

**TITLE: CORPORATE GOVERNANCE FRAMEWORK AND STATEMENT OF INTERNAL CONTROL**

**TO/ON: CABINET ON 29<sup>TH</sup> MARCH 2006**

**BY: HEAD OF LEGAL AND DEMOCRATIC SERVICES**

**PORTFOLIO CABINET MEMBER FOR MEMBER DEVELOPMENT HOLDER:**

**STATUS: FOR PUBLICATION**

**1. PURPOSE OF THE REPORT**

This report seeks to obtain the Cabinet's approval to the adoption of a Corporate Governance Framework and Statement of Internal Control.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet agree the Corporate Governance Framework and Statement of Internal Control attached to this report
- 2.2 That Cabinet agree to the setting up of an Account Committee to approve the annual accounts and report of the Council and to approve the Council's Statement of accounts in accordance with regulation B (2) of the Accounts and Audit Regulations 1996 and to recommends that Full Council amends the Constitution accordingly. This would meet twice a year.
- 2.3 That the Cabinet agree that the Head of Legal and Democratic Services is responsible for ensuring the corporate governance database is kept up to date and that the Head of Customer Services and E Government will maintain the source documents and processes including the names of nominated link officers and review dates to ensure that the CIPFA /SOLACE framework provides an up to date position statement as to the councils compliance with corporate governance.

**3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION**

- 3.1 In July 2005 the Council received a report from the internal audit service within that report various recommendations were made to the Council. The objective of the audit was to review the extent to which Rossendale Borough Council is

complying with the CIPFA/SOLACE Corporate Governance Framework document “ A keystone for Community Governance“. This is a key public sector framework adopted by local authorities as a means of achieving and demonstrating sound governance arrangements.

- 3.2 It is also a requirement of Rossendale Borough Council’s local code of Corporate Governance that internal audit performs an annual review of the effectiveness of its Corporate Governance arrangements.
- 3.3 The audit recommended that the Council adopted a template to mirror the CIPFA/SOLACE framework to be able to readily evidence compliance with good corporate governance. Attached at Appendix 1 is the suggested framework for Rossendale Borough Council. This template can then be used as a database so the corporate governance framework acts as a living document which ensures that policies, strategies and procedures are reviewed when required.
- 3.4 It is also necessary to review the allocation of responsibility for approval of the Council’s accounts which is currently allocated to the Standards Committee. Given the requirements for approval by “those charged with governance” which is a local authority context would imply the Full Council or some part of the political leadership this is not appropriate.
- 3.5 The options available are the Full Council or a Committee of the Council. Given the increasing tightening of the various deadline in the accounts process the Full Council is not practical, similarly there is a need to demonstrate a “robust” debate over the accounts which it is not easy to do in Full Council meeting. It is therefore recommended that a Committee of the Council be constituted for the purpose of approving the accounts as required by the Accounts and Audit Regulations comprising;-

The Leader of the Council.  
The Deputy Leader of the Council.  
The Portfolio holder of Finance and Risk Manager.  
The Leader of the Opposition.  
The Deputy Leader of the Opposition.

- 3.6 This body is likely to need to meet twice a year, once for initial approval of the accounts and once to receive the District Auditor’s report and issues arising from the accounts. The Audit and Performance Management Overview and Scrutiny Committee as the Council’s Audit Committee will continue to monitor the way in which the Council responds to such reports.

#### **4. CORPORATE IMPROVEMENT PRIORITIES**

- 4.1 Performance management /risk management and financial management are Corporate Priorities

**5. RISK**

5.1 If the Council fails to adopt the recommendations of internal audit

**6. FINANCIAL/LEGAL**

6.1 The Council is required to maintain levels of internal control the setting up of the framework and Statement of Internal Control will assist in this regard.

6.2 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically and effectively. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council is responsible for ensuring there is a sound system of internal control.

**7. WARDS AFFECTED**

7.1 All

**8. CONSULTATIONS**

8.1 None

Background documents:

CIPFA/SOLACE guidance

Report of internal audit July 2005

For further information on the details of this report, please contact: Mrs L Fisher, Head of Legal and Democratic Services on 01706 252447