

<i>COMMITTEE</i>	STANDARDS COMMITTEE
<i>DATE</i>	WEDNESDAY, 20 JULY 2005
<i>TITLE OF REPORT</i>	MONITORING OF COMPLIANCE WITH CIPFA/SOLACE CODE OF CORPORATE GOVERNANCE
<i>RESPONSIBLE OFFICER</i>	Mark Bowen, assistant director, legal and contract services Richard Humphrey, audit services manager, financial planning and asset management

1 PURPOSE OF THE REPORT

- 1.1 To present the annual report for the committee on compliance on the CIPFA/SOLACE Code of Governance at Medway.

2 RECOMMENDATION

- 2.1 That members endorse the Audit of Corporate Governance attached to this report.

3 DECISION ISSUES

- 3.1 The Constitution gives the Standards Committee a leading role in ensuring high standards of conduct and governance at Medway.

4 BACKGROUND

- 4.1 The Society of Local Authority Chief Executives and Senior Managers (SOLACE) has collaborated with the CIPFA to publish a framework for corporate governance entitled "Corporate Governance in Local Government – A Keystone for Community Governance". The Code is not mandatory but is regarded as good practice and demonstrating compliance with it is a key indicator in showing best practice. The framework within the Code identifies the principles, which should underpin the governance of local authorities as being:

- Openness and inclusivity
- Integrity
- Accountability

- 4.2 Within these the following key principles of corporate governance need to be reflected in all dimensions of the council's business.

- Community focus
- Service delivery arrangements
- Structures and procedures
- Risk management and internal control
- Standards of conduct

4.3 The council adopted the CIPFA/SOLACE Code at its meeting on 4 December 2003.

4.4 The Standards Committee conducted its first review of compliance with the CIPFA/SOLACE Code at its meeting on 29 July 2004. The committee endorsed the recommendation within the internal audit of Medway Council Corporate Governance 2003/2004. It also requested that the Constitution be made available in libraries and hard copy form as well as electronically.

5 THE AUDIT OF CORPORATE GOVERNANCE OF MEDWAY

5.1 A copy of the outcome of that audit is appended to the report. In summary, the report concludes that Medway complies with the key requirements of the CIPFA/SOLACE code. However, Medway's standing on corporate governance has reduced from good to satisfactory.

5.2 The rating of satisfactory takes into account that:

- The risk management system is not yet robust; and
- Minor improvements have to be made in the arrangements to prevent corruption

5.3 However, no management action plan was considered necessary, as it would be a duplication of plans previously agreed. A summary of relevant audit reports is attached as an exempt appendix.

6 LEGAL AND FINANCIAL IMPLICATIONS

6.1 There are no financial implications arising from this report. The key legal implications are set out in the body of the report.

BACKGROUND PAPERS

None.