

South Lakeland District Council
Audit Committee
Thursday, 5 December 2019
Review of Local Code of Governance

Portfolio:	Finance and Resources; Customer and Commercial Services and People
Report from:	Section 151 Officer
Report Author:	Helen Smith – Finance Lead Specialist (Section 151 Officer)
Wards:	All wards
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 Local Code of Governance and to update on the progress in implementing the Annual Governance Statement (AGS) action plan.

2.0 Recommendation

2.1 It is recommended that Audit Committee:-

- (1) Notes the review of the Local Code of Governance; and**
- (2) Notes the progress in implementing the AGS Action Plan presented at Appendix 4**

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 2018 and Annual Governance Statement were prepared under the new framework and included recommendations from the Council's internal auditors review of the Local Code in 2017/18.

- 3.5 No substantive changes to the Local Code approved in December 2018 are proposed other than formatting to remove the indicator where additional measures were added in December 2018. The table showing the Internal Control Environment has been removed to a separate appendix (Appendix 2) as this supports the Local Code rather than forming part of the Local Code.
- 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

- 3.7 An action plan to address areas for improvement in the Council's governance arrangements was presented as part of the preparation of the 2018/19 AGS. This was presented to Audit Committee in April 2019. 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 reviewed the 2017/18 Local Code of Governance internal audit report which recommended changes to the Local Code of Governance in December 2018.

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 direct financial implications. The Financial Procedures Rules and other elements the System of Internal Control ensure the use of the Council's financial resources represent value for money.

Human Resources

- 7.2 This report has no direct human resource implications. Human Resources policies and the Council's organisational development are consistent with the principles within the Local Code of Governance.

Legal

- 7.3 This report has no direct legal implications. The Local Code of Governance gives a framework to ensure the Council acts lawfully at all times.

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.
- 7.6 Summary of health, social, economic and environmental impacts: N/A

Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Assessment, please explain your reasons: The Local Code of Governance has no direct Equality and Diversity Implications.
- 7.9 Summary of equality and diversity impacts: N/A

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	Local Code of Governance 2019
2	Internal Control Environment 2019
3	Annual Governance Statement and Local Code review 2019/20
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	https://tinyurl.com/w7k7znb

Tracking Information

Signed off by	Date sent
Legal Services	20/11/19
Section 151 Officer	20/11/19
Monitoring Officer	20/11/19
CMT	20/11/19

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A

Circulated to	Date sent
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	5/12/19
Executive (Cabinet)	N/A
Council	N/A