

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****22 JUNE 2017****CORPORATE GOVERNANCE****Report of the Corporate Director, Strategic Resources****1.0 PURPOSE OF REPORT**

- 1.1 To review the updated Local Code of Corporate Governance and recommend for collective approval by the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).
- 1.2 To note progress on other Corporate Governance related matters.

2.0 BACKGROUND

- 2.1 Previously, the Framework Delivering Good Governance in Local Government, published by CIPFA in association with SOLACE in 2007, set out the standard for local authority governance in the UK. CIPFA/SOLACE carried out a review of this Framework and Guidance during the last year and has consequently published an updated version called the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.
- 2.2 According to the Terms of Reference of the Audit Committee, its role in respect of Corporate Governance is:
- (i) to assess the effectiveness of the authority's Corporate Governance arrangements
 - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the authority
 - (iii) to approve the Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund
 - (iv) to review the annual Statements of Assurance provided by the Chief Executive and Corporate Directors

- (v) to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers.

2.3 In relation to (i) and (ii) above, reports are submitted at regular intervals during the year as set out in the Programme of Work. Item (iii) is considered as part of the report relating to the Statement of Accounts, and for item (iv), Statements of Assurance are no longer produced as agreed by this Committee at the last meeting. Issues are addressed by the respective Corporate Director alongside a report on internal audit work relating to that Directorate which is produced by the Head of Internal Audit.

3.0 LOCAL CODE OF CORPORATE GOVERNANCE

3.1 As reported to this Committee at the last meeting, following publication of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, the Council carried out a review of the changes as a consequence of this Framework, and has updated their compliance documentation including the Local Code and the Annual Governance Statement. This Framework applies to the financial year 2016/17 onwards.

New 2016 Framework Principles

- 3.2 The new 2016 Principles that are reflected in the Local Code with links to the Annual Governance Statement are as follows:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - B. Ensuring openness and comprehensive stakeholder engagement;
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - D. Determining the interventions necessary to optimise the achievement of the 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.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework.

Changes to the Local Code

- 3.3 The Local Code has been changed to represent the new Principles. Some of the contents of the existing Principles remain and there are two new ones namely:

- Determining the interventions necessary to optimise the achievement of the intended outcomes; and
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The two 'new' Principles contain many behaviours and actions that the Council have previously evidenced either as part of one of the existing Principles or as part of our work evidencing compliance with the CIPFA/SOLACE Statement on the Role of the Chief Financial Officer in Local Government.

The updated Local Code for North Yorkshire County Council

- 3.4 The Local Code of Corporate Governance for the County Council is a statement of the principles that the County Council will apply in its corporate governance framework. It also describes key components of that framework and how they will be monitored and reviewed.
- 3.5 The Local Code is reviewed annually alongside the Annual Governance Statement (AGS). Whilst the AGS needs to be updated on an annual basis (see **paragraph 4** below), the simultaneous review of the Local Code ensures that key changes to the corporate governance framework (whether driven by external forces such as legislative changes or by internal factors) are reflected in the Local Code so that it is compatible with the AGS (which describes in detail the actual processes in place and the activity undertaken in the year relating to corporate governance).
- 3.6 A full review and update of the Local Code has been undertaken to reflect the changes in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 and can be seen at **Appendix A**.

- 3.7 Once approved by the Committee at this meeting, the Local Code will be referred collectively to the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) for formal approval, as stated in the Constitution.

4.0 ANNUAL GOVERNANCE STATEMENT 2016/17

- 4.1 The Annual Governance Statement (AGS) has been changed to align with the new Framework and Principles. It includes the key elements of governance arrangements to support the Council's vision for the area, outcomes and value for money. It also provides an assessment of the effectiveness of the Council's governance arrangements in supporting the planned outcomes. It accompanies the Statement of Accounts (SoA) and can be seen in the report shown as Statement of Accounts 2016/17.

5.0 DEVELOPMENTS IN 2016/17

- 4.1 Although the responsibility for managing the day to day aspects of the Corporate Governance agenda belong to the Executive and the Management Board, wider Members also have to be actively engaged – the role of this Committee is therefore critical in this regard.
- 4.2 This Committee receives progress reports on a range of specific governance issues such as risk management and information governance through the year.
- 4.3 A full review and update of the Local Code of Corporate Governance and the Annual Governance Statement have already been mentioned in the paragraphs above.
- 4.4 Other notable areas of recent work undertaken as part of the corporate governance agenda include the following:-
- ➔ carrying out a complete review of the Council Plan format which now states the County Council's wide ambitions, high level outcomes and priorities for the next 4 years
 - ➔ progressing issues relating to best practice documentation such as reviewing the effectiveness of the Audit Committee

