

OPEN

Audit and Governance Committee

27 July 2023

**Draft Annual Governance Statement
2022/23**

Report of: Lorraine O'Donnell, Chief Executive

Report Reference No: AG/10/23-24

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 2022/23.

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 Statement, at Appendix A, reflects activity over the 2022/23 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 Annual Governance Statement 2022/23, noting that the final proposed Annual Governance Statement will be provided to a future meeting of the Committee for approval.

2. Approves the proposed changes to the significant issues as detailed in Sections 7 and 8 of the draft Statement.

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 2022/23, 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 Due to national issues in relation to the valuation of infrastructure assets, there has been a delay in the External Auditors completing their work on the 2021/22 financial statements and as such, the Final 2021/22 AGS has not yet been formally signed off.
- 9 In March 2023, Audit and Governance Committee agreed the Final 2021/22 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 of the 2021/22 Statement of Accounts.
- 10 In accordance with the requirement for the Statement to be current at the time of approval, the 2021/22 Statement reflects matters up until the point in which it was approved. As such, there is an element of duplication in the 2022/23 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. It is proposed that the following item included in the 2021/22 Statement is removed as the actions have been concluded:

(a) Public Interest Report

- 12 The assessment of the effectiveness of our governance arrangements for 2022/23 has identified one arising issue in relation to Corporate Leadership Team Capacity, which can be found in Section 8.
- 13 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.
- 14 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.

Consultation and Engagement

- 15 The draft AGS has been considered by the Corporate Leadership Team and senior managers to ensure all issues impacting the Council have been considered.

Reasons for Recommendations

- 16 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

- 17 No other options are available.

Implications and Comments

Monitoring Officer/Legal

- 18 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.
- 19 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

- 20 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

21 There are no direct Policy implications.

Equality, Diversity and Inclusion

22 There are no direct implications for Equality, Diversity and Inclusion.

Human Resources

23 There are no direct Human Resources implications.

Risk Management

24 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

25 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)

26 There are no Children and Young People, including Cared for Children, Care Leavers and Children with Special Educational Needs and Disabilities (SEND) direct implications.

Public Health

27 *There are no Public Health direct implications.*

Climate Change

28 There are no Climate Change direct implications.

Access to Information	
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Appendices:	Appendix A: Draft Annual Governance Statement 2022/23
Background Papers:	N/A