

# Annual Governance Statement

## SCOPE OF RESPONSIBILITY

Southampton City Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The council has approved and adopted a Code of Corporate Governance that is consistent with the principles of the ‘Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016). A copy of the code is on our website at:

[http://www.southampton.gov.uk/policies/code-of-corporate-governance-feb-2019\\_tcm63-396028.pdf](http://www.southampton.gov.uk/policies/code-of-corporate-governance-feb-2019_tcm63-396028.pdf)

or can be obtained from the:

Service Director – Legal and Governance  
Southampton City Council,  
Civic Centre,  
Southampton,  
SO14 7LY

This statement explains how the council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, Regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

## THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, cultures and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. To demonstrate compliance with the principles of good corporate governance, the Council must ensure that it does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

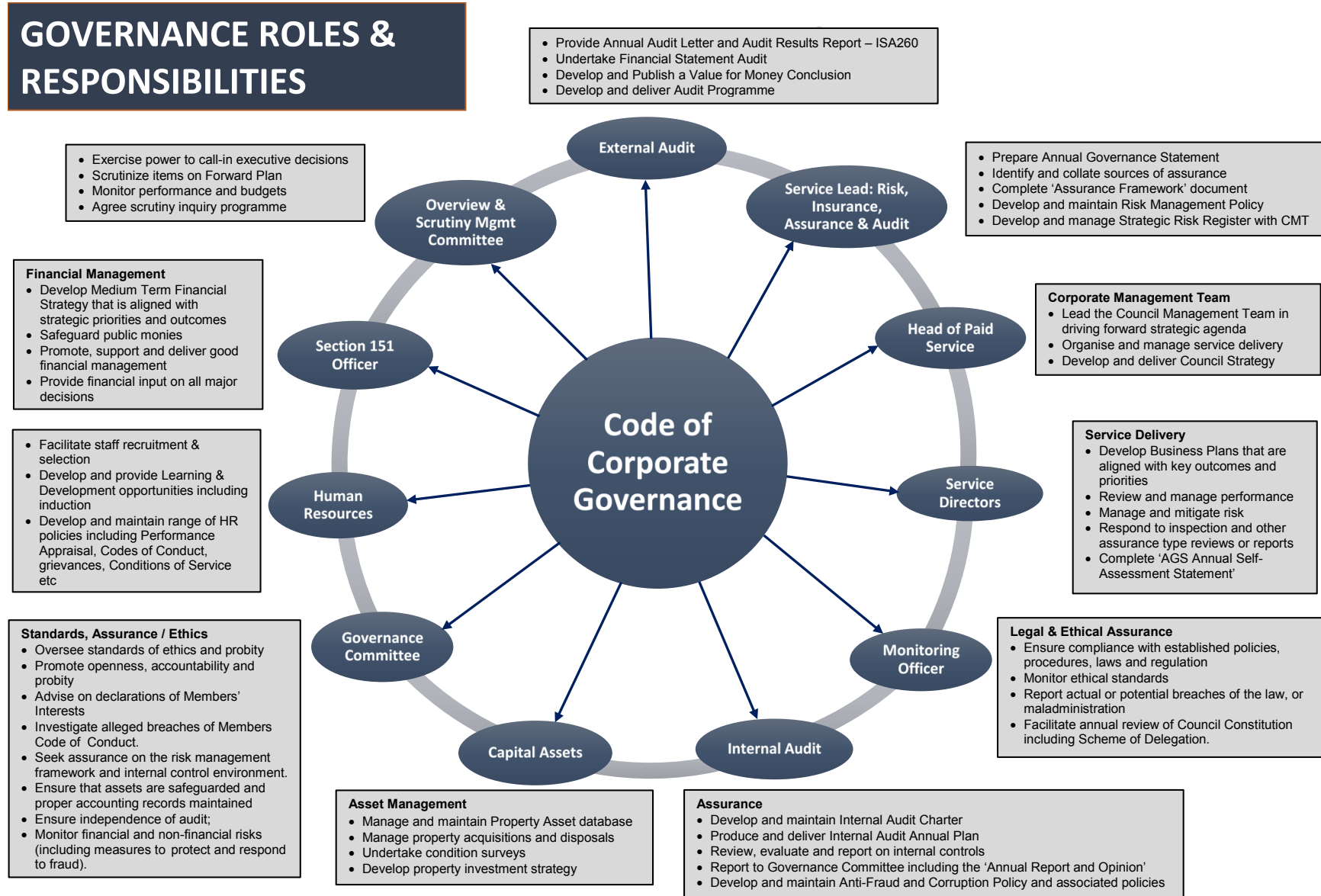
Good governance is crucial as it leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. Further, good governance enables an authority to pursue its aims effectively whilst controlling and managing risk.

The system of internal control is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council’s policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the council for the year ended 31st March 2019 and up to the date of approval of the statement of accounts.

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## GOVERNANCE ROLES & RESPONSIBILITIES



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## **The Governance Framework**

The fundamental function of good governance is to ensure that the Council achieves its intended outcomes while acting in the public interest at all times. The following core, high level, principles characterising good governance in the public sector are derived from the 'Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)'.