- ➔ carrying out a review and restructure for procurement across the Council.
- ➔ continual refinement and implementation of governance arrangements for the 2020 North Yorkshire Programme.
- ➔ delivering MTFs and the longer term financial planning horizon beyond 2020.
- ➔ new online training package for equality matters
- ➔ increasing and unrelenting awareness on information security

5.0 CORPORATE GOVERNANCE CHECKLIST SUMMARY OF IMPROVEMENTS

- 5.1 The Corporate Governance Checklist is a self-assessment checklist and is in line with the 7 principles defined in the Local Code of Corporate Governance. The requirements of the document CIPFA Statement of the Role of the Chief Financial Officer in Local Government are also incorporated within the Checklist.
- 5.2 The Checklist is effectively a “live” document to monitor and review the overall Corporate Governance process within the County Council. Although a copy of the latest “version” is available to Members, a Summary is attached as **Appendix B** for ease of reference. This Summary shows:
- ➔ some of the improvements made in corporate governance between April 2016 and March 2017 in the left hand column.
 - ➔ reference to the requirements of the 6 (in 2016/17) principles defined in the Local Code of Corporate Governance on the right hand side.
 - ➔ some examples of improvements in corporate governance to be made between April 2017 and March 2018
- 5.3 Areas of development and / or improvement continue to be identified as a result of the need to comply with new guidance and requirements as they are published.
- 5.4 The Checklist is used by officers in order to provide some assurance that all relevant areas of governance are being adequately addressed and, where relevant, gaps are identified with consequential actions to fill such gaps.

6.0 RECOMMENDATIONS

- 6.1 That the updated Local Code of Corporate Governance (**Appendix A**) be recommended for collective approval by the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).
- 6.2 That Members note the improvements that have been made, and that are to be made in corporate governance (**Appendix B**)

GARY FIELDING

Corporate Director, Strategic Resources, County Hall, Northallerton

June 2017

Report prepared by Fiona Sowerby, Corporate Risk and Insurance Manager, ext 2400

Background papers: None



North Yorkshire
County Council

Final DRAFT

**Local Code of Corporate
Governance**

June 2017

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1.0 INTRODUCTION

1.1 Corporate governance is the system by which a local authority directs and controls its functions and relates to the community it serves. It is therefore a framework of policies, management systems, procedures and structures that together, determine and control the way in which a local authority manages its business, determines its strategies and objectives, and sets about delivering its services to meet those objectives for the greater good of its community. This naturally extends to how the organisation accounts to, engages with and, where appropriate, leads its community.

1.2 On this basis, the principles of good corporate governance require a local authority to undertake its functions in a way that is completely open and inclusive of all sectors of the community, demonstrates the utmost integrity in all its dealings, and is fully accountable to the public it serves.

1.3 North Yorkshire County Council is committed to demonstrating good corporate governance. This Code sets out what the governance arrangements are, and who is responsible for them within the County Council. It also explains how the arrangements will be kept under review and monitored for compliance.

1.4 The Code also expresses how the County Council will seek to conduct its business in a way that demonstrates –

- **Openness and Inclusivity** – which is necessary to ensure that stakeholders can have confidence in the decision-making and management processes of the County Council, and the role of the Members and Officers therein. Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an inclusive approach, which seeks to ensure that all stakeholders, and potential stakeholders, have the opportunity to engage effectively with the decision-making processes and actions of the County Council. It requires an outward looking perspective and a commitment to partnership working, that encourages innovative approaches to consultation and to service provision
- **Integrity** – is necessary for trust in decision making and actions. It is based upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of public funds and the management of the County Council's affairs. It is dependent on the effectiveness of the internal control framework and on the personal standards and professionalism of both Members and Officers. It is reflected in the County Council's decision-making procedures, in its service delivery and in the quality of its financial and performance reporting
- **Accountability** - is the process whereby Members and Officers within the County Council are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles expressed through a robust and resilient structure

2.0 POLICY STATEMENT ON CORPORATE GOVERNANCE

- 2.1 The Policy of the County Council is to incorporate the principles of Corporate Governance into all aspects of its business activities to ensure that stakeholders can have confidence in the decision-making and management processes of the authority, and in the conduct and professionalism of its Members, Officers and agents in delivering services. To this end, the County Council will report annually on its intentions, performance and financial position, as well as on the arrangements in place to ensure good governance is always exercised and maintained.
- 2.2 The principles set out in this Policy will also apply to the North Yorkshire Pension Fund. Any company in which the County Council has a substantive equity holding will also be expected to comply with these principles.

