

# Code of Corporate Governance

May 2016



SURREY

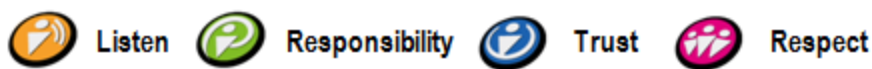
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# COMMITMENT TO GOOD GOVERNANCE

The Corporate Strategy, 'Confident in Surrey's future' sets out the council's overall purpose to ensure Surrey residents remain healthy, safe and confident about their future.

Good corporate governance underpins confidence in public services and should be transparent to all stakeholders. We are committed to demonstrating that the council has sound corporate governance and the Governance Strategy and this Code of Corporate Governance sets out the way we meet that commitment. This in turn promotes adherence to our values that guide the behaviour of all officers and Members:



Corporate governance is the way in which the council directs and controls its arrangements to ensure that the intended outcomes for stakeholders are defined and achieved. A robust governance code provides assurance that Surrey is meeting best practice in protecting its assets and serving the community.

The council annually reviews the effectiveness of its governance arrangements and produces an Annual Governance Statement (AGS), which summarises the governance framework and environment in place during the year. The AGS is signed by the Chief Executive and the Leader of the Council and is included within the Statement of Accounts, as required by statute. A summary of the AGS is also included within our Annual Report.

This Code of Corporate Governance supplements the Governance Strategy and sets out the mechanisms for monitoring and reviewing the corporate governance arrangements, which enables the council to identify good governance practice and also areas for improvement.



*Our Corporate Strategy, Confident in Surrey's future*

# GOOD GOVERNANCE PRINCIPLES

## Principles of Public Life

The council is committed to ensuring that good governance is in place and that we are serving the local community in accordance with the seven principles of public life as defined by the Nolan Committee<sup>1</sup>. These principles apply to everyone working in the public services and should be incorporated into all codes of conduct and behaviour to ensure residents and service users receive a high quality service.

The principles are as follows:

### **Selflessness**

Officers and members should act solely in terms of the public interest. They should not act in such a way in which to gain financial or other benefits for themselves, their family or their friends.

### **Integrity**

Officers and members should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, officers and members should make choices on merit.

### **Accountability**

Officers and members are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their role.

### **Openness**

Officers and members should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Officers and members have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the people of Surrey.

### **Leadership**

Officers and members should promote and support the principles by leadership and example.

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<sup>1</sup> The Nolan Committee was established in 1994 by the Prime Minister in response to concerns that conduct by some politicians was unethical.

## Core Governance Principles

The council has adopted six core governance principles, which ensure good governance, compliance with the principles of public life and support the achievement of our Corporate Strategy and Governance Strategy.

|  |
|--|
| <p>We will focus on our purpose to optimise the achievement of intended outcomes for Surrey and its local communities.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Making the best use of our resources available to ensure best value is achieved; and</li> <li>• Promoting decision making that is rigorous and transparent.</li> </ul>    |
| <p>Members and officers will behave with integrity and demonstrate a strong commitment to ethical values.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Demonstrating and communicating our values; and</li> <li>• Understanding, monitoring and maintaining our ethical standards.</li> </ul>   |
| <p>We will ensure openness and effectively engage with our stakeholders.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Demonstrating, documenting and communicating our commitment to openness; and</li> <li>• Engaging with residents, partners, businesses and other stakeholders in the development of services.</li> </ul>                 |
| <p>We will develop the capacity and capability of members and officers to continue to be effective.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Clarifying roles and responsibilities; and</li> <li>• Ensuring members and officers have the appropriate skills, knowledge, resources and support to perform well in their roles.</li> </ul> |
| <p>We will manage risks and performance through robust internal control and strong public financial management.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Ensuring integrated and effective risk management arrangements are in place; and</li> <li>• Monitoring service delivery.</li> </ul>  |
| <p>We will implement good practice in transparency and reporting to deliver effective accountability.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Reporting to stakeholders in an understandable way; and</li> <li>• Having good quality information that is easy to access.</li> </ul>  |

## SUPPORTING GOVERNANCE DOCUMENTS

There is a robust framework of council policies and processes that are of key importance in maintaining good governance, support the achievement of the Corporate Strategy and Governance Strategy and underpin compliance with the core governance principles. The documents are shown at Annex A.

