

## **Audit & Governance Committee**

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<b>Date of Meeting:</b>	29 September 2022
<b>Report Title:</b>	Draft Annual Governance Statement 2021/22
<b>Report of:</b>	Jane Burns, Executive Director of Corporate Services
<b>Report Reference No:</b>	AG/01/22- 23
<b>Ward(s) Affected:</b>	All

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### **1. Purpose of Report**

- 1.1. The purpose of this report is for the Committee to receive the draft 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 high standards of conduct and behaviour.
- 2.2. The review is carried out against the Council's Code of Corporate Governance. The draft Statement, at Appendix A, reflects activity over the 2021/22 financial year, and includes activity up to the date of producing the report. The draft will be further updated to cover activity up to the date of approval of the Council's Statement of Accounts.

### **3. Recommendations**

- 3.1. That the Committee:
  - 3.1.1. Considers the draft Annual Governance Statement 2021/22 (Appendix A)
  - 3.1.2. Approves the proposed changes to the Significant Governance Issues as detailed in Section 7
  - 3.1.3. Approves the proposed additional Significant Governance Issue as detailed in Section 8; and

3.1.4. Notes the final statement will be considered by this Committee by the end of November 2022, prior to its approval and publication on the Council's website.

#### **4. Reasons for Recommendations**

- 4.1. 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.
- 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 31st August to not later than the 30th September 2021, the publication of the final statements remains the 30th November. The Accounts and Audit (Amendment) Regulations 2022 extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. Following this, the deadline reverts to 30 September for 6 years, taking effect for the 2022/23 accounts and ending once the 2027/28 accounts have been completed.
- 4.3. Following discussion and agreement with the external auditors it was determined that the Council would continue to operate to these extended deadlines.

#### **5. Other Options Considered**

- 5.1. No other options are available.

#### **6. Background**

- 6.1. 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.
- 6.2. In preparing the draft AGS, reliance has been placed on existing reports, which have been referenced throughout the draft.
- 6.3. 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 2021/22, the Annual Monitoring Officer's report, and interim reports from Internal Audit and Risk Management.

- 6.4. Whilst assurance of this kind always forms a very significant part of the AGS production, it is also supplemented by the outcome of separate assurance exercises such as the management assurance statements. This is currently ongoing and will be completed before the final AGS is signed off in November. The Statement will be updated as necessary for any issues arising.
- 6.5. As a result of national issues in relation to the valuation of infrastructure assets, it was not possible for the external auditors to complete their audit of the 2020/21 statement of accounts. This resulted in a delay in producing the AGS, which was not approved until January 2022.
- 6.6. As a result, the 2020/21 AGS included items up to and including January 2022 and there is therefore more duplication between the two documents than would normally be the case.
- 6.7. Updates on items recognised in previous Annual Governance Statements are included in Section 7 which will be further updated before the final Statement is presented for approval. It is proposed that the following three items included in the 2020/21 Statement are removed as they are no longer considered to be significant governance issues:
- Proposed Change to the Committee System of Governance
  - Replacement of the Council's Core Financial and HR Systems
  - Responding to the impact of COVID-19
- 6.8. It is also proposed that the two remaining items; Council Funding, and Health and Social Care Integration are restated to reflect the latest issues and proposed actions to address these challenges. Both items have been included since 2015/16 and although the overarching issues remain, the detail has developed and needs to be updated to ensure that they present an accurate picture to the Council and its stakeholders.
- 6.9. An additional Significant Governance Issue is proposed in Section 8 relating to ASDV Governance and reflects issues recognised nationally and the challenges faced by the Council in ensuring governance of ASDV's and the associated reporting arrangements meet best practice.
- 6.10. 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.

- 6.11. 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 30th November deadline.

## **7. Consultation and Engagement**

- 7.1. The draft AGS has been considered by Corporate Leadership Team and senior managers to ensure that all issues impacting the Council have been taken into account.

## **8. Implications**

### **8.1. Legal**

- 8.1.1. 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.
- 8.1.2. 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)".
- 8.1.3. 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 (Amendment) Regulations 2022. The draft and final Statements are scheduled to meet the updated deadlines.

### **8.2. Finance**

- 8.2.1. The Internal Audit team is appropriately resourced to comply with statutory and best practice requirements. Resourcing of the Internal Audit team is regularly monitored and reported upon to the CLT and the Audit and Governance Committee

### **8.3. Policy**

- 8.3.1. There are no direct policy implications.

### **8.4. Equality**

- 8.4.1. There are no direct implications for Equality and Diversity.

### **8.5. Human Resources**

- 8.5.1. There are no direct implications for Human Resources.

## 8.6. Risk Management

8.6.1. 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.

## 8.7. Rural Communities

8.7.1. There are no direct implications for rural communities.

## 8.8. Children & Young People/Cared for Children

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

## 8.9. Public Health

8.9.1. There are no direct implications for public health.

## 8.10. Climate Change

8.10.1. There are no direct implications for climate change

<b>Access to Information</b>	
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<b>Appendices</b>	Appendix A: Draft Annual Governance Statement 2021/22
<b>Background Papers</b>	N/A