3.0 THE SEVEN PRINCIPLES OF CORPORATE GOVERNANCE

- 3.1 There are seven core principles that should underpin governance arrangements within a local authority. These are defined as follows –
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B. Ensuring openness and comprehensive stakeholder engagement
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - D. Determining the interventions necessary to optimise the achievement of the 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
- 3.2 This Code addresses these seven core principles and describes the systems and processes that support these in the County Council. In addition the Code reflects how the County Council addresses the requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2015)
- 3.3 The Code also explains how the County Council intends to monitor and review the corporate governance arrangements defined in this Code including compliance with the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2015).
- 3.4 A diagrammatic representation of how this Code fits into the management process of the County Council is attached as **Appendix A**.

4.0 CORPORATE GOVERNANCE ARRANGEMENTS

Core Principle A : Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

4.1 The County Council will conduct its activities in a manner which promotes high ethical standards and good behaviour which will foster openness, support and mutual respect. The following policies and protocols have been established and will be kept under review to assist the County Council in maintaining this culture:–

- Member and Officer Codes of Conduct
- Local / National Teachers' Code of Conduct
- Protocol on Officer/Member relations and communications
- Code of Conduct for Planning
- Ethical Behaviour Statements
 - Leader
 - Chief Executive
- Ethical Standards & Decision Making Training for Officers
- Member and Officer Registers of Interests
- Member and Officer Registers of Gifts and Hospitality
- ICT Code of Practice and Protocols on ICT use for Members and Officers
- Whistleblowing Policy
- Counter Fraud Strategy
- Anti-Money Laundering Policy
- Equality and Diversity Policy Statement
- Communication Strategy to support 2020 North Yorkshire
- Engagement Promise
- Partnership Governance guidance
- Procurement Strategy and training
- Information Governance Policy and Framework
- Corporate Complaints Procedure

4.2 In addition, the County Council will ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. This includes compliance with CIPFA's Statement on the *Role of the Chief Financial Officer in Local Government (2015)*.

4.3 The aim is to develop a set of shared values which will underpin an ethos of good governance. This will be further supported by compliance with legislation, Procedure Rules and all relevant professional standards.

- 4.4 The County Council has established a Standards Committee to discharge its responsibilities for promoting and maintaining high standards of Member conduct. The Standards Committee meets twice yearly and as required. It develops initiatives to promote high ethical standards, is involved in ensuring the training of all Members on standards, and determines any complaints that Members may have breached the Members' Code of Conduct referred to it by the Monitoring Officer. The Committee also has a role in assisting, where requested, in the designation and handling of persistent and/or vexatious complaints/complainants.
- 4.5 Where the County Council works in partnership it will continue to uphold its own ethical standards, as well as acting in accordance with the partnership's shared values and aspirations.

Core Principle B : Ensuring openness and comprehensive stakeholder engagement

- 4.6 The County Council will seek the views of its stakeholders and respond appropriately by:–
- clearly identifying its stakeholders, in order to ensure that relationships with these groups continue to be effective
 - maintaining effective channels of communication which reach all groups within the community and other stakeholders as well as offering a range of consultation methods; to this end the County Council has a Communications Strategy to support the 2020 North Yorkshire Programme and an Engagement Promise that are regularly reviewed and updated
 - publishing a Council Plan and an annual Statement of Final Accounts to inform stakeholders and services users of the previous year's achievements and outcomes
 - publishing a Medium Term Financial Strategy and consulting each year on the Annual Revenue Budget and its impact on Council Tax
 - providing a variety of opportunities for the public to engage effectively with the County Council including attending meetings, opportunity to ask questions at meetings, written consultations, surveys, web chats with Leader and Chief Executive
 - presenting itself in an open and accessible manner to ensure that County Council matters are dealt with transparently, in so far as the need for confidentiality allows
 - supporting these shared principles and the undertakings in the North Yorkshire Compact which provides a framework for local authorities and other public bodies to work together with the voluntary and community sector
 - having a Community Plan (also known as the Sustainable Community Strategy) in conjunction with local partners
 - maintaining a Citizens' Panel of around 2000 residents who are consulted twice a year on a wide range of service issues
 - maintaining a Freedom of Information Act Publication Scheme and arrangements to respond to requests for information from the public

- operating Access to Information Procedure Rules to ensure local people and stakeholders can exercise their rights to express an opinion on decisions, and can understand what decisions have been made and why
- ensuring the lawful and correct treatment of personal information through a Data Protection policy that follows the principles set out in the *Data Protection Act 1998*
- maintaining a County Council website that provides access to information and services and opportunities for public engagement

Core Principle C : Defining outcomes in terms of sustainable economic, social, and environmental benefits

4.7 The County Council will develop a clear vision and purpose, identify intended outcomes and ensure that these are clearly communicated to all stakeholders of the organisation, both internal and external. In doing so, the County Council will report regularly on its activities and achievements, and its financial position and performance.

