

AUDIT COMMITTEE

24 FEBRUARY 2009



DURHAM COUNTY COUNCIL

CODE OF CORPORATE GOVERNANCE

INTRODUCTION

Corporate Governance is a term used to describe how organisations direct and control what they do. As well as systems and processes this includes cultures and values. For local authorities this also includes how a council relates to the communities that it serves. Good Corporate Governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity, impartiality and inclusivity. Corporate Governance is also the structure through which strategic objectives are set and performance monitored. Best practice principles in that regard flow from the three core components of the Turnbull report, namely; the assessment of corporate risk; effective management systems and the enabling of the organisational culture.

Durham County Council is committed to demonstrating that it has the necessary Corporate Governance arrangements in place to perform effectively.

This Code is a public statement that sets out the way the Council will meet that commitment. As such it represents a key component of the Council's governance arrangements. The Code has been developed in accordance with and is consistent with the CiPFA / SOLACE Delivering Good Governance in Local Government Framework and is based upon the following 6 core principles:

- **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**
- **Members and officers working together to achieve a common purpose with clearly defined functions and roles**
- **Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
- **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
- **Developing the capacity and capability of members and officers to be effective**
- **Engaging with local people and other stakeholders to ensure robust public accountability**

The Code also sets out the mechanisms for monitoring and reviewing the Council's Corporate Governance arrangements.

THE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

1. The Council will, in exercising Strategic Leadership, develop and communicate its purpose and vision and intended outcomes for citizens and service users. It will explain and report regularly on activities, performance and the Council's financial position. Timely, objective and understandable information about the Council's activities, achievements, performance and financial position will be provided. The Council will do this by annually publishing:
 - A Corporate Plan;
 - Externally audited accounts;
 - Independently verified performance information.

2. The Council will aim to deliver high quality services that are value for money. The Council will do this by:
 - Delivering services to meet local needs through the Community Strategy, and put in place policies and processes to ensure that they operate effectively in practice;
 - Directing resources to those that need services most;
 - Developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
 - Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions;
 - Comparing information about our services with services provided by similar organisations, assessing why levels of efficiency, effectiveness and quality are different elsewhere and considering other alternative means of service provision to maximise opportunities and improve value for money where appropriate;
 - Ensuring procurement practices are effective and securing external funding where available.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

3. The Council will ensure that the necessary roles and responsibilities for the Governance of the Council are identified and allocated so that it is clear who is accountable for decisions that are made. The Council will do this by:
 - Electing a Leader of the Council and Executive Members with defined executive responsibilities;
 - Agreeing a scheme of delegated responsibilities to Directors;
 - Annually appointing Committees to discharge the Council's Regulatory responsibilities;
 - Annually appointing Committees to discharge the Council's Scrutiny responsibilities;

- Undertaking a regular review of the operation of the Council's Constitution;
- Having in place effective and comprehensive arrangements for the scrutiny of services and for holding the Executive to account;
- Making the Chief Executive responsible and accountable for all aspects of operational management;
- Making a nominated Senior Officer responsible for the proper administration of its financial affairs (S151 Officer);
- Making a nominated Senior Officer responsible for actions taken in accordance with Statute and Regulation (Monitoring Officer);
- Developing protocols that ensure effective communications between Members and Officers.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

4. The Council will foster a culture of behaviour based on shared values, high ethical principles and good conduct. The Council will do this by establishing and keeping under review:
 - The Council's own values on Leadership as enshrined in the Corporate Plan and evidenced in Codes of Conduct that sets a standard for behaviour;
 - A Member Code of Conduct;
 - A Code of Practice for Members responsible for determining Planning Applications;
 - An Officer Code of Conduct;
 - A Protocol governing Member/Officer relations;
 - A Whistleblowing policy (Confidential Reporting Code);
 - The roles of Members and officers in decision-making;
 - Appropriate and timely advice and guidance to both Members and Officers;
 - Systems for reporting and dealing with any incidents of fraud and corruption.
5. The Council will appoint a Standards Committee with responsibilities for promoting and monitoring the application and delivery of these codes and protocols and promoting positive and trusting relationships within the Council.
6. The Council will also look to agree a set of behavioural values with our key partners.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

