

OPEN

Audit and Governance Committee

30 May 2024

Annual Governance Statement 2022/23 Progress Update

Report of: David Brown, Director of Governance and Compliance

Report Reference No: AG/15/24-25

Ward(s) Affected: All Wards

Purpose of Report

- 1 To provide assurance to the Audit and Governance Committee on the implementation of actions identified in the 2022/23 Statement to improve governance arrangements and to respond to emerging issues.
- 2 The report also informs the Audit and Governance Committee of the proposed production process for the 2023/24 AGS.

Executive Summary

- 3 The Council's assessment of its governance arrangements for 2022/23 identified five significant governance issues. The 2022/23 AGS was approved by the Committee at the 7 March 2024 meeting.
- 4 Each significant governance issue has been reviewed and a progress update provided by the relevant responsible officer. They have considered the assurance provided to determine whether the required action has been completed appropriately, whether the issues are being sufficiently and effectively managed and whether there are further issues or concerns arising.
- 5 Progress updates on the five 2022/23 significant governance issues are provided at Appendix A. Out of the five significant governance issues, it is recommended that four remain on the AGS. Significant progress has been made with one of the issues and it is recommended that

consideration is given to this item being removed from future Statements.

- 6 The proposed approach for the production of the 2023/24 AGS is set out in paragraphs 11 to 16 of this report.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Review and approve the updates provided on the significant issues reported in the 2022/23 AGS, including the recommendations to the Committee on whether items remain in the Statement.
2. Agree the process for the production of the 2023/24 AGS.

Background

Progress against items reported in the 2022/23 AGS

- 7 The 2022/23 AGS was approved by the Audit and Governance Committee in March 2024. This included updated details of previously reported significant governance issues, as well as an emerging significant issue recognised for 2022/23 along with the proposed actions for implementation.
- 8 The 2022/23 Statement of Accounts is yet to be signed off due to a delay in the external auditors completing their work. As such, a detailed update on progress made since March 2024 in addressing the AGS significant governance issues is included at Appendix A for consideration by Members as a supplement to the 2022/23 AGS.
- 9 Each significant governance issue update has been provided by the relevant responsible officer. In providing the updates, they have considered the assurance provided to determine whether the required action has been completed appropriately, whether the issues are being sufficiently and effectively managed and whether there are further issues or concerns arising.
- 10 These recommendations are summarised in Table 1, with a recommendation to the Committee on whether the issues should be considered as completed/managed and can be monitored via local monitoring arrangements or if they require further monitoring via the AGS.

Table 1 – Summary of 2022/23 AGS Significant Governance Issues

AGS Item	Responsible Officer	Recommendation to the Committee
Council Funding	Director of Finance & Customer Services (Section 151 Officer)	To note progress but remain as a significant issue.
Health & Social Care Integration	Executive Director of Adults, Health & Integration	As there has been significant progress in this area, it is recommended that consideration is given to whether this item can be removed from future Annual Governance Statements. Future monitoring of compliance in this area will be undertaken by the Executive Director of Adults, Health & Integration.
ASDV Governance	Director of Governance & Compliance (Monitoring Officer)	To note progress but remain as a significant issue.
Planning	Executive Director of Place	To note progress but remain as a significant issue.
Executive and Wider Leadership Team Capacity	Chief Executive	To note progress but remain as a significant issue.

Production of the 2023/24 AGS

- 11 The Council is required to prepare and publish an AGS. This requirement was introduced by the revised Chartered Institute of Public Finance (CIPFA)/SOLACE Good Governance Framework (Delivering Good Governance in Local Government) and is necessary to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit England Regulations 2015.
- 12 The purpose of the AGS process is to provide a continuous review of the organisation’s governance arrangements to give assurance on the effectiveness of the processes and/or to address identified weaknesses, supporting the continuous improvement of the Council.