4.8 The County Council will publish:-

- a Council Plan (updated annually)
- an annual Statement of Final Accounts together with the Annual Governance Statement and
- a Community Plan (also known as the Sustainable Community Strategy) in conjunction with local partners.

4.9 The County Council will keep its corporate strategies, objectives and priorities under constant review, so as to ensure that they remain relevant to the needs and aspirations of the community.

4.10 In undertaking all its activities, the County Council will aim to deliver high quality services which meet the needs of service users. Delivery may be made directly, via a subsidiary company, in partnership with other organisations, or by a commissioning arrangement. Measurement of service quality will also be a key feature of service delivery.

4.11 In addition, the County Council will continue to monitor the cost effectiveness and efficiency of its service delivery, as well as

- ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the County Council meets its policy and service objectives and provides effective stewardship of public money in its use
- ensure that the County Council maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary
- ensure compliance with CIPFA's Code on Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

4.12 The County Council will monitor and regularly report on performance through the Performance Management Framework and system

4.13 The County Council will also seek to address any concerns or failings in service delivery by adhering to and promoting its Corporate Complaints Procedure.

Core Principle D : Determining the interventions necessary to optimise the achievement of the intended outcome

4.14 The County Council will observe this Principle through a combination of the following:

- having a formal Constitution which details the decision making processes and the procedures required to support the transparency and accountability of decisions made
- carrying out consultations to ensure a robust decision making process for service improvement or termination or otherwise, in order to prioritise competing demands within limited resources
- publishing a Council Plan which provides the key ambitions for the Council, key strategies, high level outcomes and priorities for the next 4 years
- publishing an annual Statement of Final Accounts including an Annual Governance Statement to inform stakeholders and services users of the previous year's achievements and improvements for the following year
- having a Community Plan (also known as the Sustainable Community Strategy) in conjunction with local partners
- establishing a medium term business and financial planning process to deliver strategic objectives which is reviewed regularly
- maintaining an effective Performance Management Strategy and system
- having a Staff Engagement Strategy
- having a Communications Strategy to support the 2020 North Yorkshire Programme

Core Principle E : Developing the entity's capacity, including the capability of its leadership and the individuals within it

4.15 The County Council is continually seeking to develop the capacity and capability of the Council itself, and both its Members and Officers in recognition that the people who direct and control the organisation must have the right skills. This is achieved through a commitment to training and development, as well as recruiting senior officers with the appropriate balance of knowledge and experience. The County Council aims to achieve this by:-

- carrying out a regular LGA Peer Review
- maintaining Partnership Governance procedures and guidance, and carrying out regular reviews of partnerships and their outcomes
- organising Member and employee induction programmes

- continuing with further organisational development under the 2020 North Yorkshire Programme by promoting the 3 core elements of engagement, innovation and leadership
- maintaining an effective Performance Management Strategy and system
- continuing to develop a Workforce Plan that addresses issues such as recruitment, succession planning, flexible working and other people management issues
- carrying out regular appraisals which incorporate service improvement and personal development plans
- providing career structures to encourage staff development
- regularly reviewing job descriptions and person specifications and using these as the basis for recruitment
- encouraging a wide variety of individuals and organisations to participate in the work of the County Council
- ensuring regular review and improvement of the Employee Assistance Programme which includes health assessments, counselling, emotional support and fitness advice.

4.16 To ensure compliance with the CIPFA Statement in the *Role of the Chief Financial Officer* the County Council will:-

- ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of his role
- review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised
- provide the finance function with the resources, expertise and systems necessary to perform its role effectively
- embed financial competencies in person specifications and appraisals
- ensure that Members' roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities

Core Principle F : Managing risks and performance through robust internal control and strong public financial management

4.17 The County Council observes this Principle through a combination of the following:

- a Risk Management Policy and Strategy have been in place for many years and are reviewed and updated in line with current guidance and best practice on a regular basis

