

Audit and Governance Committee

Date of Meeting:	28 th July 2022
Report Title:	Production of the Annual Governance Statement 2021/22
Report of:	David Brown, Director of Governance and Compliance Services
Report Reference No:	AG/34/21-22
Ward(s) Affected:	All wards

1. Purpose of Report

- 1.1. The purpose of this report is for the Committee to receive an update on the production of the Annual Governance Statement (AGS) for 2021/22.

2. Executive Summary

- 2.1. Each year, Cheshire East Council produces an Annual Governance Statement that explains how it makes decisions, manages its resources, and promotes values and standards of conduct and behaviour. The review is carried out against the Council's Code of Corporate Governance. The statement will reflect activity over the 2021/22 financial year, but also needs to be relevant up to the date of approval of the Council's Statement of Accounts.
- 2.2. Due to delays in finalising the 2020/21 Annual Governance Statement, and in line with the planned timescale for the production and audit of accounts the 2021/22 Annual Governance Statement will be brought as a draft to the September meeting, and a final to support the accounts presentation in November. This ensures that the AGS supports the timescale for the production and audit of the 2021/22 accounts

3. Recommendations

- 3.1. That the Committee notes and endorses the process for the production of the 2021/22 Annual Governance Statement.

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 (usually) no later than 31st July. The Audit and Governance Committee has delegated authority to approve the Annual Governance Statement.
- 4.2. The approach to the production of the AGS 2021/22 set out in this report will ensure the Committee receives the AGS 2021/22 to approve in November 2022.

5. Other Options Considered

- 5.1. Continuing with the prior year approach of a draft AGS presented in July; this is not recommended as the current AGS, whilst approved by committee, has not been signed off by external audit, so any findings could not be reflected.
- 5.2. Delay the AGS until one year after the current AGS, meaning a presentation of no earlier than July 2023. This is not recommended as the 2020/21 AGS is being delayed for reasons which are not expected to recur. As such presentation of the AGS for 2021/22 is better aligned with the current timescales of the 2021/22 financial audit process.

6. Background

- 6.1. In recognition of the ongoing impact of Covid-19, the Accounts and Audit (Amendment) Regulations 2021 amended the timescales of the publication of the audited statement of accounts and other documents from the 31st July to not later than the 30th September for the financial years 2021/22 and 2021/22.
- 6.2. 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 a November 2021 deadline for the 2020/21 accounts. However, due to the national issue on accounting for infrastructure assets, the sign off of the AGS was delayed, being approved at the January 2022 meeting of the Audit and Governance Committee.
- 6.3. In practical terms, this means that the Committee approved an Annual Governance Statement which spanned 1st April 2020 to mid-January 2022. Whilst progress on the practical assurance activities which inform the Annual Governance Statement has been undertaken, there is currently significant duplication between the final 2020/21 AGS and the drafted statement for 2021/22, and as the period which the 2021/22 AGS will need to cover extends until November 2022, the draft AGS will be brought to the September 2022

meeting of the Audit and Governance Committee, and the final to the November meeting.

- 6.4.** The production of the AGS is co-ordinated by the Head of Audit and Risk, with support from members of the Internal Audit team. The inclusion of significant governance items in the AGS and the responsibility for any actions required lies with Corporate Leadership Team. Once the AGS has been approved by the Audit and Governance Team, it is signed by the Leader and Chief Executive of the Council and published on the Council's website.
- 6.5.** The AGS will be prepared in line with the requirements of the CIPFA/SOLACE guidance; the *Delivering Good Governance in Local Government* framework and against the Council's Code of Corporate Governance.
- 6.6.** The review of the effectiveness of the Council's governance framework will be informed by the work of Internal Audit, senior managers and comments made by the External Auditors and other review agencies/inspectorates. The sources of assurance include, but are not limited to:
- 6.6.1. Senior management assigned with the ownership of risks and delivery of services through the risk management process;
 - 6.6.2. The Section 151 Officer and the Monitoring Officer in meeting statutory responsibilities;
 - 6.6.3. Internal Audit through the annual and interim reports;
 - 6.6.4. External Audit through its reports to those charged with governance;
 - 6.6.5. Outcomes from other review agencies and inspectorates;
 - 6.6.6. Service managers who independently sign off on the adequacy of controls within their service areas via disclosure statements;
- 6.7.** The production of the AGS will be considered by the Corporate Leadership Team on an ongoing basis with the draft and final being informed by the following activities;
- 6.7.1. review and update of the Code of Corporate Governance and governance framework as necessary
 - 6.7.2. identifying the systems, processes and documentation that provide evidence of compliance:
 - 6.7.3. content and format of Management Disclosure Statements, self-assessments and questionnaires
 - 6.7.4. identifying the individuals responsible for monitoring, reviewing and providing assurance on the systems, processes and documentation identified

- 6.7.5. considering the extent to which the Council complies with the principles and elements of good governance set out in the CIPFA/SOLACE Framework using:
- Self-assessment of the Organisation’s performance against its Code of Corporate Governance
 - Completion of Disclosure Statements
 - 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 as applicable (External Audit, Ofsted, Care Quality Commission etc.)
 - Assessment of the effectiveness of mitigating actions for strategic risks
 - Consideration of the Annual Internal Audit Opinion Report
- 6.7.6. identifying issues that have not been addressed in the Council and consider how they should be addressed, including items reported in previous Annual Governance Statements
- 6.7.7. identifying the individuals who would be responsible for undertaking the actions that are required.

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 England Regulations 2015.
- 7.1.2. 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 2021.
- 7.1.3. The preparation and publication of the 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)”.

7.2. Finance

- 7.2.1. There are no financial implications upon the Medium Term Financial Strategy; the production of the AGS is delivered within existing resources.
- 7.2.2. 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.

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	
Contact Officer:	Josie Griffiths, Head of Audit and Risk Management Email: Josie.griffiths@cheshireast.gov.uk
Appendices:	n/a
Background Papers:	Annual Governance Statement 2020/21 – 22 nd January 2022, Audit and Governance Committee.