

PART 1 - PUBLIC

Decision Maker: Council

Date: 11th April 2011

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **CODE OF CORPORATE GOVERNANCE**

Contact Officer: Graham Walton, Democratic Services Manager
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Chief Officer: Mark Bowen, Director of Legal, Democratic and Customer Services

Ward: N/A

1. Reason for report

1.1 The Code of Corporate Governance sets a broad ethical framework for the Council, and was last approved by the Council on 27th April 2009. The Code has now been updated to incorporate the additional governance requirements resulting from CIPFA's *Statement on the Role of the Chief Financial Officer in Local Government (2010)*. The updated Code has been considered by the Audit Sub-Committee on 6th December 2010 and the Standards Committee on 19th January 2011, and is presented to Council for approval.

2. **RECOMMENDATION(S)**

Council is recommended to approve the revised Code of Corporate Governance.

Corporate Policy

1. Policy Status: Existing policy. The Standards Committee oversees Councillor conduct and ethical governance in Bromley.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £434,444
 5. Source of funding: 2010/11 Revenue Budget
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Staff

1. Number of staff (current and additional): There are 10 posts in the Democratic Services Team
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement. The Standards Committee and standards system are requirements of the Local Government Act 2000, as amended by subsequent legislation, most recently by the Local Government & Public Involvement in Health Act 2007
 2. Call-in: Call-in is not applicable. This report does not involve an executive decision.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The Code of Corporate Governance has the potential to impact on any person who has contact with a Member of Bromley Council and the overall perception of the Council.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Code of Corporate Governance was approved by Council on 27th April 2009. The Code has now been strengthened with the addition of further requirements relating to the role of the Chief Financial Officer, in line with guidance from the Chartered Institute of Public Finance (CIPFA) in *Statement on the Role of the Chief Financial Officer in Local Government (2010)*.
- 3.2 Internal Audit had undertaken a sample review to check that the processes listed in the Code were in place and working correctly and the initial findings of the Use of Resources audit (undertaken externally by PwC) had expressed the view that this was an area of strong performance, including reference to the positive impact of Standards Committee work.
- 3.3 The amended Code was considered by the Audit Sub-Committee on 6th December 2010. The Sub-Committee noted the updated text of the Code and agreed a number of detailed comments relating to the number of Constitution Improvement Working Group reports, the principle of being clear about executive and non-executive functions, the role of the Monitoring Officer and provision of financial training and tools. These had been incorporated into the version circulated to Standards Committee for their meeting on 19th January 2011. The Standards Committee considered that this was a very helpful document, and felt that the Appendix, summarising the relationship between core principles of governance and supporting policies and processes, was especially useful. Specific questions and issues were discussed concerning the extent to which Audit Commission recommendations and good practice checklists on fraud were being incorporated into Bromley's local anti-fraud and corruption work; ways in which due diligence work on partnership working was undertaken and incorporated or highlighted within risk management processes and guidance; the use of independent hotlines to cover fraud (and their potential to enhance whistle-blowing processes); and the role of scrutiny committees in ensuring that the aspirations of the Code were realised in practice at a service delivery level. Some further suggestions were made on minor wording changes and these were subsequently agreed in consultation with the Councillors concerned. Changes have also been made to the text where necessary to reflect the new roles and titles of the Director of Resources and Finance Director.
- 3.4 Subject to these further minor changes, the Standards Committee endorsed the revised Code of Governance for adoption by the Council.

4. LEGAL IMPLICATIONS

- 4.1 There are no specific legal requirements for preparing a Code of Corporate Governance. However, the Accounts and Audit (Amendment) (England) Regulations 2006 S.I. 564 require Members to conduct a review of the internal controls within the organisation and the Code forms part of the evidence to support this review. The Code of Corporate governance sets a broad ethical framework for the Council. The Council is subject to scrutiny and intervention from a range of external bodies including the Local Government Ombudsman and the Courts.

Non-Applicable Sections:	Policy/Financial/Personnel
Background Documents: (Access via Contact Officer)	Standards Committee report to Council, 27 th April 2009 Report to Standards Committee, 19 th January 2011, and minutes of the meeting. Report to Audit Sub-Committee 6 th December 2010 and minutes of the meeting.