Responsibility for each governance document ultimately rests with the Chief Executive or one of the strategic directors, aside from statutory functions that fall within the personal responsibility of the Section 151 Officer or the Monitoring Officer. Cabinet Members must also demonstrate ownership within their individual portfolios.

Below those officers and members mentioned above, where appropriate, are officers who have a material input and control over governance documents. These officers are referred to as Governance Custodians and they are shown in Annex B.

Governance Custodians are responsible for keeping documents up to date and therefore making necessary changes. Any significant changes require approval by members or officers as shown at Annex C. It is the decision of the relevant officer and/or member as to what is classed as significant.

## GOVERNANCE REVIEW

The annual review of governance assesses the level of compliance with each of the core governance principles. A flowchart showing the process is shown at Annex D. The review consists of a number of parts as follows.

### **PART 1 – CUSTODIAN ASSURANCE**

Governance Custodians are required to complete an annual Custodian Assurance Statement. A summary report is presented to the Governance Panel, which makes recommendations on any specific areas to be reviewed as part of the governance compliance work undertaken by Internal Audit (see below).

### **PART 2 – GOVERNANCE COMPLIANCE AND REPORT ON INTERNAL CONTROL**

Following agreement by the Governance Panel on the areas of focus, a number of methods are used by Internal Audit to test governance compliance:

- Relevant audit reviews already undertaken or in progress;
- Use of surveys sent to a sample of staff and members; and
- Assurance mapping.

Key findings from the testing above are presented to the Governance Panel and any significant areas will be included in the AGS.

The Chief Internal Auditor uses information gathered from internal audit reviews carried out as part of the annual audit plan, to report on the adequacy of the overall internal control

environment. This report is presented to the Governance Panel and any significant areas will be included in the AGS

### **PART 3 – ASSESSMENT OF THE CORE GOVERNANCE PRINCIPLES**

The Risk and Governance Manager carries out the annual assessment of the core governance principles. The review consists of:

- interviews with key officers,
- reviewing existing procedures,
- assessing existing governance arrangements against best practice, and
- reviewing any assurance mapping undertaken by Internal Audit.

A summary report is then presented to the Governance Panel and any significant findings will be included in the AGS.

### **PART 4 – ADDITIONAL GOVERNANCE INFORMATION**

In order to pull together a full picture of governance across the organisation, the Governance Panel also look at any relevant reports and findings from other inspectorates and groups, along with any self-assessments that the council has completed within the relevant year. Any significant issues are then included in the AGS and the information can include the following:

- External audit reports
- External inspection reports
- Annual review of the effectiveness of the system of internal audit
- Member task group reports and findings

### **PART 5 - AGS**

Taking all the above information into account, the draft AGS is developed and agreed by the Governance Panel. The Chair of the Governance Panel consults with the Statutory Responsibilities Network and the senior leadership team before the AGS is presented to the Audit and Governance Committee and the Cabinet for approval. The AGS is then incorporated into the Statement of Accounts and the Annual Report.

### **PART 6 - MONITORING**

The Governance Panel monitors progress on any improvement actions identified and update reports are presented to senior officers and the Audit and Governance Committee as appropriate.

