

**Teignbridge District Council
Audit Scrutiny
9 October 2024
Part 1**

ANNUAL GOVERNANCE STATEMENT UPDATES 2021-2022 and 2022-2023

Purpose of Report

To approve Addendums to the Annual Governance Statements for the years 2021-2022 and 2022-2023 and to recommend these to Council for approval.

Recommendation(s)

The Audit Scrutiny Committee RECOMMENDS to Council that the Annual Governance Statement Addendums for 2021-2022 and 2022-2023 are approved.

Financial Implications

None.

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Director – Corporate
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Legal Implications

The publication of an Annual Governance Statement is a statutory requirement.

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Risk Assessment

Not applicable.

Environmental/ Climate Change Implications

The Annual Governance Statements include an overview of the Council's actions in relation to these issues, provided by the Council's Climate Change Officer.

Report Author

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Executive Member

Councillor Richard Keeling – Executive Member for Resources

1. PURPOSE

- 1.1 To review Addendums to the 2021-2022 and 2022-2023 Annual Governance Statements and recommend these to full Council for approval.

2. BACKGROUND

- 2.1 The preparation and publication of an Annual Governance Statement (AGS) is a mandatory requirement for local government. It describes the processes and procedures in place to enable the Council to carry out its functions, together with an opinion on the effectiveness of those arrangements. It must be published with the Council's Financial Statements.
- 2.2 The Chartered Institute of Public Finance Accountants (CIPFA) and Society of Local Authority Chief Executives (SOLACE) produce guidance which is regarded as the proper practice for production of an AGS. This states that the AGS should reflect the governance arrangements in place during the year to which it applies, but also be current at the date it is published.
- 2.3 As members will be aware, many authorities including Teignbridge have unaudited financial statements from previous years due to delays nationally completing external audits. In order to clear the backlog and effect a reset, the government recently introduced "backstop" legislation. As a result of this, a "Disclaimer Opinion" will be issued by external audit for Teignbridge's 2021-2022 and 2022-2023 financial statements which recognises that it has not been possible to carry out these audits. Following the disclaimer, the financial statements can be published. This is explained further in the other reports on today's agenda.
- 2.4 Due to this unprecedented situation, technically the AGS's for 2021-2022 and 2022-2023 are not yet finalised due to the need for them to be current at the date they are published.
- 2.5 The AGS's were originally reviewed and approved by the Audit Scrutiny Committee as below, and can be seen by following these links:
 - 2021-2022: [30 August 2022](#)
 - 2022-2023: [29 August 2023](#)

- 2.6 In order to bring them up to date, it is proposed to add the following Addendums to each:

AGS ADDENDUM 2021-2022

The 2021-2022 draft Annual Governance Statement (AGS) was reviewed by the Audit Scrutiny Committee on 30th August 2022 and approved as part of the 2021-2022 Financial Statements.

The AGS should follow best practice guidance contained in the “Delivering Good Governance in Local Government Framework” (CIPFA/Solace) . The guidance states that the AGS should be kept up to date at the time of publication. During normal operations, this would mean the period between the end of the financial year, and the publication of the audit financial statements just a few months later. However, financial statements can only be formally published on conclusion of an external audit and there have been delays nationally with the completion of these, culminating in the government introducing “backstop” legislation to clear the backlogs of outstanding audits across the country. As a result of this, the Council received a “disclaimer opinion” from it’s external auditor in September 2024, hence it is only now able to publish the 2021-2022 financial statements.

In deciding whether any changes are required to the 2021-2022 AGS since the year end (March 2022) and September 2024, we have considered whether any significant governance issues have occurred that are pertinent to this prior year.

We have concluded that there are no additional matters to be reported, however it should be noted that work is ongoing to address recommendations made by the Centre for Governance and Scrutiny, and a Peer Review undertaken in January 2024, in respect of strengthening member and officer relationships to achieve effective decision making. For full details of these please refer to the 2023-2024 Annual Governance Statement.

AGS ADDENDUM 2022-2023

The 2022-2023 draft Annual Governance Statement (AGS) was reviewed by the Audit Scrutiny Committee on 29th August 2023 and approved as part of the 2022-2023 Financial Statements.

The AGS should follow best practice guidance contained in the “Delivering Good Governance in Local Government Framework” (CIPFA/Solace) . The guidance states that the AGS should be kept up to date at the time of publication. During normal operations, this would mean the period between the end of the financial year, and the publication of the audit financial statements just a few months later. However, financial statements can only be formally published on conclusion of an external audit and there have been

delays nationally with the completion of these, culminating in the government introducing “backstop” legislation to clear the backlogs of outstanding audits across the country. As a result of this, the Council received a “disclaimer opinion” from its external auditor in September 2024, hence it is only now able to publish the 2022-2023 financial statements.

In deciding whether any changes are required to the 2022-2023 AGS since the year end (March 2023) and September 2024, we have considered whether any significant governance issues have occurred and also whether they are pertinent to this prior year.

We have concluded that there are no additional matters to be included, however it should be noted that work is ongoing to address recommendations made by the Centre for Governance and Scrutiny, and a Peer Review undertaken in January 2024 in respect of strengthening member and officer relationships to achieve effective decision making. For full details please refer to the [2023-2024 Annual Governance Statement](#).

- 2.7 The Audit Scrutiny Committee’s role is to consider whether the AGS fairly reflects the arrangements within the Council.

3. CONCLUSION

- 3.1 The AGS must outline the arrangements in place for the year it applies to, but also remain current up until the date it is published. The Addendums outlined above follow CIPFA’s recommended approach in these unique circumstances. Members are asked to review these, and if content with this approach, to recommend the Addendums to Council for approval.

4. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

4.1 Legal

The Council is meeting its statutory obligation to publish an Annual Governance Statement (Accounts and Audit Regulations 2015), and following best practice in addressing the backlog issued by CIPFA.

4.2 Resources

There are no direct financial implications.

5. GROUPS CONSULTED

Strategic Leadership Team and Executive Member for Resources have been consulted.

6. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

None. However, the Annual Governance Statement includes information on the actions the Council has taken during the reporting period in relation to this area.

7. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

Not applicable.
