



<u>Committee and date</u>	<u>Item No</u>
Audit Committee	8
18 June 2010	
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	Public

REVIEW OF SHROPSHIRE COUNCIL'S CODE OF CORPORATE GOVERNANCE 2009/10

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Summary

Shropshire Council is committed to the principles of good corporate governance. The attached Shropshire Council Code of Corporate Governance was developed using the latest Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance and clearly identifies how, as a Council, we achieved effective corporate governance in 2009/10.

Recommendation

Audit Committee are asked to note the Internal Audit conclusion that the Council has very strong compliance with the Code of Corporate Governance. The detailed code, incorporating evidence after the first full year of operation of the new Unitary Council, is contained in **Appendix A**.

REPORT

Background

1. The Audit Committee's terms of reference include a requirement to review and report on the adequacy of the Council's Corporate Governance arrangements. This report looks at the Corporate Governance arrangements we had in place for last year to enable the Audit Committee to deliver its year end assurance report.
2. A new code for Shropshire Council, excluding the evidential content, was adopted in 2009 and included in the constitution. With the completion of the Council's first year, Internal Audit have completed a review including examining the necessary evidence to assess whether the Council has followed its adopted code of governance.

3. The CIPFA/SOLACE guidance entitled “Delivering Good Governance in Local Government – Framework” contains six core principles, each of which is supported by sub-principles to provide a governance framework. The guide identifies best practice for authorities to adopt when establishing their own local Code of Corporate Governance. Shropshire Council’s Code of Corporate Governance is entirely based on this guidance. We have also incorporated the guidance provided in the CIPFA/SOLACE “Application Note to Delivering Good Governance in Local Government: a Framework” issued in March 2010.
4. The fundamental principles of Corporate Governance are:
 - Openness and Inclusivity.
 - Integrity.
 - Accountability.
5. These principles are entirely consistent with the Council's values. The six core principles identified in The CIPFA/SOLACE guidance are:
 - I. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 - II. Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
 - III. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - IV. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - V. Developing the capacity and capability of members and officers to be effective.
 - VI. Engaging with local people and other stakeholders to ensure robust public accountability.
6. Under each of the six core principles and their sub-principles our code demonstrates how we address and meet these principles in accordance with the best practice guidance as identified by CIPFA/SOLACE.
7. The Cabinet, in consultation with the Audit Committee, are responsible for approving this Code and the Chief Executive, Director of Resources and Monitoring Officer are responsible for ensuring that it is kept up to date by reviewing it on an annual basis.
8. The Monitoring Officer and Director of Resources are responsible for ensuring an annual review of compliance with this Code and Internal Audit independently review the process. The results of this review will be included in the Head of Audit’s annual report and form a part of the

overall assurance for the Annual Governance Statement signed by the Leader, Chief Executive and Director of Resources.

9. On a practical basis, the Code contains a corporate governance map defining our framework by reference to key processes, procedures and documents which contribute to our aspiration of excellent Corporate Governance in Shropshire. This is felt to be a very useful way of illustrating how the Council achieves good Corporate Governance.

Audit Findings/Conclusion

10. The Council's formally adopted Code of Corporate Governance is fully compliant with the latest CIPFA/SOLACE guidance. The Code of Corporate Governance was reviewed to ensure the Council complied with their approved Code of Corporate Governance; very strong compliance with the Code was confirmed and no material breaches of the Code were identified.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

CIPFA / SOLACE Guidance Note – Delivering Good Governance in Local Government – Framework.

CIPFA/SOLACE Application Note to Delivering Good Governance in Local Government: a Framework

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

Environmental Appraisal

N/A.

Risk Management Appraisal

Corporate Governance is part of the overall internal control and governance arrangements.

Community / Consultations Appraisal

N/A.

Cabinet Member

Keith Barrow, Leader of the Council, and Brian Williams, Chairman of Audit Committee.

Local Member

All Members.

Appendices

Appendix A – Code of Corporate Governance.