# ROLES AND RESPONSIBILITIES

All staff and members have a role in ensuring good governance but specific responsibilities are set out below:

| ROLE                                     | RESPONSIBILITIES  |
|--|---|
| The Cabinet                              | <ul style="list-style-type: none"> <li>• Approve the AGS for publication with the Statement of Accounts and the Annual Report</li> <li>• Monitor any governance improvements required, as appropriate</li> </ul>  |
| Portfolio Holders                        | <ul style="list-style-type: none"> <li>• Demonstrate ownership of individual governance areas</li> <li>• Approve governance policies as appropriate</li> </ul>  |
| Audit & Governance Committee             | <ul style="list-style-type: none"> <li>• Review the draft AGS and advise the Cabinet as appropriate</li> <li>• Monitor the effectiveness of the governance arrangements</li> <li>• Monitor compliance with the Code of Corporate Governance</li> <li>• Approve governance policies as appropriate</li> </ul>  |
| Statutory Responsibilities Network       | <ul style="list-style-type: none"> <li>• Commission remedial action to address issues as appropriate</li> <li>• Review related reports en route to the Cabinet e.g. AGS</li> </ul>  |
| Governance Panel                         | <ul style="list-style-type: none"> <li>• Refer to the Terms of Reference – <b>Annex E</b></li> </ul>  |
| Heads of Service and Assistant Directors | <ul style="list-style-type: none"> <li>• Appoint Governance Custodians as required</li> <li>• Promote the delivery of policies within their service</li> <li>• Participate in the governance review and ensure that officers under their charge cooperate within the given timescales</li> <li>• Ensure governance improvements required within their service are acted upon in a timely manner and reported as necessary</li> </ul>  |
| Governance Custodians                    | <ul style="list-style-type: none"> <li>• Maintain and regularly review governance documents to ensure they reflect legislative changes, best practice and organisational changes</li> <li>• Ensure governance documents are communicated effectively</li> <li>• Operate a standard process of version control on all governance documents</li> <li>• Ensure actions identified through the corporate governance review are acted upon in a timely manner and reported as necessary</li> </ul> |
| Risk and Governance Manager              | <ul style="list-style-type: none"> <li>• Coordinate the corporate governance review</li> <li>• Carry out the annual assessment of core principles</li> <li>• Annually review the Code of Corporate Governance</li> <li>• Ensure provision of Corporate Governance training for staff and members as appropriate</li> </ul>  |
| Internal Audit Team                      | <ul style="list-style-type: none"> <li>• Conduct the annual review of governance compliance</li> <li>• Provide information on the internal control environment to inform the AGS</li> </ul>   |

# REVIEWING AND REVISING THE CODE

This Code of Corporate Governance will be reviewed annually to reflect any changes. For any queries or comments on this document please contact:

Cath Edwards, Risk and Governance Manager, Business Services



# GLOSSARY

|  |   |
|--|---|
| Annual Governance Statement (AGS)  | A statement required by the Accounts and Audit Regulations (England) 2011 explaining how the council has complied with the code of corporate governance. It is signed by the Chief Executive and Leader of the Council and published as part of the annual Statement of Accounts and the Annual Report. |
| Chartered Institute of Public Finance and Accountancy (CIPFA)            | The leading accountancy body for public services.   |
| Constitution of the Council  | Sets out how the Council operates, how decisions are made and the procedures that are followed to ensure efficiency, transparency and accountability.   |
| Corporate Governance   | How local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.   |
| Custodian Assurance Statement (CAS)                                      | An annual submission from each Governance Custodian providing assurance that each policy is up to date and detailing any work that has been undertaken throughout the year.   |
| Effectiveness review   | An annual review of the effectiveness of the system of internal audit.  |
| External Audit   | An external annual review of the Council's accounts.  |
| Governance Custodian   | Officers who have responsibility for ensuring that governance documents are up to date and promoted across the authority.   |
| Governance Panel   | Chaired by the Director of Legal, Democratic and Cultural Services, the panel ensures that the council has a robust appraisal of governance. It advises Statutory Responsibilities Network, Audit & Governance Committee and Cabinet on the adequacy of the governance arrangements.                    |
| Internal Audit Team  | An independent appraisal function that objectively examines, evaluates and reports on the adequacy of internal control.   |
| Monitoring Officer (Director of Legal, Democratic and Cultural Services) | The statutory officer in accordance with section 5 of the Local Government and Housing Act 1989 ensuring lawfulness and fairness of decision making.  |
| Section 151 Officer (Director of Finance)                                | The statutory officer with responsibility for the proper administration of the Council's affairs under section 151 of the Local Government Act 1972.  |
| Society of Local Authority Chief Executives and Senior Managers (SOLACE) | The representative body for senior strategic managers working in local government, promoting effective local government.  |
| Statutory Responsibilities Network (SRN)                                 | Chaired by the Chief Executive, the SRN brings the senior statutory officers together to provide oversight on the council's major statutory responsibilities.   |



