

Cherwell District Council

Accounts Audit and Risk Committee

26 July 2023

Annual Governance Statement 2022-23

Report of the Assistant Director Law and Governance and Monitoring Officer.

This report is public

Purpose of report

The report sets out the Annual Governance Statement (AGS) for the Council for 2022-23 for approval. The AGS summarises the key governance issues for the Council and the actions required to address these. The AGS is required to be approved by those charged with governance, the Accounts Audit & Risk Committee, under the Accounts and Audit Regulations 2015.

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve the Annual Governance Statement 2022-23.
- 1.2 To authorise the Leader of the Council and the Chief Executive to sign the Annual Governance Statement on behalf of Cherwell District Council.

2.0 Introduction

- 2.1 This report outlines the purpose of the AGS and explains how the necessary assurance to support the AGS has been obtained. This should enable the Committee to make an informed judgement as to the effectiveness of the process that the Council has followed in conducting the annual review of the system of internal control within the Council.

3.0 Report Details

- 3.1 The Council's AGS for 2022-23 is attached at Appendix 1. Essentially, it outlines for the Council:
 - 3.1.1 The scope of governance responsibilities
 - 3.1.2 The purpose of the governance framework
 - 3.1.3 A description of the governance framework against the CIPFA/SOLACE Framework for "Delivering Good Governance in Local Authorities"
 - 3.1.4 Arrangements for reviewing the effectiveness of the governance framework
 - 3.1.5 Governance issues that need to be addressed
- 3.2 The preparation of the Statement has built on previously established arrangements, which involves the collating of information from a number of sources, both internal and external. The information is analysed, and a draft Statement is produced, discussed with key officers, and any amendments identified are then made.
- 3.3 To support the Annual Governance review, assistant directors are required to complete an assurance statement in relation to systems and processes operational within their areas during the year. These are signed off by CLT. The Statements demonstrate that Directorates have evaluated and assessed their internal control environment.
- 3.4 The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its External Auditors. The role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal control processes are operating effectively. The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit provide a value for money opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.
- 3.5 There have been well documented national delays in publishing the annual audited accounts due to historic issues, in particular relating to 2021/22. However, Cherwell was able to have its 2020/21 accounts agreed and the audit of 2021/22 is continuing (an update will be provided elsewhere on the agenda) and the 2022/23 draft accounts are being prepared, with the accounting policies for 2022/23 elsewhere on the agenda.

- 3.6 One of the assurance statements the Council receives is the annual opinion of the Chief Internal Auditor in respect of the control framework. The opinion of the Chief Internal Auditor in respect of audit work completed in 2022/23 gave **satisfactory** assurance on the internal control environment based on the areas audited as reported elsewhere on the agenda.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Local authorities are required to prepare an AGS to be transparent about their compliance with good governance principles. This includes reporting on how they have monitored and evaluated the effectiveness of their governance arrangements in the previous year and setting out any planned changes in the coming period.

5.0 Consultation

As outlined in the report including Assistant Directors, Corporate Oversight and Governance Group, and Corporate Leadership Team.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to agree the Annual Governance Statement. This is not recommended as the Council is required to produce an Annual Governance Statement as set out in the Accents and Audit Regulations 2015.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from this report.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845

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Legal Implications

- 7.2 Completion and approval of the AGS is required by Regulation 6(1) (b) of the Accounts and Audit England Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an AGS. The AGS, attached, if approved and signed will form part of the

Statement of Accounts. Failure to comply would result in the Council not meeting its statutory requirements.

Comments checked by:

Shahin Ismail, Legal Services Manager, 01295 221651

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Risk Implications - Mandatory paragraph

- 7.3 There are no risk implications arising directly from this report. However, as per paragraph 6 in section 6.1 the approval of this report will avoid the risk of not being compliant with Accents and Audit Regulations 2015.

Comments checked by:

Celia Prado-Teeling, Performance and Insight Team Leader 01295 221556

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Equalities and Inclusion Implications

- 7.4 There are no equalities and inclusion implications arising as a direct consequence of this report.

Comments checked by:

Celia Prado-Teeling, Performance and Insight Team Leader 01295 221556

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Sustainability Implications

- 7.5 There are no sustainability implications arising from this report

Comments checked by:

Jo Miskin, Climate Action Manager, 01295 221748, jo.miskin@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected N/A

Links to Corporate Plan and Policy Framework

N/A

Lead Councillor

Councillor Adam Nell, Portfolio Holder - Finance

Document Information**Appendix number and title**

Appendix 1 – Annual Governance Statement 2022/2023

Background papers

None

Report Author and contact details

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