitution.
- Learning and development processes are in place for all officers and Members to ensure awareness and understanding on a range of policies, procedures and regulations.
- The Section 151 Officer has overall responsibility for the financial administration of the Council.
- The Monitoring Officer has overall responsibility for ensuring that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct
- The Standards and Ethics Committee monitors and scrutinises the ethical standards of the Authority, its Members, employees and any associated providers of the Authority's services.
- The Council has a Whistleblowing Policy through which staff and contractors are encouraged to speak out on misconduct or illegal behaviour within the organisation, which affects the public or other people (making a disclosure in the public interest).
- We maintain a zero tolerance attitude to fraud, bribery and corruption requiring staff and members to act honestly and with integrity at all times, and to promptly report concerns

#### **B: Ensuring openness and comprehensive stakeholder engagement**

The Council recognises that there is a need for openness about our activities as well as having clear channels for communicating and engaging with all stakeholders. We hold many public meetings, which are increasingly available via webcast, and

opportunities are given to engage in the difficult choices being made by the Council, with increasing amounts of data published.

We apply this core principle through the following:

- We have open mechanisms for consultation, engagement and joint working with employees, citizens, communities and partners.
- We are open and honest about the difficult choices we face, and allow people to have their say on what's important to them and their communities.
- We publish increasing amounts of data, with a focus on making it more easily accessible and available to the public.
- Meetings of the Council, Cabinet and Committees are generally open to the public to attend except where confidential or exempt information is being discussed, as defined by the law.
- Full Council meetings include the opportunity for public questions, and the Council's Scrutiny Committees invite stakeholder contributions to their scrutiny programme.
- The public and other stakeholders are given the opportunity to tell the Council what they think about the services provided through the Council's Comments, Complaints and Compliments Policy.

### **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

The Cabinet has published its vision, outcomes and priorities which underpin the corporate planning, performance management and risk management frameworks. There are formal and informal networks of officers, members, partners and stakeholders which contribute to delivering our outcomes.

We apply this principle through the following:

- We have a corporate planning process which focusses its approach on the delivery of Cabinet priorities and improvement objectives.
- Our performance and risk management frameworks focus on measuring, monitoring and reporting on the key measures of effective delivery of corporate outcomes and priorities.
- Our rolling three year Organisational Development Programme focusses on the delivery of strategic change and the re-shaping of services.
- We set a deliverable Budget Strategy for meeting the changes we must make to the shape of the organisation in order for it to remain operational and resilient.

- We are a partner in the Cardiff Capital Region (CCR) City Deal which aims to enhance development, infrastructure, land use, economic development and employment.
- We are a partner in the Public Service Board, which aims to improve economic, social, environmental and cultural well-being through stronger partnership working.
- We carry out equality impact assessments and consider implications on budget proposals, cabinet reports etc., and it forms part of either/both our ethical values or social outcomes.

**D: Determining the interventions necessary to optimise the achievement of intended outcomes.**

The Council takes action to identify the key risks to the delivery of our outcomes and to understand the areas where we need to develop and evolve. Our financial planning and monitoring arrangements are built on prudence and resilience, with strong performance and risk management arrangements supporting outcome delivery.

We apply this principle through the following:

- We systematically engage and consult with internal and external stakeholders on the services delivered and proposals for change.
- Our performance and risk management frameworks are aligned to the delivery of corporate priorities and outcomes.
- Our decision makers are well informed of the implications of proposals through business cases and reports.
- Financial planning arrangements use forecasting and risk assessments for prudent financial management and long term resilience.
- Business continuity and disaster recovery arrangements operate across Council services and functions.

**E: Developing the capacity of the Council including the capability of its leadership and the individuals within it.**

The Council takes action to develop and retain a management structure that provides leadership and enables staff to work effectively and efficiently in delivering Council objectives.

We apply this principle through the following:

- We have set out decision making responsibilities and authority in the Council's Constitution.

- As a member-led authority, there is a commitment and focus on delivering strong leadership.
- Our Chief Executive (Head of Paid Service) is the most senior member of staff and leads responsibility for overall management and for the Senior Management Team.
- Our Cabinet is the part of the Council which takes responsibility for major decisions, and comprises the Leader and up to nine other Councillors, approved by Council.
- We communicate our values, objectives, policies and procedures to new staff and existing staff and Members through induction and engagement programmes.
- We have strategies to meet the learning and development needs of staff and Members.
- We hold personal performance reviews to support individual learning and development needs, and to align performance measures to Council outcomes and priorities.

**F: Managing risks and performance through robust internal control and strong public financial management.**

The Council takes action to manage risks and performance in order to deliver efficient and effective services. We understand that strong risk management, internal control and financial management are essential for us to achieve our objectives and we have put appropriate arrangements in place.

