

Audit and Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Annual Governance Statement 2021/22
Report of:	Jane Burns, Executive Director Corporate Services
Report Reference No:	AG/09/22-23
Ward(s) Affected:	All Ward Members as the report provides the Council's Annual Governance Statement

1. Purpose of Report

- 1.1. The purpose of this report is for the Committee to receive and agree the proposed final Annual Governance Statement (AGS) 2021/22 for signature by the Leader of the Council and the Chief Executive following completion of the audit and subsequent signing of the statement of accounts by the Section 151 Officer. Once approved and signed, the AGS will accompany the Statement of Accounts and be published on the Council's website.

2. Executive Summary

- 2.1 The Council's assessment of its governance arrangements for 2021/22 has recognised four additional significant governance issues to those included in previous years. Three previously identified items have been removed as they are no longer considered to be significant governance issues. Finally, the two remaining items have been revised and restated to reflect the current situation. The proposed final statement for 2021/22 is provided in Appendix A.

3. Recommendations

- 3.1. That the Committee agrees the Annual Governance Statement 2021/22.

- 3.2.** To delegate authority to the Chief Executive and Leader of the Council to:
- 3.2.1.** Sign off the Annual Governance Statement for 2021/22, once the audit has concluded, and the Statement of Accounts has been signed off, when the supplementary letter has been received from the auditors
- 3.2.2.** Notify Committee Members of the final signed Annual Governance Statement being published on the Council's website.

4. Reasons for Recommendations

- 4.1.** In accordance with the Accounts and Audit Regulations 2015, the Annual Governance Statement should be approved by Members of the Council meeting, or by a Committee, at the same time as the Statement of Accounts is approved and no later than 31 July.
- 4.2.** In recognition of the ongoing impact of Covid-19, the Accounts and Audit (Amendment) Regulations 2021 amended the timescales of the publication of the draft statement from the 31 August to not later than the 30 September 2022, the publication of the final statements remains the 30 November. Following discussion and agreement with the external auditors and taking into account the impact of the pandemic and implementation of the new financial system, it was determined that the Council would operate to these extended deadlines.
- 4.3.** However, due to a national issue regarding accounting for infrastructure assets, it was not possible for the external auditors to complete and conclude the audit to allow for publication of the final statements by the 30 November 2022. The solution to the issue was issued to the Council on 25 December 2022 and the Council has now presented their findings to Mazars for review.
- 4.4.** The Audit and Governance Committee has delegated authority to approve the Annual Governance Statement and the further delegation is requested to ensure that the Statement of Accounts and Annual Governance Statement are signed off at the same time.

5. Other Options Considered

- 5.1.** Not applicable.

6. Background

- 6.1.** 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 6 of the Accounts and Audit England Regulations 2015.
- 6.2.** The purpose of the AGS process is to provide a continuous review of the organisation's governance arrangements 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 1 are the results of that review.

- 6.3.** The draft AGS was published on the Council’s website after the Audit and Governance Committee on 29 September 2022. The draft document has been updated to include four arising significant issues relating to ASDV Governance, Planning, Cheshire East Safeguarding Children’s Partnership Governance and the Public Interest Report. These were identified as part of updating the AGS from draft to proposed final following the completion of assurance exercises co-ordinated by Internal Audit and reviewed by the relevant Executive Directors. In addition, the AGS has also been updated to reflect additional meetings which have occurred since the draft was published.
- 6.4.** Updates on items recognised in previous Annual Governance Statements are included in Section 7. These have been further updated in preparing the final Statement and the following items agreed as no longer significant have been removed in the final version: Proposed Change to the Committee System of Governance, Replacement of the Council’s Core Financial and HR Systems and Responding to the impact of Covid-19. The two remaining significant issues, Council Funding and Health and Social Care Integration have been restated to reflect the latest issues and proposed actions to address these challenges.
- 6.5.** Once approved and signed by the Leader and Chief Executive, the AGS will be published on the Council’s website, along with the Statement of Accounts, for members of the public, Members, Officers and other stakeholders to view. Further progress reports on items recognised in the Annual Governance Statement will be provided to the Audit and Governance Committee as part of its work programme.

7. Implications

7.1. Legal

- 7.1.1.** The production of the Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit Regulations 2015.
- 7.1.2.** The preparation and publication of the draft Annual Governance Statement 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)”.
- 7.1.3.** The timescales for approval of the AGS and Statement of Accounts have changed in recognition of the impact of the pandemic via The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021. The draft statement met the updated deadlines, however, ongoing national issues in

relation to infrastructure asset valuations prevented the external auditor from completing the audit. This resulted in a pause in the sign off on the audit report and opinion. The solution to the issue was issued to the Council on 25 December 2022 and the Council has now presented their findings to Mazars for review.

7.2. Finance

7.2.1. There are no financial implications. The production of the AGS aligns with the production of the Council's Annual Accounts and is published alongside the audited accounts.

7.3. Policy

7.3.1. There are no direct implications for policy.

7.4. Equality

7.4.1. There are no direct implications for equality.

7.5. Human Resources

7.5.1. There are no direct implications for human resources.

7.6. Risk Management

7.6.1. The Authority is required to prepare and publish an Annual Governance Statement to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit England Regulations 2015 and updated by The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021. Failure to do so could result in non-compliance with the requirements of the Regulations.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children and Young People/Cared for Children

7.8.1. There are no direct implications for children and young people/cared for children.

7.9. Public Health

7.9.1. There are no direct implications for public health.

7.10. Climate Change

7.10.1. There are no direct implications for climate change.

Access to Information

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Appendices:	Appendix A – Annual Governance Statement 2021/22 Appendix B – Changes between Draft and Final
Background Papers:	N/A