

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 28 November 2013
Report of: Corporate Governance Group
Title: Governance Update – Governance Framework, Code of Corporate Governance and the Annual Governance Statement (AGS)
Portfolio Holder: Councillor Peter Raynes

1.0 Report Summary

- 1.1 The purpose of this report for the Committee is to; agree the update to the Council's Code of Corporate Governance, to note the ongoing work by the Corporate Governance Group in respect of the Council's Governance Framework, to note the progress in relation to the AGS 2012/13 Emerging Issues and Action Plan, and agree the process for the production of the 2013/14 AGS.

2.0 Recommendation

- 2.1 To note and agree the update to the Council's Code of Corporate Governance (Appendix A).
- 2.2 To note the ongoing work on the Council's Governance Framework (Appendix B).
- 2.3 To note the progress in relation to the Emerging Issues and Action Plan published in the AGS 2012/13. (Appendix C).
- 2.4 To consider and endorse the process for the production of the 2013/14 AGS.

3.0 Reasons for Recommendation

- 3.1 **Code of Corporate Governance and Governance Framework (Appendices A & B)** - In accordance with the Council's Constitution, the Audit and Governance Committee is responsible for "developing a Code of

Corporate Governance and to undertake as appropriate an assessment of wider governance issues”.

3.2 **2012/13 Action Plan (Appendix C)** – the AGS process provides a continuous review of the Authority’s governance arrangements to give assurance on the effectiveness of processes and/or to address identified weaknesses.

3.3 **2013/14 Process** – the Accounts and Audit Regulations 2011 require the Council to provide an AGS and it is good practice to agree the process with Members in advance.

4.0 Wards Affected

4.1 All wards.

5.0 Local Wards Affected

5.1 Not applicable.

6.0 Policy Implications

6.1 Not applicable.

7.0 Financial Implications

7.1 There are no specific financial implications. The production of the AGS is designed to align with the production of the Council’s Financial Statement (draft by end of June) and will be published alongside the audited accounts (approved by end of September).

8.0 Legal Implications

8.1 The production of the AGS is required by the Accounts and Audit Regulations (2011) and the process outlined is designed to meet this obligation.

9.0 Risk Assessment

- 9.1 Adoption and continuous review of the Code of Corporate Governance assists the overall response to a number of risks relating to adherence to good governance standards and the need to demonstrate effective governance.

10.0 Background and Options

Code of Corporate Governance

- 10.1 The Council has approved and adopted a [Code of Corporate Governance](#), which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is on the Council's website.
- 10.2 Cheshire East Council's original Code of Corporate Governance was approved by the Governance and Constitution Committee in November 2009. The Code has subsequently been reviewed and updated to reflect best practice and organisational changes.
- 10.3 As part of the Annual Governance Statement process, it is good practice to review the Code of Corporate Governance, and update as necessary. This review has taken place and there are a few minor changes to the Code. These can be summarised as follows:
- Revision of the introduction to the Code and re-formatting of the Code's layout to make it more user friendly
 - Changes in title e.g. "Chief Operating Officer" replaces "Director of Finance and Business Services"
- 10.4 To ensure the Code of Corporate Governance remains current and reflects the substantial change this authority is experiencing as it moves towards a Commissioning Council structure, regular updates will be brought to the Audit and Governance Committee.

Governance Framework

- 10.5 During 2012/13 the Corporate Governance Group produced a Governance Framework; this has previously been shared with the Member/Officer Groups and the Committee and was included in the Annual Governance Statement for 2012/13. The purpose of the framework is to show the various officer groups and Committees which are involved in monitoring and developing governance across the Authority, and either directly or indirectly involved in the Annual Governance Statement process. The

latest version is brought to Committee to note the ongoing development of the Framework.

- 10.6 The Framework has been updated to reflect groups which are no longer in operation, new groups and to make the diagram more user friendly. Again, further changes to the Framework will be required to reflect the governance arrangements required as the Council moves closer towards an operational Commissioning structure. Updated versions of the Framework will be brought to future Committee meetings.

Update on Progress against the Annual Governance Statement 2012/13 Action Plan

- 10.7 As previously reported to the Committee, the Council is required to prepare and publish an Annual Governance Statement. This requirement was introduced by the revised CIPFA/SOLACE Good Governance Framework and is necessary to meet the statutory requirement set out in the Accounts and Audit regulations.
- 10.8 The 2012/13 AGS identified both emerging risks and significant governance issues for the authority. An update on progress of managing the emerging risks, and progress against the agreed actions for the significant governance issues is included at Appendix C.

Production of the 2013/14 Annual Governance Statement

- 10.9 To ensure the process for preparing the AGS is as efficient and comprehensive as possible, a number of changes are planned for the 2013/14 process. These include aligning parts of the process with the business planning process, enhancing the range of assurance providers, and improving the role of Internal Audit in challenging the assurances given.
- 10.10 The Corporate Governance Group is responsible for the production of the Statement, although in practical terms Internal Audit provide a lead on this. We are committed to reviewing and updating as necessary, both the process and Statement to ensure continuing compliance with best practice and embedding strong governance across the organisation throughout the year. This has, and will continue to use proportional resource.
- 10.11 Broadly, the contributing processes for producing the AGS are outlined below;
- Review and update the Code of Corporate Governance and Governance Framework

- Agree content and format of Management Disclosure Statements with Corporate Governance Group
- Agree content and format of questionnaires to be completed by other internal assurance providers (ICT Security, Risk Management, Performance etc)
- Completion of Disclosure Statements/Internal Assurance Provider questionnaires.
- Assessment of significant partnership governance arrangements (including Single Legal Entity and Alternative Service Delivery Vehicles where applicable, the AGS is a retrospective process)
- Self assessment against the Code of Corporate Governance
- Self assessment of Internal Audit against the Public Sector Internal Audit Standards
- Assessment of the effectiveness of the Audit and Governance Committee
- Consideration of sources of external assurance (External Audit, Ofsted, CQC etc)
- Assessment of the effectiveness of mitigating actions for approved strategic risks
- Head of Internal Audit opinion report

11.0 Access to information

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

Name: Peter Bates

Designation: Chief Operating Officer

Tel No: 01270 686013

Email: peter.bates@cheshireeast.gov.uk