

OPEN

Audit and Governance Committee

29 July 2024

**Draft Annual Governance Statement
2023/24**

Report of: Rob Polkinghorne, Chief Executive

Report Reference No: AG/04/24-25

Ward(s) Affected: All

Purpose of Report

- 1 The purpose of this report is for the Committee to receive the draft Annual Governance Statement (AGS) for 2023/24.

Executive Summary

- 2 Each year, Cheshire East Council produces an AGS that explains how it makes decisions, manages its resources, and promotes values and high standards of conduct and behaviour.
- 3 The review is carried out against the Council's Code of Corporate Governance. The draft AGS, at Appendix A, reflects activity over the 2023/24 financial year, and includes activity up to the date of providing the report to Committee. The draft will be further updated to cover the activity up to the date of approval of the Council's Statement of Accounts.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Receive and review the draft AGS 2023/24, noting that the final proposed AGS will be provided to a future meeting of the Committee for approval.
2. Approve the proposed changes to the significant issues as detailed in Sections 7 and 8 of the draft Statement.

3. Approve the removal of the significant governance issue relating to Health and Social Care Integration from future statements.

Background

- 4 There is a strong correlation between effective governance and effective service delivery. Whilst the Statement, by its nature is only signed off once a year, the process of review is continuous, to give assurance on the effectiveness of the processes and/or to address identified weaknesses, supporting the continuous improvement of the Authority.
- 5 In preparing the draft AGS, reliance has been placed on existing reports, which have been referenced throughout the Statement.
- 6 Sources of assurance for the Committee in considering the draft AGS include the progress updates on items included in the AGS, the annual Internal Audit Opinion 2023/24, the Annual Monitoring Officer's reports and interim update reports from Internal Audit and Risk Management.
- 7 Whilst assurance of this kind always forms a significant part of the AGS production, it is also supplemented by the outcome of separate assurance exercises such as the management assurance statements. This is currently ongoing and will be completed prior to the final AGS sign off. The Statement will be updated as necessary for any issues arising.
- 8 In March 2024, Audit and Governance Committee agreed the Final 2022/23 AGS and delegated authority to the Chief Executive and Leader of the Council to sign off the AGS upon completion of the External Audit work and sign off the 2022/23 Statement of Accounts.
- 9 As the External Auditors had not completed their work on the 2022/23 Statement of Accounts to allow sign off at the May 2024 meeting of Audit and Governance Committee, an additional update on progress against the significant governance issues was provided to the meeting.
- 10 In accordance with the requirement for the Statement to be current at the time of approval, the 2022/23 Statement reflects matters up until the point in which it was approved. As such, there is an element of duplication in the 2023/24 Statement.
- 11 Updates on items recognised in previous Statements are included in Section 7 which will be further updated before the final Statement is presented for approval. Out of the five continuing areas for concern, one of these has been restated for 2023/24 to reflect the latest issues and proposed actions to address these challenges. The Council Funding issue has been included in the Statement for a number of

years and although the overarching issues remain, the detail has developed and required updating to ensure it presents an accurate picture to the Council and its stakeholders.

- 12 The assessment of the effectiveness of our governance arrangements for 2023/24 has identified three arising significant governance issues in relation to 'Children's Services Response to Ofsted Inspection', 'Governance and Internal Control', and 'Partnership Working', details of which can be found in Section 8 of draft Statement.
- 13 The update on significant governance issues, provided to Audit & Governance Committee in May 2024, recommended that the Health and Social Care Integration issue should be removed from future Statements. This recommendation was not agreed.
- 14 The new issue included in the draft Statement for 2023/24 covers wider partnership arrangements, including those relating to health and social care, and therefore effectively replaces/supersedes the existing issue. It is therefore recommended that Health and Social Care Integration is removed from future Statements.
- 15 A workshop for Members regarding the AGS and the Statement of Accounts will be offered prior to the final AGS being considered by the Committee.
- 16 Once approved, the AGS will be signed by the Leader of the Council and the Chief Executive and then published on the Council's website along with the Statement of Accounts.
- 17 The Council's external auditors, Mazars, presented their Audit Completion Report for 2022/23 to the March 2024 meeting of Audit and Governance Committee and stated that their work would be completed to allow publication of the final statement of accounts at the end of March/early April.
- 18 In response, the Committee delegated responsibility to the Section 151 Officer to sign of the final statement of accounts upon completion of the external audit work and approved the final AGS for 2022/23.
- 19 However as at July 2024, Mazars work remains incomplete with officers continuing to provide responses to queries raised and both the final statement of accounts, and the Value for Money Opinion for 2022/23 remain outstanding.
- 20 As such, the 2022/23 AGS has not been signed and published as this is required to be done alongside the statement of accounts for the period. To mitigate this, Audit and Governance Committee received a detailed

update on the significant governance issues detailed in the 2022/23 AGS in May 2024.

Consultation and Engagement

- 21 The draft AGS has been considered by the Corporate Leadership Team, the Risk and Assurance Board and senior managers to ensure all issues impacting the Council have been considered.

Reasons for Recommendations

- 22 In accordance with the Accounts and Audit Regulations 2015, the final AGS should be approved by Members of the Council meeting as whole, or by a committee by 30 September. The Audit and Governance Committee has delegated authority to approve the AGS.

Other Options Considered

- 23 None applicable.

Option	Impact	Risk
Do nothing.	The AGS is not reviewed and approved by Members of a Council meeting or committee.	Failure to comply with the Accounts and Audit Regulations 2015.

Implications and Comments

Monitoring Officer/Legal

- 24 The production of the AGS is required by Regulation 6(1) (b) of the Accounts and Audit Regulations 2015, which sets out the timescales by which it must be published.
- 25 The preparation and publication of the draft AGS has been carried out in accordance with the guidance produced by the Chartered Institute of Public Finance (CIPFA): "Delivering Good Governance in Local Government (2016)".

Section 151 Officer/Finance

- 26 There are no direct financial implications for the Medium Term Financial Strategy arising from the content of the Annual Governance Statement. The production of the AGS aligns with the production of the Annual Accounts. The final AGS will be published alongside the Audited Accounts.

Policy

27 There are no direct policy implications.

Equality, Diversity and Inclusion

28 There are no direct implications for equality, diversity and inclusion.

Human Resources

29 There are no direct human resources implications.

Risk Management

30 The Authority is required to prepare and publish an AGS to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit Regulations 2015. Failure to prepare the Statement will result in noncompliance of legislation by the Council.

Rural Communities

31 There are no direct rural communities implications.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

32 There are no direct implications for children and young people, including cared for children, care leavers and children with special educational needs and disabilities (SEND).

Public Health

33 There are no direct public health implications.

Climate Change

34 There are no direct climate change implications.

Access to Information	
Contact Officer:	Josie Griffiths, Head of Audit and Risk Josie.griffiths@cheshireeast.gov.uk
Appendices:	Appendix A – Draft Annual Governance Statement 2023/24

Background Papers:	N/A
-----------------------	-----