# GOVERNANCE DOCUMENT CUSTODIANS

## Annex B

| Document   | Custodian   |
|--|---|
| Arrangements for dealing with complaints about Members | Director of Legal, Democratic and Cultural Services |
| Behaviours Framework                                   | Head of HR  |
| Cabinet Forward Plan                                   | Cabinet Business Manager                            |
| Capability   | Head of HR  |
| Change Management                                      | Head of HR  |
| Code of Conduct for Members                            | Director of Legal, Democratic and Cultural Services |
| Code of Conduct for Staff                              | Head of HR  |
| Communications and Engagement Strategy                 | Head of Communications                              |
| Customer Promise                                       | Head of Customer Services                           |
| Data Governance policy                                 | Corporate Information Governance Manager            |
| Disciplinary   | Head of HR  |
| Equality, Fairness and Respect strategy                | Policy and Strategic Partnerships Lead Manager      |
| Ending harassment, bullying and discrimination         | Senior Equality Inclusion and Wellbeing Manager     |
| Financial Regulations                                  | Director of Finance                                 |
| Governance Strategy                                    | Governance Panel                                    |
| Grievance  | Head of HR  |
| Health and Safety policy                               | Senior Health and Safety Manager                    |
| IT Security policy                                     | Head of IMT   |
| Member / Officer Protocol                              | Director of Legal, Democratic and Cultural Services |
| Partnership Framework and Principles                   | Deputy Chief Executive                              |
| Partnership Governance Framework                       | Risk and Governance Manager                         |
| People Strategy  | Head of HR  |
| Premises Security policy                               | Workplace Delivery Manager                          |
| Procurement Standing Orders                            | Head of Procurement                                 |
| Regulation of Investigatory Powers Act (RIPA)          | Head of Trading Standards                           |
| Resilience Policy                                      | Head of Emergency Management                        |
| Risk Management Strategy                               | Risk and Governance Manager                         |
| Safer Recruitment                                      | Head of HR  |
| Scheme of Delegation                                   | Director of Legal, Democratic and Cultural Services |
| Standing Orders  | Cabinet Business Manager                            |
| Strategy against Fraud and Corruption                  | Chief Internal Auditor                              |
| Surrey Compact   | Strategic Partnership Manager                       |
| VCFS Framework   | Strategic Partnership Manager                       |
| Whistle blowing policy                                 | Head of HR  |

