

# CHESHIRE EAST COUNCIL

## REPORT TO: Audit and Governance Committee

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**Date of meeting:** 25th June 2015  
**Report of:** Corporate Assurance Group  
**Title:** Draft Annual Governance Statement (AGS) 2014/15  
**Portfolio Holder:** Councillor Peter Groves

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### 1.0 Report Summary

- 1.1 Each year, Cheshire East Council produces an Annual Governance Statement that explains how it makes decisions, manages its resources and promotes values and high standards of conduct and behaviour. The purpose of the report is for this Committee to consider the draft Annual Governance Statement 2014/15. The final version of the AGS will be brought to the Committee in September 2015.
- 1.2 In February 2013 the Council set out its three year plan to becoming a strategic commissioning council. An ambitious but measured approach has been taken to achieving the Council's aims whilst effectively dealing with the challenges of austerity. This approach has provided a platform to redefine and reinvent the Council in a systematic way. The focus has been to deliver sustainable quality cost effective services that are needed by Cheshire East residents and businesses. This Annual Governance Statement includes reference to controls where significant activities take place through a group entity. This includes Companies that the Council owns or part owns.
- 1.3 Through the reviews done to produce this Annual Governance Statement we have again been able to demonstrate that work within the Council is generally carried out to the high standards local people expect and need. While there may be isolated exceptions, we can be increasingly confident that our culture, values, and ways of working reduce the opportunity for poor or inappropriate practice to occur, and increase the likelihood of detection and rectification if they do.
- 1.4 The Chief Operating Officer, as the Council's Section 151 Officer, endorses the Internal Auditor's opinion on the Council's control environment that:

*The Council's framework of risk management, control and governance is assessed as adequate for 2014/15.*

1.5 The Council continues to develop its governance framework as it delivers its transformation programme and seeks to achieve its significant savings targets. Our work has confirmed that there are adequate management arrangements in place which include robust monitoring and reporting processes. Monitoring of the Annual Governance Statement continues through the newly formed Corporate Assurance Group and the Council is proposing to undertake further work to update its Constitution.

1.6 The draft Annual Governance Statement sets out:

- how the Council complies with its own governance arrangements;
- how the Council monitors the effectiveness of the governance arrangements; and
- any improvements or changes in governance arrangements are proposed during the forthcoming year.

## **2.0 Recommendation**

2.1 The Committee is asked to:

2.2 consider and comment upon the draft Annual Governance Statement at Appendix A; and

2.3 note that the final statement will be considered by this Committee on 24<sup>th</sup> September prior to its approval and publication on the Council's website.

## **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, by 30 September 2015.

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 2015).

## **8.0 Legal Implications**

- 8.1 The production of the AGS 2014/15 is required by the Accounts and Audit Regulations 2011.
- 8.2 The Accounts and Audit Regulations 2015 revoke the Accounts and Audit Regulations 2011 (S.I. 20011/817) although those regulations continue to have effect in relation to financial years end on or before 31<sup>st</sup> March 2015. Therefore, the AGS 2014/15 must fulfil the requirements of the Accounts and Audit Regulations 2011.
- 8.3 Statements for future years will be completed to fulfil the requirements of the Accounts and Audit Regulations 2015; these requirements will be considered in due course by the Audit and Governance Committee.

## **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**

- 10.1 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 Corporate Assurance Group is responsible for drafting the AGS; supporting evidence is collected and collated by Internal Audit. The draft has also been considered by the Corporate Leadership Board.
- 10.4 The review of governance arrangements in place for 2014/15 has been informed by the work of Internal Audit and senior managers and also comments made by the External Auditors and other review agencies/inspectorates. The sources of assurance include:
- Disclosure statements completed by Senior Managers, reflecting upon the application of governance processes and adequacy of controls within their areas of responsibility;
  - 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 inspectorates 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; and
  - The Section 151 Officer and the Monitoring Officer in meeting statutory responsibilities.
- 10.5 In order that Members may discharge their duties, the Committee received reports, information and training throughout the period under review including:
- Internal Audit Annual Report for 2014/15, which includes the Annual Report on Risk Management
  - Interim update reports from Internal Audit and Risk Management
  - Member Officer group on Corporate Governance and the AGS
- 10.6 A workshop for Members to examine the draft AGS and supporting documentation will take place prior to the September committee meeting.
- 10.7 Once finalised, the AGS will be published on the Council's website, along with the Statement of Accounts by the 30 September deadline so that the public, members, officers, partners and other stakeholders can view. Regular updates on progress against issues raised in the 2014/15 Statement will be brought to the Committee during 2015/16.

## **11.0 Access to information**

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

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