

## AUDIT COMMITTEE – 22 September 2017

<b>Title of paper:</b>	<b>REVIEW OF BEST PRACTICE IN COMPANY GOVERNANCE – TERMS OF REFERENCE</b>	
<b>Director(s)/ Corporate Director(s):</b>	Geoff Walker Director for Strategic Finance	<b>Wards affected:</b> All
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<b>Other colleagues who have provided input:</b>		
<b>Recommendation(s):</b>		
<b>1</b>	Approve the proposed terms of reference for the review of best practice in company governance at Appendix 1.	

### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 At the 14<sup>th</sup> July 2017 meeting of this committee councillors asked for Internal Audit to identify best practice in local authority company governance with a view to proposing a framework for City Council owned companies.
- 1.2 Good governance of those companies in which the Council has an interest is an integral part of the governance arrangements of the Council as these ventures involve the expenditure of public money and the stewardship of public resources.
- 1.3 Suggested terms of reference for the review have been prepared and are attached at Appendix 1.

### **2 BACKGROUND**

- 2.1 The City Council has 7 main subsidiary companies and a further 4 joint ventures. These 7 subsidiaries have been created over many years, but
  - the pace of creation has increased recently as a result of imperatives for alternative delivery models and a commercial approach.
  - the potential size of these companies in relation to the Council as parent is increasing as the Council's funding is restricted by measures introduced by the UK government.
  - the Council's appetite for risk has increased and this should be reflected in the related control environment.
- 2.2 The Council recognises the importance of a good governance framework to underpin these arrangements. The timing of this review reflects the change in strategic context.

### **3 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION**

None.

**4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

None.