# GOVERNANCE DOCUMENT APPROVAL

## Annex C

### Member approval

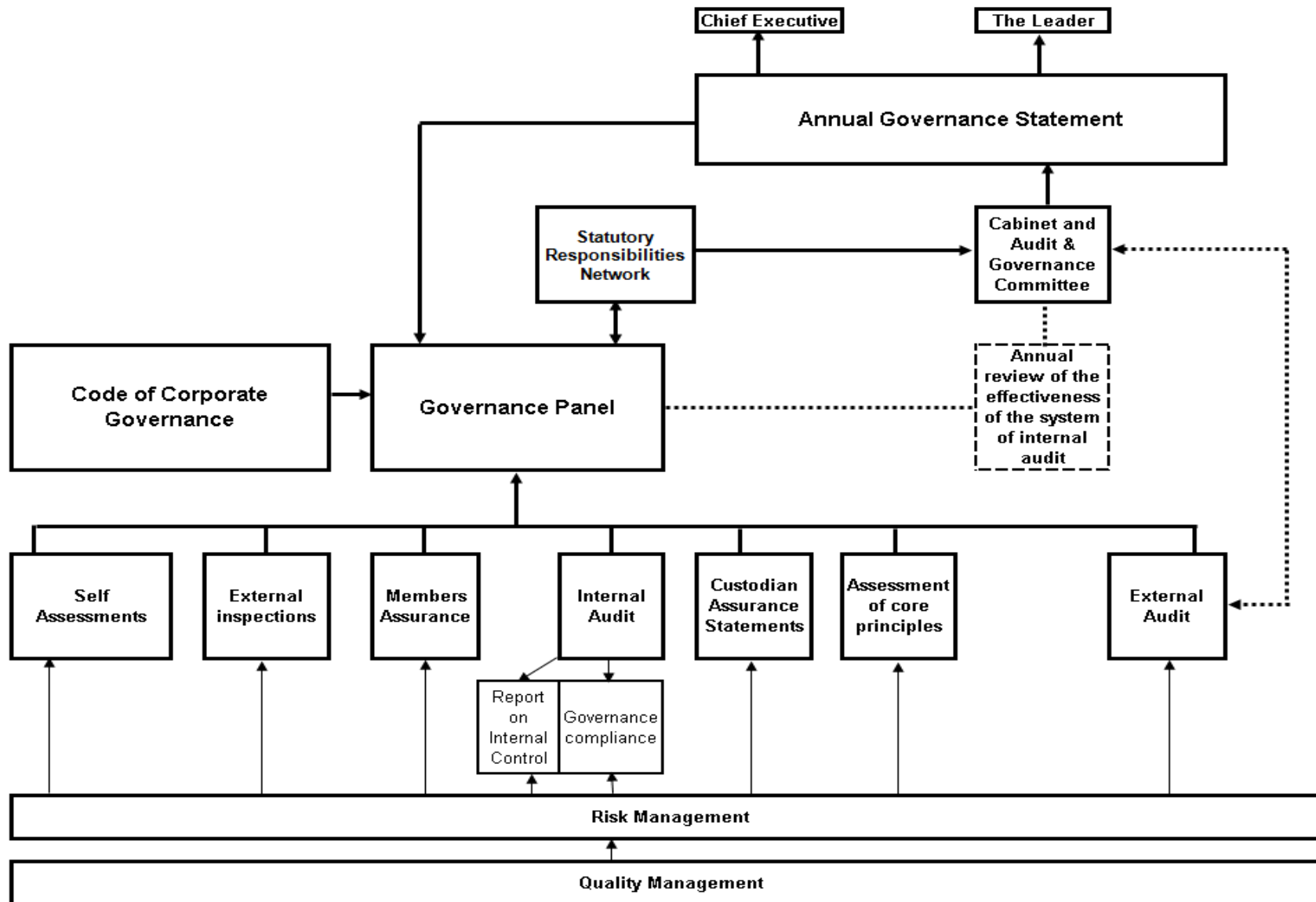
| <b>Cabinet</b>                                       | <b>Leader of the Council</b>                           |
|--|--|
| Communication and Engagement Strategy                | Cabinet Forward Plan                                   |
| Customer Promise                                     |  |
| Equality, fairness and respect strategy              |  |
| Financial Regulations                                | <b>County Council</b>                                  |
| Partnership principles                               | Arrangements for dealing with complaints about Members |
| Procurement Standing Orders                          | Code of Conduct – Members                              |
| Regulation of Investigatory Powers Act (RIPA)        | Member / Officer protocol                              |
| Surrey Compact                                       | Scheme of Delegation                                   |
|  | Standing Orders  |
| <b>People, Performance and Development Committee</b> | <b>Audit and Governance Committee</b>                  |
| Behaviours framework                                 | Risk management strategy                               |
| Capability   | Strategy against fraud and corruption                  |
| Change Management                                    |  |
| Code of Conduct – Staff                              |  |
| Disciplinary   |  |
| Ending harassment, bullying and discrimination       |  |
| Grievance  |  |
| People Strategy                                      |  |
| Safer recruitment                                    |  |
| Whistle blowing policy                               |  |

