

# CHESHIRE EAST COUNCIL

## Audit and Governance Committee

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**Date of meeting:** 28<sup>th</sup> June 2012  
**Report of:** Corporate Governance Group  
**Title:** Draft Annual Governance Statement (AGS) 2011/12  
**Portfolio Holder:** Councillor Peter Raynes (Finance)

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### **1.0 Report Summary**

- 1.1 The purpose of the report is for the Committee to consider the draft Annual Governance Statement 2011/12. The final version of the AGS will be brought to the Committee in September 2012.

### **2.0 Recommendation**

- 2.1 That the Committee consider the draft Annual Governance Statement, as attached (Appendix A), and note that the final version will be brought to the Committee for approval in September 2012.

### **3.0 Reasons for Recommendation**

- 3.1 In accordance with the Accounts and Audit Regulations (2011), the Annual Governance Statement should be approved by Members of the Council meeting as a whole, or by a Committee, at the same time as the statement of accounts is approved, i.e. by 30 September 2012.
- 3.2 In the interests of best practice and early engagement, this draft of the Annual Governance Statement is brought to the Committee for information and comment from Members.

### **4.0 Wards Affected**

- 4.1 All wards.

### **5.0 Local Wards Affected**

- 5.1 Not applicable.

### **6.0 Policy Implications**

- 6.1 None.

## **7.0 Financial Implications**

- 7.1 No specific financial implications. The production of the AGS aligns with the production of the Annual Accounts and is published alongside the audited accounts (approved by end of September 2012).

## **8.0 Legal Implications**

- 8.1 The production of the AGS is required by the Accounts and Audit Regulations (2011).

## **9.0 Risk Assessment**

- 9.1 The Authority is required to prepare and publish an Annual Governance Statement to meet the statutory requirement set out in Regulation 4 of the Accounts and Audit Regulations (2011). Failure to do so could result in non-compliance with the requirements of the Regulations.

## **10.0 Background and Options**

- 10.1 As previously reported to the Audit and Governance Committee, the Council is required to prepare and publish an Annual Governance Statement (AGS). This requirement was introduced by the revised CIPFA/SOLACE Good Governance Framework (Delivering Good Governance in Local Government) and is necessary to meet the statutory requirement set out in Regulation 4 of the Accounts and Audit Regulations.
- 10.2 There is a strong correlation between effective governance and effective service delivery. The purpose of the AGS process is to provide a continuous review of the organisation's governance arrangements so as to give assurance on the effectiveness on the processes and/or to address identified weaknesses, supporting the continuous improvement of the Authority. This report and Appendix A are the results of that review.
- 10.3 The AGS has been considered by the Corporate Management Team with the collection of evidence for, and the drafting of the Annual Governance Statement being the responsibility of the Corporate Governance Group.
- 10.4 This year, further refinements to the process and the Statement have been introduced to improve the way the effectiveness of governance processes are reviewed and reflected, and to focus less on being a narrative about the governance framework. Further improvements are planned for the 2012/13 Statement.

- 10.5 Once finalised, the AGS will be published on the Council's website, along with the Statement of Accounts, for members of the public, Members, Officers and other stakeholders to view.
- 10.6 The review of governance arrangements in place for 2011/12 has been informed by the work of Internal Audit and senior managers and also comments made by the External Auditors and other review agencies/inspectionates. The sources of assurance include:
- Assurance statements completed by Heads of Service, reflecting upon the application of governance processes and adequacy of controls within their areas of responsibility,
  - A self assessment against the Council's Code of Corporate Governance, undertaken by the Corporate Governance Group members, in order to demonstrate compliance with the Code.
  - Heads of Service have reviewed the significance of joint working arrangements in their areas of responsibility, and reported on the governance arrangements of those identified as highly significant.
  - Outcomes from external inspectionates and review agencies, including External Audit and Ofsted.
  - Internal Audit, through the annual and interim reports.
  - Directors and Managers assigned with the ownership of risks and delivery of services through the risk management process
  - The Section 151 Officer and the Monitoring Officer in meeting statutory responsibilities
- 10.7 In order that Members may discharge their duties, the Committee has received reports, information and training throughout the period under review including:
- Internal Audit Annual Report for 2011/12
  - Interim update reports from Internal Audit
  - Update reports on Risk Management
  - Member Officer group on Corporate Governance and the AGS
- 10.8 A workshop for Members that examines the draft AGS and supporting documentation will take place prior to the September Committee meeting.

10.9 Regular updates on progress on the AGS Action Plan will be brought to this Committee during 2012/13.

#### **11.0 Access to information**

The background papers relating to this report can be inspected by contacting the report writer:

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