- there is a reporting and monitoring framework for communicating risks (eg Corporate Risk Management Group / Directorate Risk Management Group / Mgt teams)
- decision making is supported through risk registers at Corporate, Directorate and Service levels as well as one off major projects
- Risk Registers include consideration of objectives and contribute to service plans
- there is a Corporate Performance Management Strategy and system
- the Executive is supported at all times by professional advice that addresses all relevant legal, financial, risk and resourcing issues. Risk management processes operate so as to ensure that the risk and impact of decisions are fully assessed
- there is an assessment for Value for Money Conclusion in the Annual Accounts
- there are regular quarterly Performance / Financial reports to Executive & Scrutiny Board
- there is a year-end report on Performance / Financial out-turn to Executive & Scrutiny Board
- there is comprehensive recording of all decisions taken and the reasons for those decisions
- there is an effective scrutiny function and framework, supported by named officers, that enables decisions by the Executive to be challenged or influenced by the rest of the County Council's Members
- there is compliance with the *Code of Practice on Managing the Risk of Fraud and Corruption* (CIPFA 2014) through a Counter Fraud Policy and Strategy including a Fraud Prosecution Policy, and an Anti-Money Laundering Policy and Procedures
- there is an Annual Governance Statement which is updated and forms part of the annual Statement of Final Accounts
- the Audit Committee includes independent co-opted members
- there is an Information Governance Policy, Framework and Procedures (including data protection)
- an Information Sharing Protocol and individual agreements are active with many partners
- there is an Audit Charter with an adequately resourced internal audit and counter fraud function
- ensures that its governance arrangements allow the CFO direct access to the Audit Committee and External Auditor
- ensures the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the County Council
- ensures the County Council's governance arrangements allow the CFO to bring influence to bear on all material decisions

- ensures that advice is provided on the levels of reserves and balances in line with good practice guidance
- the County Council's arrangements for financial and internal control and for managing risk are addressed in annual governance reports
- the County Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes

Core Principle G : Implementing good practices in transparency, reporting, and audit to deliver effective accountability

4.18 The County Council observes this Principle through a combination of the following:-

- maintaining a County Council website that provides access to information and services and opportunities for public engagement
- all meetings of the Council and its Committees are open to the public (except where, for example, personal or confidential matters are being discussed) and published on the website
- having a formal Constitution which details the decision making processes and the procedures required to support the transparency and accountability of decisions made
- an Engagement Promise setting out in simple terms how everyone who lives or works in the county, or uses the County Council's services can influence decisions
- a properly constituted Standards Committee, an Audit Committee with a number of independent co-opted members and an effective scrutiny function
- there is an Audit Charter with an adequately resourced internal audit and counter fraud function
- ensure that its governance arrangements allow the CFO direct access to the Audit Committee and External Auditor
- ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority
- ensure the County Council's governance arrangements allow the CFO to bring influence to bear on all material decisions
- ensure that advice is provided on the levels of reserves and balances in line with good practice guidance
- ensuring the County Council puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes
- ensuring the County Council's arrangements for financial and internal control and for managing risk are addressed in annual governance reports

- publishing an annual Statement of Final Accounts together with the Annual Governance Statement which will show any significant improvements required.
- ensuring compliance with *CIPFA's Statement on the Role of the Head of Internal Audit (2010)*
- ensuring compliance with Public Sector Internal Audit Standards
- considering and implementing LGA Peer Review recommendations
- having a Community Plan (also known as the Sustainable Community Strategy) in conjunction with local partners

5.0 MONITORING, REPORTING AND REVIEW

5.1 Ensuring good corporate governance is the responsibility of the whole Council. However to formalise the process, the County Council has two Committees that are primarily responsible for monitoring and reviewing the adequacy of the corporate governance arrangements referred to in this Local Code –

- the Audit Committee
- the Standards Committee

The two committees liaise on any issue of Corporate Governance that may be of legitimate common concern to both.

5.2 The Audit Committee is independent of both the Executive and Scrutiny, and has wide ranging responsibilities in relation to audit, information governance, counter fraud, risk management, treasury management, financial and performance reporting, as well as overall corporate governance. The Committee's terms of reference are set out in the Constitution and its principal objectives are to ensure that the County Council manages its risks appropriately and maintains an adequate and effective system of internal control. The Committee meets up to five times a year and includes up to three co-opted external Members.

5.3 The Standards Committee currently meets twice yearly and as required to promote and maintain high standards of conduct by Councillors and co-opted Members of the Council. The Committee provides advice and support to the Council and its members on the Council's Members' Code of Conduct and related ethical issues such as membership of outside bodies and Member/officer relations. Additionally, Standards Committee Members participate in training sessions and the Committee determines any complaints that Members may have breached the Members' Code of Conduct referred to it by the Monitoring Officer. The Committee also has a role in assisting, where requested, in the designation and handling of persistent and/or vexatious complaints/complainants. The Committee is attended by independent persons, as well as County Council Members.