### Officer approval

|                                  |                                   |
|----------------------------------|-----------------------------------|
| Data governance policy           | Information Governance Risk Board |
| Governance Strategy              | Governance Panel                  |
| Health and Safety policy         | Central Joint Safety Committee    |
| IT Security policy               | Head of IMT                       |
| Partnership Governance framework | Governance Panel                  |
| Premises Security policy         | Chief Property Officer            |
| Resilience policy                | Head of Emergency Management      |
| VCFS Framework                   | Chief Executive                   |

# GOVERNANCE REVIEW PROCESS

Annex D



## Scope

The Governance Panel (the panel) ensures that the Council has a robust method of scrutiny and appraisal of Governance. The panel advises Statutory Responsibilities Network<sup>2</sup>, Audit & Governance Committee (A&GC) and Cabinet on the adequacy of the arrangements and proposes areas for improvement through the Annual Governance Statement (AGS).

The panel reviews reports from Internal Audit, Risk & Governance, External Audit and other relevant documents.

## The Role of the Governance Panel

The Governance Panel collectively, is responsible for:

- Annually reviewing the Code of Corporate Governance and approving changes prior to presentation at the A&GC
- Reviewing reports from Internal Audit, Risk & Governance, External Audit and other inspectorates as appropriate
- Reviewing significant changes to governance documents within the Code of Corporate Governance
- Reporting significant governance issues, providing updates and presenting the draft AGS to the SRN and A&GC.

## Membership

The following officers form the Governance Panel:

|                  |   |   |
|------------------|---|---|
| Chair            | - | Director of Legal, Democratic and Cultural Services<br>(Monitoring Officer) |
| Standing members | - | Director of Finance (Section 151 Officer)                                   |
|                  | - | Representative from HR & Organisational Development                         |
|                  | - | Chief Internal Auditor  |
|                  | - | Representative from Strategy and Performance                                |
|                  | - | Risk & Governance Manager   |
| Advisors         | - | Governance custodians   |
|                  | - | Representatives from Internal Audit   |

<sup>2</sup> Consisting Chief Executive (Chair), statutory officers for: Social Care and Public Health, Education, Fire, Director of Finance, Director of Legal, Democratic and Cultural Services, Chief Internal Auditor, Head of HR.

## Individual Roles and responsibilities

### Chair

- Proactively chair panel meetings, ensure meetings are effective and actions have been completed
- Present panel reports to SRN, A&GC and Cabinet and feed back to the rest of the panel members
- Report back to the panel on key issues from other governance meetings as appropriate, including partnerships

### Panel members

- Proactively participate at panel meetings
- Report back to the panel on key issues from other governance meetings as appropriate, including partnerships

### Risk and Governance Manager

- Lead on the annual review of governance, including the development of the AGS
- Provide reports to the panel on areas of risk and governance, including strategic and significant service risks, annual governance review reports and progress reporting
- Prepare panel reports for SRN, A&GC and Cabinet
- Report key issues from external audit and inspection reports including the Annual Audit Letter and the Annual Governance Report
- Undertake the annual review of the Code of Corporate Governance and recommend changes to the panel

### Chief Internal Auditor

- Provide updates and reports to the panel on internal control and key audit findings

### Governance Custodians

May be required to attend any panel meetings at the request of the Chair