We apply this principle through the following:

- We incorporate risk management into strategic decision making, as a key element of business planning, budget setting and programme and project management.
- We maintain risk and performance management frameworks which cover all key business activities and functions which are supported by lead officers and networks.
- We escalate and report risks to Members and senior managers on a quarterly basis through application of our risk management framework.
- We report to Members and senior managers on performance information, against performance indicators which are aligned to corporate plan priorities.
- Our Governance & Audit Committee provides assurance on our governance, risk management, and internal control arrangements through a wide ranging programme of work.

- Our Scrutiny Committees are designed to support the cabinet in providing accessible, efficient and effective services for citizens.
- We have a Fraud, Bribery and Corruption Policy and an independent investigation team to investigate concerns. Frauds are reported to the Section 151 Officer and the Governance & Audit Committee.
- We maintain arrangements to safeguard personal data with governance arrangements led by our Senior Information Risk Owner.

**G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

The Council takes steps to carry out its activities in an open manner and to ensure that those making decisions and delivering services are answerable for them. We communicate our plans and enable stakeholders to respond to them.

We apply this principle through the following:

- We report to the public and other stakeholders in a fair, balanced and understandable way.
- We have adopted the Information Commissioner's model publication scheme, and make appropriate information routinely available.
- Our Directors have overall accountability for reviewing the effectiveness of their governance, risk management and internal control arrangements, and completing an assurance statement twice a year.
- Our Senior Management Team are accountable identifying, managing and reporting on the Council's significant governance issues.
- Our internal audit service provides independent assurance on the governance, risk management and control.
- We publish our corporate risk register and corporate performance information on a quarterly basis.

## **Part 2**

### **How we assess governance in Cardiff Council**

We assess governance against each of the core and supporting governance principles as outlined above on an annual basis. This formal annual review of our governance arrangements results in the production of an Annual Governance Statement which we include as part of our financial statements each year. A diagram of the key components of the Annual Governance Statement is included in [Figure 1](#)

The Annual Governance Statement comprises three elements:

1. **Assurance Statements** from Senior Management, the Internal Audit Manager and the Governance & Audit Committee;
2. **Significant Governance Issues** identified by Senior Management in their review;
3. **Supporting Information** and evidence mapped to the core and supporting good governance principles.

These three elements when taken together represent the assessment of governance, from the perspectives of the Senior Management Team (SMT) the Audit Manager (Chief Audit Executive) and the Governance & Audit Committee.

#### **Assurance Statements**

- A self-assessment exercise is undertaken by each director and their senior management teams through which governance maturity is measured against 9 assurance categories as included in [Figure 1](#). This results in a Senior Management Assurance Statement being completed by each Director for their areas of responsibility. The results of each assurance statement are reviewed collectively by the Senior Management Team, following engagement with review / assurance support teams where applicable. This results in an overall Corporate Senior Management Assurance Statement from the Senior Management Team, which is included in the Annual Governance Statement.
- The Internal Audit Manager and Governance & Audit Committee Assurance Statements are independent assessments of the internal control environment. The Governance & Audit Committee's assessment is informed through the delivery of its terms of reference, with the Audit Manager opinion based on application of the Public Sector Internal Audit Standards. Both assurance statements are included within the Annual Governance Statement.

#### **Significant Governance Issues**

- As part of the senior management self-assessment process, Directors are required to review any significant governance issues which have impacted upon the assurances they, or the Council can give overall.



- The Action Plan of Significant Governance Issues is an open disclosure from the Senior Management Team of the significant governance issues affecting the organisation as summary actions to take forward and address.
- This Action Plan is held and owned by the Senior Management Team, and is used to inform risk management, business planning and internal control arrangements.

#### Supporting Information

- The Annual Governance Statement includes supporting information which has been mapped to the governance framework principles within the AGS. This is based on officer engagement and a review of correspondence and minutes of the Council, Cabinet and Committees of the Council. It is through this review and the Senior Management Assurance Statements that the external audit and regulatory assurance is captured and documented within the Annual Governance Statement.

## **Part 3**

### **How we use our governance assessment**

We use our governance assessment to publish an annual governance statement in our Statement of Accounts each financial year.

In addition to this formal disclosure, we use the outputs of our governance assessment to inform and make improvements to our risk management, business planning and internal control arrangements. This process is summarised in a process diagram in [Figure 2](#)

#### **Risk management**

- The assurance statements and the action plan of significant governance issues are reviewed for risk management purposes.
- The assurance statements are reviewed by the risk management team whilst also being used to target improvements in directorates, where required.
- The significant governance issues are used to identify any new or emerging risks and to challenge understanding of existing risks and the sufficiency of current mitigating actions.

