

South Lakeland District Council
Audit Committee
5 December 2018
Review of Local Code of Governance

Portfolio:	Not applicable
Report from:	Assistant Director Resources (Section 151 Officer)
Report Author:	Helen Smith - Financial Services Manager
Wards:	Corporate Issue
Forward Plan:	Not applicable

1.0 Expected Outcome

1.1 This report is presented to show the results of the review of the Council's Code of Local Governance. It is expected that the revisions are adopted by the Committee and Council.

2.0 Recommendation

2.1 It is recommended that Audit Committee:-

(1) considers the proposed revisions to the Local Code of Governance at Appendix 1 and recommends the approval of the amended Code at Appendix 2 to full Council; and

(2) notes the Annual Governance Statement action plan presented at Appendix 3.

3.0 Background and Proposals

3.1 Local authorities should have in place an effective system of internal control (SIC). For South Lakeland District Council, the key features of the SIC are described within the Local Code of Governance.

3.2 Under the Accounts and Audit Regulations 2015, the Council is required to review the effectiveness of the SIC annually and to report this through an Annual Governance Statement (AGS). This is done alongside the statement of accounts and must be prepared in accordance with proper practices.

3.3 CIPFA published a revised version of their governance framework for local authorities, 'Delivering Good Governance in Local Government: Framework (2016)'. This constitutes proper practice and is to be applied for financial years from April 2016 onwards. This slightly re-arranged the previous framework moving from 6 principles to 7 in line with CIPFA's broader 'International Framework: Good Governance in the Public Sector (2014)'.

Local Code Review

3.4 The Local Code approved in December 2015 and Annual Governance Statement were prepared under the new framework for 2016/17 and 2017/18. During 2017/18 the Council's internal auditors undertook a review of the Local Code and concluded

there was reasonable assurance but that the existing procedures could be streamlined. The recommendations were:

1. To evidence greater alignment with the Guidance, self-assessment be made against each of the Guidance's suggested Examples of Behaviours and Actions, rather than (or as well as) against the adopted sub-principles of its Local Code.
2. The Responsible Officer for each adopted sub-principle in the Local Code be referenced in all cases to the Officer's post, rather than to the Officer's name or a reference to the Constitution.
3. The spreadsheet that is used to evidence compliance with the Local Code be updated to reflect the proposed changes to the Local Code that were presented to the Audit Committee and subsequently to Council in December 2017.
4. The mapping of the Guidance behaviours and actions that demonstrate good governance in practice be mapped only to sub-principles in the Local Code that pertain to the same principle to which the behaviour and action relate.
5. Each line in the Guidance's list of examples of systems, processes, documentation and other evidence demonstrating compliance be mapped to a referenced sub-principle, rather than being marked as duplicate.

The first three recommendations were implemented in the AGS for 2017/18. The last two recommendations require changes to the Local Code of Governance itself.

3.5 There has been one action added to the Local Code:

- D14. Consider social value when preparing service plans, considering procurement and commissioning and monitoring performance.

References to local area agreements have been removed and references to standards and guidance have been updated. The majority of amendments are to include behaviours and actions under all principles to which they apply. As a result some behaviours and actions are duplicated.

3.6 Appendix 3 shows the CIPFA principles, sub-principles, example behaviours and actions that demonstrate good governance in practice and examples from the CIPFA guidance with the Local Code reference for each.

AGS Action Plan Update

3.6 An action plan to address areas for improvement in the Council's governance arrangements was presented as part of the approved 2017/18 AGS. This was presented to Audit Committee on 25 July 2018. Appendix 4 gives an update on progress against the various actions.

4.0 Consultation

4.1 Officers have reviewed the existing Local Code of Governance and the CIPFA Delivering Good Governance in Local Government Framework (2016). Audit Committee have reviewed the 2017/18 Local Code of Governance internal audit report which recommended changes to the Local Code of Governance.

5.0 Alternative Options

5.1 Audit Committee can alter the detail of the Local Code of Governance, however this should ensure any amendments comply with best practice and the legislative framework.

6.0 Links to Council Priorities

6.1 The system of internal control as described in the Local Code underpins the achievement of all Council priorities.

7.0 Implications

Financial, Resources and Procurement

7.1 This report has no financial implications.

Human Resources

7.2 There are no human resource implications of this report.

Legal

7.3 There are no legal implications of this report.

Health, Social, Economic and Environmental

7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? No

7.5 If you have not completed an Impact Assessment, please explain your reasons: The Local Code of Governance has no direct HSEE implications.

Equality and Diversity

7.6 Have you completed an Equality Impact Analysis? No

7.7 If you have not completed an Impact Assessment, please explain your reasons: The Local Code of Governance has no direct Equality and Diversity Implications.

Risk

Risk	Consequence	Controls required
Weaknesses identified in the Annual Governance Statement action plan are not addressed adequately	Non-compliance with Local Code of Governance with possible loss of public confidence about the way the Council conducts its business.	Regular monitoring schedule so that Members and senior officers can monitor progress in addressing the weaknesses identified.
Local Code prepared that is not in line with proper practice	Potential gaps in system of internal control	Regular review of Local Code; annual review of effectiveness based on CIPFA framework.

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Proposed amendments to Local Code
2	Proposed Local Code of Governance 2018/19
3	Annual Governance Statement and Local Code review 2018/19
4	AGS action plan update

Background Documents Available

Name of Background document	Where it is available
International Framework: Good Governance in the Public Sector IFAC/CIPFA	http://tinyurl.com/lvqtdx2

Tracking Information

Signed off by	Date sent
Legal Services	19/11/18
Section 151 Officer	19/11/18
Monitoring Officer	19/11/18
SMT	19/11/18

Circulated to	Date sent
Assistant Director	19/11/18
Human Resources Manager	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	6/12/18
Executive (Cabinet)	N/A
Council	18/12/18