- 13 The Audit and Governance Committee has, through its terms of reference, been delegated specific governance responsibilities. These include consideration of the findings from the review of the effectiveness of the Council's governance arrangements and review and approval of the AGS.
- 14 It is considered good practice to agree the process for preparing the AGS, including the framework of assurance that underpins it, with Members in advance.
- 15 The 2023/24 AGS will be prepared in line with the requirements of the CIPFA/SOLACE Good Governance Framework and against the Council's Code of Corporate Governance.
- 16 The review of the effectiveness of the Council's governance framework will be informed by the work of Internal Audit, Senior Managers and comments made by the External Auditors and other review agencies/inspection bodies. The sources of assurance include, but are not limited to:
 - (a) Internal Audit through the annual opinion and the interim progress reports.
 - (b) External Audit through its reports to "those charged with governance".
 - (c) Outcomes of agencies and inspection bodies' reviews of the organisation
 - (d) Senior management assigned with the ownership of risks and delivery of services through the risk management process, at strategic and operational levels.
 - (e) The views of the Section 151 Officer and Monitoring Officer in meeting statutory responsibilities.
 - (f) Heads of Service, who are required to independently sign off on the adequacy of controls within their service areas via disclosure statements.

Consultation and Engagement

- 17 The 2022/23 AGS significant governance issue updates have been provided by the relevant responsible officers. In providing the updates, they have considered the assurance provided to determine whether the required action has been completed appropriately, whether the issues are being sufficiently and effectively managed and whether there are further issues or concerns arising.

- 18 The proposed draft AGS for 2023/24 will be considered by the Risk and Assurance Board and the Corporate Leadership Team to ensure all issues impacting the Council have been considered. The draft AGS for 2023/24 will be presented to the Audit and Governance Committee for review and approval alongside the Draft Statement of Accounts which is scheduled for the July 2024 meeting of the Committee.

Reasons for Recommendations

- 19 Under the Accounts and Audit Regulations 2015, local authorities are required to prepare an AGS and to report publicly on the effectiveness of governance and control. The Audit and Governance Committee is responsible for reviewing and approving the AGS.
- 20 The process of preparing the AGS should, in itself add value to the effectiveness of the Council's corporate governance and internal control framework. Good governance enables the Council to better meet the challenges of pursuing its vision, delivering objectives against a background of continued financial pressures, by underpinning that vision with mechanisms for control and management of risk.
- 21 In accordance with best practice, the Audit and Governance Committee should undertake a number of activities to discharge its responsibilities in relation to the AGS including:
- (a) Ensuring the AGS is underpinned by a framework of assurance.
 - (b) Monitoring the implementation of action plans/recommendations to improve governance arrangements.
 - (c) Receiving reports and assurances over changes to the governance framework and control environment as they are established.

Other Options Considered

- 22 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

- 23 The production of the Annual Governance Statement 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.
- 24 The Accounts and Audit (Amendment) Regulations 2022 set the timescales for the publication of the draft and final statements as follows:
- (a) Publication of draft statements (Accounts and AGS) reverted to 31 May from 30 September.
 - (b) Publication of final statements (Accounts and AGS) remains at 30 November until up to and including 2027.
- 25 The draft Statement of Accounts 2023/24 are due to be presented to the Audit and Governance Committee in July 2024. Therefore, the draft 2023/24 AGS will also be presented for approval at the same meeting.
- 26 The preparation of the proposed draft AGS is carried out in accordance with the guidance produced by CIPFA/SOLACE Good Governance Framework.

Section 151 Officer/Finance

- 27 There are no direct financial implications arising from this assurance report to the Committee. The production of the AGS aligns with the production of the Council's Annual Accounts and is published alongside the audited accounts.

Policy

- 28 There are no direct implications for policy.

Equality, Diversity and Inclusion

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

Human Resources

- 30 There are no direct implications for human resources.

Risk Management

- 31 The Council 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 do so could result in non-compliance with the requirements of the Regulations.

Rural Communities

32 There are no direct implications for rural communities.

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

33 There are no direct implications.

Public Health

34 There are no direct implications for public health.

Climate Change

35 There are no direct implications for climate change.

Access to Information	
Contact Officer:	Josie Griffiths, Head of Audit & Risk Email: josie.griffiths@cheshireeast.gov.uk
Appendices:	Appendix A – Annual Governance Statement 2022/23 - Progress Update May 2024
Background Papers:	N/A