

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	ANNUAL GOVERNANCE STATEMENT		
DATE OF DECISION:	12 th June 2017		
REPORT OF:	CHIEF FINANCIAL OFFICER		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
<p>In accordance with the Accounts and Audit Regulations the Council is required to develop and publish an Annual Governance Statement ('AGS'). The AGS reports on the extent to which the Council has complied with its Code of Corporate Governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.</p>			
<p>In accordance with CIPFA Guidance, Audit [Governance] Committees should be provided with early sight of a draft of the AGS noting that the final version will be signed as part of the Statement of Accounts.</p>			
RECOMMENDATIONS: The Governance Committee is asked to:			
	(i)	Review the draft 2016-17 AGS (Appendix 1); and	
	(ii)	Note the status of the 2015-16 AGS Action Plan (Appendix 2).	
REASONS FOR REPORT RECOMMENDATIONS			
1.	The Governance Committee has responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the annual governance statement. This responsibility extends to receiving, reviewing and approving the draft AGS.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	No alternative options have been considered		
DETAIL (Including consultation carried out)			
3.	Production of an AGS is a mandatory requirement in accordance with Regulation 6 (1) (b) of the Accounts and Audit England Regulations 2015. This requires that the council must, each financial year, conduct a review of the effectiveness of the system of internal control and prepare an annual		

	governance statement.
4.	The draft AGS has been developed in accordance with the new “Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)” which applies to annual governance statements prepared for the financial year 2016/17 onwards.
5.	The Committee will recall that at the April 2017 meeting a revised version of the Council’s Code of Corporate Governance (“CCG”), based on the “Delivering Good Governance in Local Government” document, was presented and approved. The updated CCG refers to the 7 core principles of good governance which, in turn, are explicitly referred to in the draft AGS.
6.	<p>In accordance with the CIPFA/SOLACE guidance, the key good practice features of an annual governance statement are:</p> <ul style="list-style-type: none"> • The statement has been properly approved. • It is regarded as a valuable means of communications which will enable stakeholders to understand the authority’s governance arrangements. • It is easily accessible by authority members and members of the public, for example: <ul style="list-style-type: none"> ▪ through its prominent display on the authority’s website ▪ publishing it with, but separately from, the statement of accounts. • It has been clearly thought out and reflects the vision, character and structure of the authority, i.e. the big picture and not the detail. • It demonstrates ownership by the authority and has a high status within senior management. • It is a genuinely shared effort with wide input from outside the finance and audit functions. • It is a key document for showing how the authority is achieving its strategic objectives. • It is in an open and readable style. • It demonstrates challenge. • Issues are clearly articulated and it communicates a clear and concise message. • Weaknesses together with areas for improvement are highlighted. • It clearly communicates what has been done to resolve significant control issues and what remains to be done. • Actions identified are specific, measurable, achievable, realistic and time-related (SMART). • Responsibility for those actions is clearly identified. • It is a ‘living’ document, i.e. it is not focused exclusively on year end and communicates significant issues which may change from year to year.
7.	The draft 2016-17 AGS has been developed and shared with the Council’s ‘Controls Assurance Management Group’. This group comprises the Section 151 Officer (Service Director - Finance and Commercialisation), Monitoring Officer (Service Director - Legal and Governance), Chief Internal Auditor, Chief Strategy Officer and the Chair of Governance Committee.

8.	The AGS is produced following a review of the systems and processes that comprise the Council's governance arrangements. This review, based on CIPFA/SOLACE guidance, is informed by an 'assurance gathering process.' The key components of this process are completion of an 'Assurance Framework' document together with 'Self-Assessment Statements' completed by each Service Director. Both documents cover the key processes and systems that comprise the council's governance arrangements and are intended to identify any areas where improvement or further development is required.	
9.	The draft AGS has also been reviewed by the Council's Strategic Leadership Team.	
10.	The AGS must be current at the time it is published so the final version of the 2016-17 AGS will be presented to the Governance Committee at the July meeting for approval prior to being signed by the Leader of the Council and the Chief Executive respectively.	
RESOURCE IMPLICATIONS		
<u>Capital/Revenue</u>		
11.	N/A	
<u>Property/Other</u>		
12.	N/A	
LEGAL IMPLICATIONS		
<u>Statutory power to undertake proposals in the report:</u>		
13.	The Accounts and Audit (England) Regulations 2015 which require that the Council must each financial year conduct a review of the effectiveness of the system of internal control and prepare an AGS for approval by a committee or members of the authority. The AGS must be approved in advance of the relevant authority approving the statement of accounts.	
<u>Other Legal Implications:</u>		
14.	None	
POLICY FRAMEWORK IMPLICATIONS		
15.	None	
KEY DECISION?		No
WARDS/COMMUNITIES AFFECTED:		N/A
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Draft 2016-17 Annual Governance Statement	
2.	2015-16 AGS Action Plan	

Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Equality Impact Assessment and Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None