5.4 Further to the two Committees referred to above, the County Council has also established:

- a Corporate Governance Officer Group of senior officers, chaired by the Corporate Director – Strategic Resources, which is responsible for overseeing the delivery of an integrated programme of work to support the development of

robust corporate governance arrangements, and to keep implementation of such arrangements under on-going review. In particular, this Group monitors the Self-Assessment Checklist that maps, and monitors, all governance activity within the County Council against all published Best Practice Guidelines

- a Corporate Information Governance Group, also chaired by the Corporate Director – Strategic Resources. This Group addresses the various challenges of Information Governance including the development and maintenance of a Framework for Information Governance which comprises a suite of relevant policies, protocols and guidance notes

5.5 The County Council is required to undertake an annual review of the effectiveness of its system of internal control (as required by *Regulation 6 of the Accounts and Audit Regulations (2015)*). This review seeks to –

- identify principal risks to the achievement of County Council objectives
- identify and evaluate key controls to manage principal risks
- obtain assurances of the effectiveness of key controls
- evaluate assurances and identify gaps in control/assurances

This review is overseen by the Audit Committee and is part of the preparatory process for the Annual Governance Statement (see **paragraph 5.8** below). The Audit Committee receives assurance from various sources regarding the adequacy of the internal control environment and overall corporate governance arrangements, including from the Head of Internal Audit.

5.6 Additionally, compliance with the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* is reviewed annually by the Audit Committee.

5.7 Finally, annual reports are produced and published by:

- the Audit Committee Chair
- the Standards Committee Chair

The Annual Governance Statement

5.8-Following the annual review of effectiveness of the system of internal control an Annual Governance Statement (AGS) will be published to accompany the Statement of Final Accounts for the County Council. The AGS will provide an overall assessment of the corporate governance arrangements in the County Council.

5.9 To reflect the County Council's commitment to the continuous improvement of its system of internal control, progress to address weaknesses is drawn up in response to any significant control weaknesses identified in the AGS. A follow up process is then overseen by the Corporate Governance Officer Group to ensure continuous improvement of the system of corporate governance. The Audit Committee monitors progress to address weaknesses every six months.

Review of this Code

5.10 A review of this Code will be undertaken annually alongside the preparation of the AGS.

6.0 CONTACT DETAILS AND FURTHER INFORMATION

6.1 Further details of the County Council's Corporate Governance arrangements can be obtained on the County Council's website www.northyorks.gov.uk or by contacting the Corporate Director – Strategic Resources (**see below**).

6.2 Finally, if you have any concerns about the way in which the County Council, its Members, Officers or agents conduct its business, or believe that elements of this Code are not being complied with, please contact one of the following Officers as appropriate. Your enquiry will be treated confidentially, and a response made following investigation of the facts in each case.

(i) Chief Executive (Head of Paid Service)

Richard Flinton
North Yorkshire County Council
County Hall
Northallerton
North Yorkshire DL7 8AL
Tel: 01609 532444 E-mail: richard.flinton@northyorks.gov.uk