#### **Business planning**

- The assurance statements and the action plan of significant governance issues are considered in directorate and corporate reviews and as part of the business planning process.
- Business planning arrangements aim to ensure that recognised governance strengths are maintained and enhanced, and areas for improvement are targeted.

#### **Internal control**

- The assurance statements and the action plan of significant governance issues are reviewed within directorates themselves, with a view to enhancing internal controls where required.
- The Internal Audit function uses the assurance statements and the action plan to inform its risk-based audit plan, through gaining assurances where this is possible and reviewing identified governance issues and risks.

Figure 1. Annual Governance Assessment

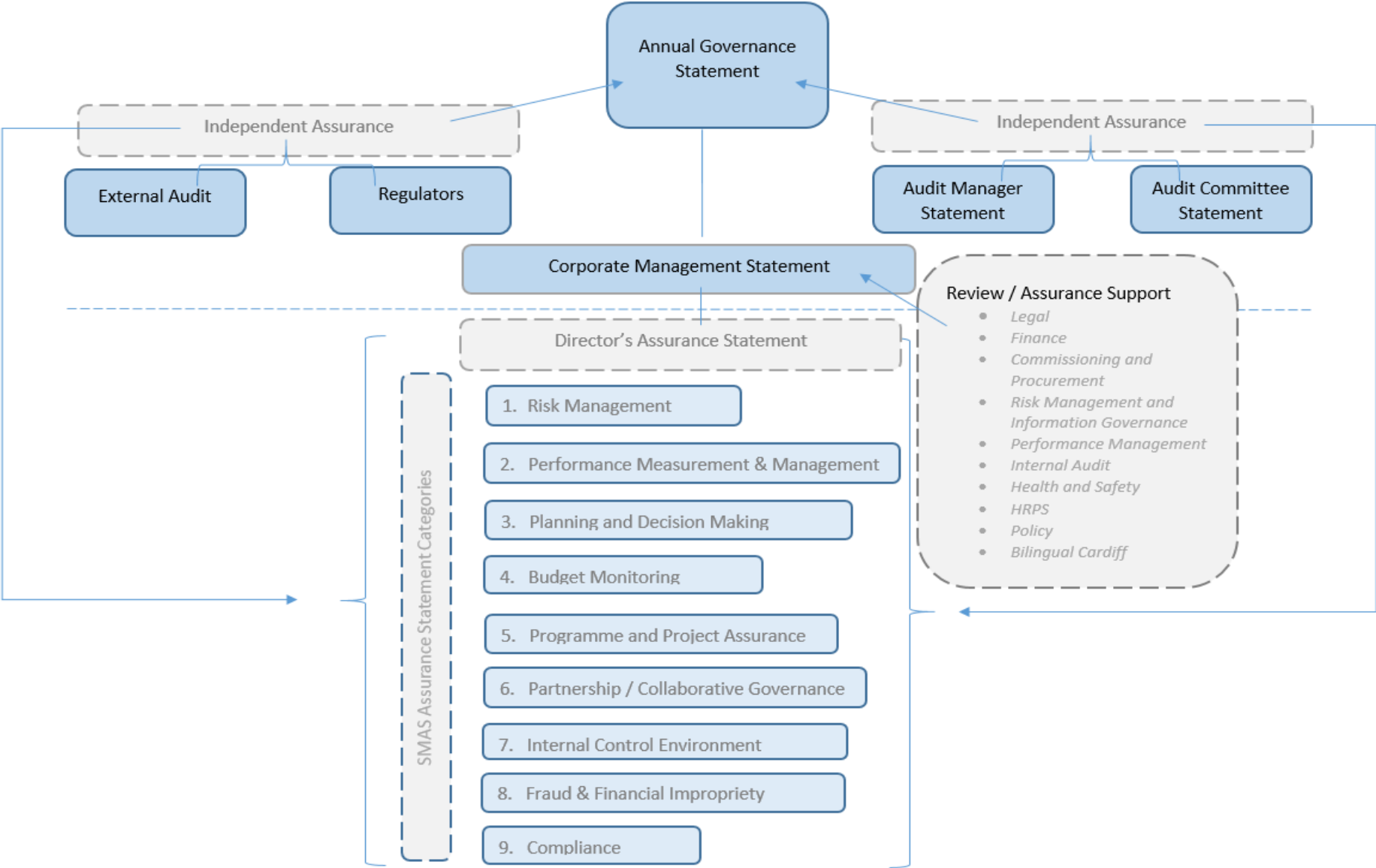


Figure 2. How Cardiff Council uses its Annual Governance Assessment