7. The Council will ensure that appropriate legal, financial and other professional advice is always considered as part of the decision-making process and the Council will always observe both specific requirements of legislation and general responsibility by Law.
8. The Council will be transparent about how decisions are taken and recorded. The Council will do this by:

- Ensuring that all decisions are made in public and recording those decisions and relevant information and making them available publicly (Except where that information is exempt under the provisions of the Freedom of Information Act or determined as being confidential by Government or otherwise exempt by the Council);
 - Having rules and procedures which govern how decisions are made.
9. The Council will operate a risk management approach that aids the achievement of its strategic objectives, supports its decision making processes, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations. The Council will ensure that the risk management approach:
- Enables a culture of risk awareness;
 - Formally identifies and manages risks;
 - Involves elected members in the risk management process;
 - Maps risks to financial and other key internal controls;
 - Documents and records details of risks in a risk management information system;
 - Monitors the progress in mitigating significant risks, and reports this to appropriate Members; and
 - Reviews and, if necessary, updates its risk management processes at least annually.
10. The Council will ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.

Developing the capacity and capability of members and officers to be effective

11. The Council will ensure that those charged with the governance of the Council have the skills, knowledge and experience they need to perform well. The Council will do this by:
- Consistent application of the People Strategy;
 - Ensuring that the Council maintains an effective and skilled workforce by applying the Workforce Development Plan
 - Implementing a Member Development Strategy;
 - Maintaining the Investor in People Standard;
 - Cascading regular information to Members and staff;
 - Investing in Member and Officer Leadership training;
 - Providing resources that support Member and Officer development;
 - Promoting schemes supporting ongoing professional development.

Engaging with local people and other stakeholders to ensure robust public accountability

12. The Council will seek and respond to the views of stakeholders and the community. The Council will do this by:

- Forming and maintaining relationships with the leaders of other organisations;
- Ensuring Partnership arrangements demonstrate clear and appropriate governance accountabilities;
- Producing plans for service delivery within the community;
- Publishing a Forward Plan of Key Decisions;
- Having a Community Engagement and Consultation Strategy and providing access to a range of consultation methods, particularly to those groups which are harder to reach;
- Using an approach that recognises that people are different and gives everyone the same or an equal opportunity to information, advice and support in ways that are suited to the needs or circumstances of the individual;
- Encouraging and supporting the public in submitting requests for aspects of the Council's Service to be scrutinised;
- Providing and supporting ways for Citizens to present community concerns to the Council;
- Providing for the public the opportunity to ask questions or make representations at full Council and Regulatory Committees;
- Publishing annually a corporate plan providing information in relation to the Council;
- Continually developing clear channels of communication.
- Providing an ICT Service that meets the needs and aspirations of the organisation and the communities we serve

MONITORING AND REVIEW

13. The Council has two Committees that are responsible for monitoring and reviewing the various aspects of the Council's Corporate Governance arrangements.

14. The Audit Committee is responsible for the Council's arrangements relating to;
 - Monitoring and reviewing the risk, control and governance processes and associated assurance processes to ensure Internal Control systems are effective and that Policies and practices are in compliance with statutory and other regulations and guidance;
 - Reviewing the Council's Accounts prior to approval by the County Council;
 - External audit;
 - Internal audit;
 - Risk Management;
 - Making recommendations concerning relevant governance aspects of the Constitution;

15. The Standards Committee has responsibility for promoting high ethical standards across the Council, overview of the Member and officer codes and other relevant protocols together with the Council's complaints handling regime.

16. These two Committees will ensure that the Council's governance arrangements are kept under continual review through;
- Reports prepared by officers with responsibility for aspects of this Code;
 - The work of Internal Audit;
 - External Audit opinion;
 - Other review agencies and Inspectorates;
 - Opinion from the Council's Statutory Officers.

The Annual Governance Statement

17. Each year the Council will publish a Governance Statement. This process is managed by the Corporate Risk Management Group and will provide an overall assessment of the Council's Corporate Governance arrangements and an appraisal of the key controls in place to manage the Council's principal governance risks. The Statement will also provide details of where improvements need to be made in accordance with the Accounts and Audit (Amendment) (England) Regulations 2006.
18. The Annual Governance Statement will be published as part of the Council's Annual Statement of Accounts and will be audited by our External Auditors.