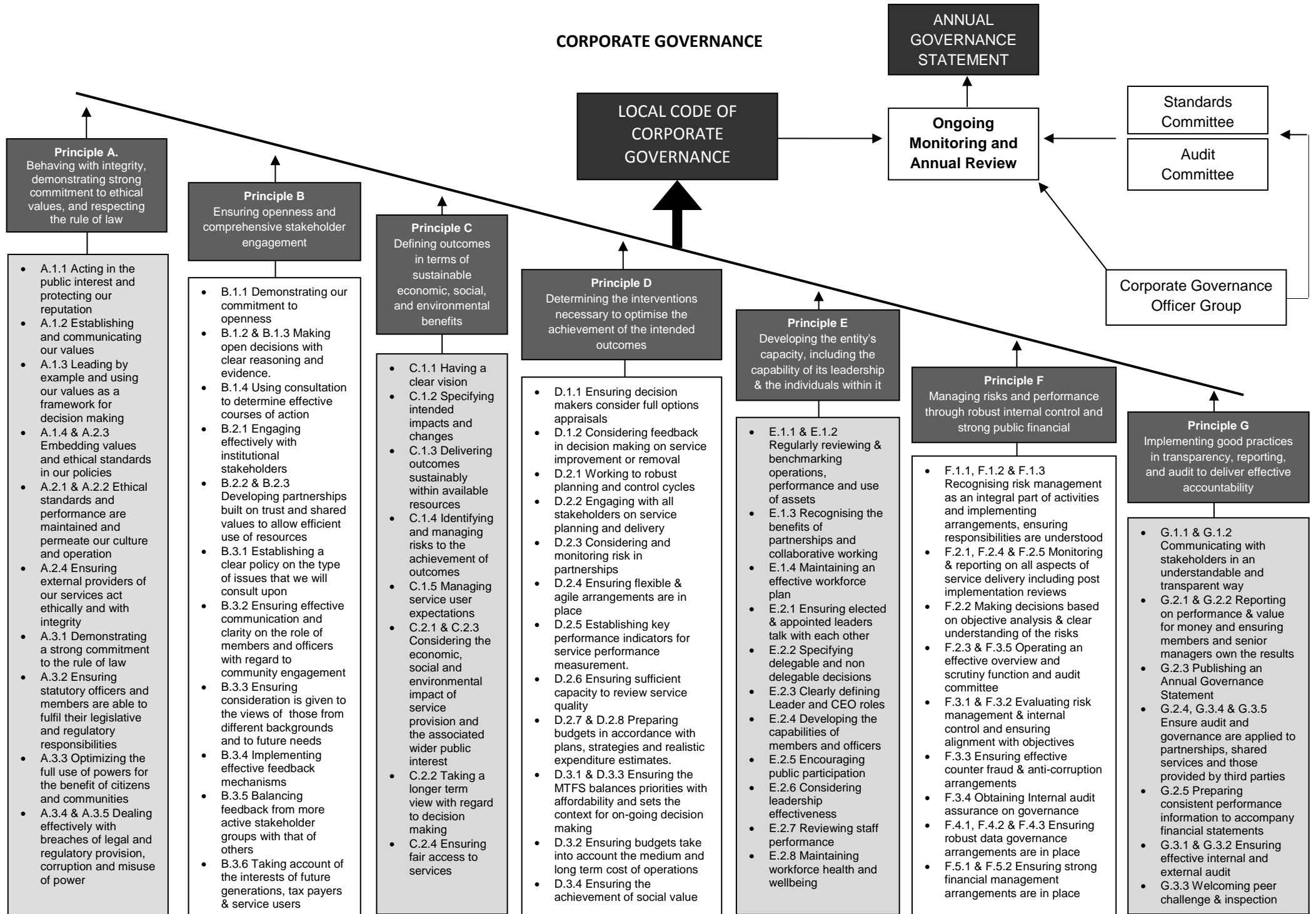
(ii) Corporate Director – Strategic Resources (Section 151 Officer)

Gary Fielding
Corporate Director – Strategic Resources
North Yorkshire County Council
Racecourse Lane
Northallerton
North Yorkshire DL7 8AL
Tel 01609 533304 E-mail gary.fielding@northyorks.gov.uk

**(iii) Assistant Chief Executive (Legal and Democratic Services)
(Monitoring Officer)**

Barry Khan
Legal and Democratic Services
North Yorkshire County Council
Racecourse Lane
Northallerton DL7 8AL
Tel 01609 532173 E-mail barry.khan@northyorks.gov.uk

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE CHECKLIST

Examples of Improvements made **between April 2016 and March 2017**

Improvements	Reference	Requirement
	Principle 1	Focusing on the purpose of the authority and on outcomes for the community and create and implementing a vision for the local area
<ul style="list-style-type: none"> Council Plan format completely reviewed to show Council wide ambitions, high level outcomes and priorities for next 4 years (NI) 	1.1.1 now C.1.1	Develop and promote the authority's purpose and vision
<ul style="list-style-type: none"> Recommendations and considerations from corporate peer review carried out (RF) 	1.1.2 now C.1.2	Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements
<ul style="list-style-type: none"> Review of performance management framework and development of corporate performance, data and intelligence support carried out (GF) 	1.2.1 Now C.2.1	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available
<ul style="list-style-type: none"> Structure and functions of traded operations within the Council (SmartSolutions) reviewed (GF) 	1.3 Now C.2.3	Ensuring that the authority makes best use of resources and that taxpayers and service users receive excellent value for money
	Principle 2	Members and officers working together to achieve a common purpose with clearly defined functions and roles
<ul style="list-style-type: none"> Community Engagement guidelines and toolkit reviewed and revised (NI) 	2.3.4 No particular one	Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated

Appendix B

Improvements	Reference	Requirement
<ul style="list-style-type: none"> • 	Principle 3	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
<ul style="list-style-type: none"> • Training for Members on Registration of Interests carried out (BK) • Standards refresher training Standards Committee Members carried out (BK) • Amalgamated Whistleblowing policy (including schools) established under the Public Interest Disclosure Act 1998 and regularly publicised and updated (MT) • New online training package for staff re paying due regard to equality, undertaking EIAs etc plus the way cumulative equality impact is considered has been reviewed and improved. (NI) 	3.1.2 [REDACTED]	Ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols
<ul style="list-style-type: none"> • Adequate governance is ensured around County Council owned companies – CPRs in place, register of interests for conflict situations (GF/BK) 		Decide where this goes From new CFO (Principle 1) B.2.2 and D.2.3, does this map better to 4.3.1?
	Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
<ul style="list-style-type: none"> • Ongoing assessment of risks to inform the decision making process (FS/GF) 	4.3.1 [REDACTED] [REDACTED]	Ensure that risk management is embedded into the culture of the authority, with Members and managers at all levels recognising that risk management is part of their job

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Improvements	Reference	Requirement
	Principle 5	Developing the capacity and capability of members and officers to be effective
<ul style="list-style-type: none"> Further Member seminars to inform on topical issues carried out (BK) 	5.2.1 Now E.2.4	Assess the skills required by Members, officers and managers and make a commitment to develop those skills to enable roles to be carried out effectively
	Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability
<ul style="list-style-type: none"> Arrangements for future delivery of library service formalised and arranged with Local Communities (Julie B) 	6.2.3 Now B.2.3	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result.
<ul style="list-style-type: none"> Most relevant Partners have signed up to an agreed multi agency data sharing protocol (MT) 	6.2.5 Now B.2.3	Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
<ul style="list-style-type: none"> Staff survey outcomes implemented through Organisational Development programme (JB) 	6.3.1 Now D.2.2?	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

Appendix B

Examples of Improvements to be made between April 2017 and March 2018

Commented [NI1]: Online training package on consultation law and good practice – Sept 2017
See in principle B

Improvements	Reference	Requirement
	Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<ul style="list-style-type: none"> • Further review and implement an electronic Member Register of Interests (BK) Dec 2017 • Review and implement an electronic Officer Register of Interests (BK) Dec 2018 • Review and distribute a decision making guidance note (BK) Mar 2017 • Develop and implement an Officers on line learning and training package on decision making (BK) Dec 2017 	A1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> • Carry out induction training for Members following Elections (BK) May 2017 	A2.2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
<ul style="list-style-type: none"> • Carry out review of Code of Conduct for Planning (BK) Mar 2018 • Review, revise and gain approval of the Procurement Strategy (GF) May 2017 	A2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
<ul style="list-style-type: none"> • 	Principle B	Ensuring openness and comprehensive stakeholder engagement
<ul style="list-style-type: none"> • Put in place a process for co-ordinating and responding to Subject Access Requests (MT) Sept 2017 	B1.1	
<ul style="list-style-type: none"> • Develop an on line training package for consultation law and good practice (NI) Sept 2017 	Decide and include there	

Commented [FS2]: NI Where in the doc should this go?

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Improvements	Reference	Requirement
<ul style="list-style-type: none"> • Create a shareholder group (GF/BK) ?? • Appoint Chief Financial Officers (GF) ?? • Carry out training for Directors of companies (BK) ?? 	CFO (Principle 1) B.2.2	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.
<ul style="list-style-type: none"> • Carry out a light touch audit to review the completeness of compliance with data transparency regulations (NI/MT) March 2018 	B.3.2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> • Review and revise the corporate Performance Framework and develop and produce more effective reporting (GF) March 2018 	C.1.3	Delivering defined outcomes on a sustainable basis within the resources that will be available
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> • More consistency in strategy, performance, data and intelligence • Developing service and team plans • Corporate performance support • Corporate Response to stakeholders when consulting • Dashboard with realtime service data 		
	Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> • Review training and development needs for Members (BK) 2017 	E.2.6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections

Commented [FS3]: Probably put in D after review with GaryF

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Improvements	Reference	Requirement
	Principle F	Managing risks and performance through robust internal control and strong public financial management
<ul style="list-style-type: none"> Continue to expand the number of Data Sharing Agreements and review suitable products for conversion to an on-line platform (MT) Dec 2017 	F.4.2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
	Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> Carry out a review of effectiveness of the Audit Committee (GF/MT) 	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained
<ul style="list-style-type: none"> Review of future reporting arrangements as part of the upgrade of financial systems (GF) 	CFO Principle 2 G.2.1	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority and that these cover the services provided through partnership and alternative delivery models
<ul style="list-style-type: none"> 		
<ul style="list-style-type: none"> 		

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Improvements	Reference	Requirement
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