

## **Audit and Governance Committee**

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**Date of Meeting:** 30<sup>th</sup> July 2020

**Report Title:** Draft Annual Governance Statement (AGS) 2019/20

**Senior Officer:** Jane Burns, Executive Director of Corporate Services

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### **1. Report Summary**

- 1.1. Each year, Cheshire East Council produces an Annual Governance Statement that explains how it makes decisions, manages its resources and promotes values and high standards of conduct and behaviour. The review is carried out against the Council's Code of Corporate Governance. The draft Statement, at Appendix A, reflects activity over the 2019/20 financial year, and by the final version, will include activity up to the date of the approval of the Council's Statement of Accounts.
- 1.2. The purpose of this report is for the Committee to consider the draft Annual Governance Statement 2019/20.

### **2. Recommendations**

- 2.1. The Committee is asked to:
  - 2.1.1. Consider the draft Annual Governance Statement 2019/20 (Appendix A); and
  - 2.1.2. Note that the final statement will be considered by this Committee by the end of November 2020, prior to its approval and publication on the Council's website.

### **3. Reasons for Recommendations**

- 3.1. In accordance with the Accounts and Audit Regulations 2015, the final Annual Governance Statement would usually be approved by Members of the Council meeting as a whole, or by a Committee by 31st July. The Audit and Governance Committee has delegated authority to approve the Annual Governance Statement.

3.2. 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 2020. This legislation amends the timescales for the publication of the draft and final statements as follows.

3.2.1. Publication of draft statements (Accounts and AGS) moves from 31st May to 31st August 2020.

3.2.2. Publication of final statements (Accounts and AGS) moves from 30th July to 30th November 2020. The final statement of accounts and AGS will be received by Committee on November 10th

#### **4. Other Options Considered**

4.1. Not applicable

#### **5. Background**

5.1. 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, so as to give assurance on the effectiveness on the processes and/or to address identified weaknesses, supporting the continuous improvement of the Authority.

5.2. The drafting of the AGS this year, in line with the guidance from CIPFA recognises the challenges of Covid to the timescale for preparation, and the sources of assurance which would normally be used. In preparing the draft AGS, reliance has been placed on existing reports, which have been referenced throughout the draft. Reports elsewhere on the Committee's July agenda also provide assurance for the Committee.

5.3. Particular 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 (19/20), the Annual Monitoring Officer's reports, and interim reports from Internal Audit and Risk Management.

5.4. Whilst assurance of this kind always forms a very significant part of the AGS production, it is usually supplemented by the outcome of separate assurance exercises such as the management assurance statements. These have not been collated yet in order not to distract from the emergency response to Covid, but there will be additional assurance processes undertaken before the final AGS is signed off in November. The Statement will be updated as necessary for any issues arising.

- 5.5. Although the AGS covers 2019/20, it needs to be current to the time of publication and approval, and as such the Council's response to Covid is referred to throughout the AGS, and will be updated where needed in preparing the Final.
- 5.6. Updates on items recognised in previous Annual Governance Statements are included in Section 7. These will be further updated before the final Statement. Section 8 includes new items being recognised as "Significant Governance Issues" for the Council; the challenge to Council governance arising from Covid-19 are included here. This will be subject to further update before the Committee considers the final AGS.
- 5.7. A workshop for Members regarding the Annual Governance Statement and the Statement of Accounts will be offered prior to the final AGS being considered by the Committee in November.
- 5.8. Once approved, the AGS will be signed by the Leader and the Chief Executive and the AGS will then be published on the Council's website, along with the Statement of Accounts by 30<sup>th</sup> November deadline.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. 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 they must be published.
- 6.1.2. 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)".
- 6.1.3. 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 2020. The draft and final Statements are scheduled to meet the updated deadlines.

## **6.2. Finance Implications**

6.2.1. There are no specific financial implications. The production of the AGS aligns with the production of the Annual Accounts. The final AGS will be published alongside the Audited Accounts.

## **6.3. Policy Implications**

6.3.1. There are no policy implications identified

## **6.4. Equality Implications**

6.4.1. There are no equality implications identified.

## **6.5. Human Resources Implications**

6.5.1. There are no human resources implications identified.

## **6.6. Risk Management Implications**

6.6.1. 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 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. Failure to do so could result in non-compliance with the requirements of the Regulations.

## **6.7. Rural Communities Implications**

6.7.1. There are no direct implications for rural communities.

## **6.8. Implications for Children & Young People/Cared for Children**

6.8.1. There are no direct implications for children and young people.

## **6.9. Public Health Implications**

6.9.1. There are no direct implications for public health.

## **6.10. Climate Change Implications**

6.10.1. There are no direct implications for climate change.

## **7. Ward Members Affected**

7.1. Not applicable.

## **8. Consultation & Engagement**

- 8.1. The Audit and Governance Committee receives a progress update on actions for issues identified in the Annual Governance Statement. The last update to the Committee was provided in December 2019.

## **9. Contact Information**

- 9.1. Any questions relating to this report should be directed to the following officer:

Name: Josie Griffiths

Job Title: Head of Audit and Risk

Email: [josie.griffiths@cheshireeast.gov.uk](mailto:josie.griffiths@cheshireeast.gov.uk)