
DRAFT ANNUAL GOVERNANCE STATEMENT

To: Audit Committee

Date: 17th October 2022

From: Chief Executive

[X84]

1. **ISSUE**

- 1.1. This report presents the draft Annual Governance Statement (AGS) for 2021/22 for consideration by the Audit Committee.

2. **RECOMMENDATION**

- 2.1. The Committee is asked to consider if the AGS is consistent with their own perspective on internal control within the Council, plus the governance issues and actions.

3. **BACKGROUND/OPTIONS**

- 3.1. The Audit and Account Regulations 2015 requires the Council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Leader of the Council.
- 3.2. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 3.3. The draft AGS is presented to Committee in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and controls.
- 3.4. The draft AGS has been compiled using sources of evidence, including:
- A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
 - Self-assurance statements prepared by Service Leads;
 - The Chief Internal Auditor's opinion on the Council's internal control environment, which was formally reported to the Audit Committee on 25th July 2022.
- 3.5. The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance states that the AGS should include:
- The Council's responsibilities for ensuring a sound system of governance;
 - An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
 - An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;

- The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
 - Reference to how issues raised in the previous year's Statement have been resolved;
 - A conclusion demonstrating a commitment to monitoring implementation through the next annual review.
- 3.6. In producing the 2021/22 AGS, further consideration has been given to how the Council is actively applying and further developing its compliance with the Principles and identifying where it plans to focus further work in the year ahead. This is reflected in some additional sections in this year's AGS, where each Principle includes a column entitled 'Development in 2021/22' and also a final row entitled 'Focus and further development in 2022/23'. This is intended to provide greater value in the reflection upon each Principle during the 2021/22 financial year and to give assurance and transparency over how the Council constantly seeks to ensure it fully embraces the Principles and seeks continuous improvement.
- 3.7. The 'Review of effectiveness' section seeks to collate the sources of assurance available, including the independent audit opinion and those of other inspection agencies. This also reflects upon the role of the Audit Committee.
- 3.8. 'Significant governance issues' are those that:
- seriously prejudice or prevent achievement of a principal objective of the authority;
 - have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
 - have led to a material impact on the accounts;
 - the Audit Committee advises should be considered significant for this purpose;
 - the Chief Internal Auditor reports on as significant in the annual opinion on the internal control environment;
 - have attracted significant public interest or have seriously damaged the reputation of the organisation; or,
 - have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.
- 3.9. At the time of publishing the draft AGS for review by Audit Committee no significant governance issues have been identified.

4. ARGUMENTS/CONCLUSIONS

- 4.1. The draft AGS has been prepared, in accordance with professional guidance, and must accompany the Statement of Accounts. The process demonstrates good governance, it has been based on various sources of assurance, and the Committee is asked to consider the AGS. It will also be reviewed by the external auditors, and the final version will be signed by the Chief Executive and the Leader of the Council.

5. FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.

6. APPENDICES

Appendix 1 – Draft Annual Governance Statement

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	The Grange Ely	John Hill Chief Executive john.hill@eastcambs.gov.uk