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose. The Constitution is divided into 15 Articles which set out the basic rules governing the Council's business. The Constitution is published on the council's website at:

<http://www.southampton.gov.uk/council-democracy/meetings/council-constitution.aspx>

The Constitution includes both Officers' and Members' Codes of Conduct which set out the expected behaviour and standards to be adhered to. In addition, there is a Code of Conduct for Employees which states the standards of conduct and behaviour expected of them in the course of their employment and where this extends into activities and interests outside of work.

The Service Director: Legal and Governance is the Monitoring Officer and has responsibility for ensuring compliance with established policies, procedures, laws and regulation, and reporting any actual or potential breaches of the law, or maladministration, to full Council and/or to Cabinet.

A 'Whistleblowing Policy' (Duty to Act) is in place and published on the council's website. Whistleblowing is a way for employees to raise reasonably and honestly held concerns they may have about serious matters that could put the Council and/or the wider public at risk. Whistleblowing usually involves bringing forward concerns that it is in the public interest to investigate and resolve. Examples are crime, fraud, the giving or taking of bribes, financial malpractice, or practices that might endanger individuals or the environment.

As part of the commitment to safeguard public funds there is an 'Anti-Fraud, Bribery and Corruption Policy'. This policy applies to any actual or suspected internal or external fraud, bribery, corruption and dishonest dealing that involve the council and or its Members and staff. It also covers contractor, supplier, partner, agents, intermediaries and service users. The Council also has in place an 'Anti-Money Laundering' policy which sets out both the expectations and responsibilities of both officers and Members in respect of preventing criminal activity through money laundering. The policy sets out the procedures which must be followed (for example reporting of suspicions of money laundering activity) to enable the Council and staff to comply with their legal obligations. All such policies are subject to periodic review.

Investigations and special reviews into suspected fraud or irregularities are overseen by an Investigation Steering Panel, comprising the Monitoring Officer, Chief Internal Auditor, Section 151 Officer (Chief Finance Officer) and the Service Director - Human Resources & Organisational Development.

A formal Corporate Services and Adult Social Care 'Customer Comments, Compliments and Complaints Policy' is in place which is published on the Council's website. This document, which sets out how customers may wish to share their experiences of using council services, is subject to annual review. In accordance with legislation there is a separate Children and Families Complaints Policy in place. Complaints about Members are dealt with under the Members' Code of Conduct complaints procedure.

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## **B. Ensuring openness and comprehensive stakeholder engagement**

The Council supports the principle that people should have the opportunity to voice their opinions on issues that affect them. The views of customers are at the heart of the council's service delivery arrangements and are actively sought. The Council's website includes a 'Have your say' section which set out how residents and other stakeholders can voice their opinions and shape service delivery. It has information on:

- *Consultations*
- *E-Petitions*
- *Comments, compliments and complaints*
- *Have your say at meetings*

Where appropriate, public consultation is used to seek the views of residents and stakeholders. For example the public consultation on budget proposals that helped to shape the budget report for 2018-19. Information was made available in an easy to understand format and respondents were informed on how their feedback was used. This was then reported to Cabinet before they made their final recommendations to Council.

The 2016 City Survey, which asked residents about their views and opinions on a range of issues facing the city, was commissioned by Southampton Connect and the Police, Council and NHS, and was intended to capture and help understand the views of local residents. The survey exercise was repeated in the summer of 2018 when a telephone city survey of residents of was undertaken. This survey is used to monitor the success of key council strategies and to prioritise activity.

The Council has in place a 'People's Panel' which now has a membership of over 2,000 people. This Panel comprises a group of residents who take part in surveys and other opportunities to express their views on council services, health services and living in the city. Run by Southampton City Council and with support from the University of Southampton, the People's Panel has been active since 2015 and the results from surveys have been used to inform a number of decisions and service changes.

A 'Tenants Tell Us' Group is also in place comprising Southampton social housing residents who take part in monthly online surveys to express their views on council housing services. Feedback is then used to influence how services are delivered, highlight issues, and help shape housing services across the city.

There is a strong focus on youth participation in the city with 'Youth Forum Southampton' providing opportunity for young people to influence how services are delivered, highlight issues that that need to be reviewed and to help shape public services for the community. The 'Southampton Speak Up! - Children and Young People's Participation Strategy 2016-2020' is also intended to provide children and young people with 'a voice and a choice' explains how young people can get involved to help make the city a better place. Elections have also been held for Southampton's own Member of Youth Parliament who is now in place.

The Councils 'Children in Care Council' groups provides an opportunity for those children in care to share their views and experiences with a view to improving things for themselves and others.

## **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The Southampton City Council Strategy 2016-2020 ('Council Strategy') is a key document that sets out the council's strategic vision until 2020 and reflects the on-going commitment to ensure that the Council works to put residents and the customers at the heart of everything that it does and to reflect the city's diversity. The Council Strategy identifies the following four key outcomes that make up the vision:

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Southampton has strong and sustainable economic growth



Children and young people get a good start in life



People in Southampton live safe, healthy, independent lives



Southampton is an attractive modern city, where people are proud to live and work

In order to achieve these outcomes it is recognised that the council has to be a modern, sustainable organisation - which is the fifth outcome. For each outcome there are associated priorities and information on how success will be measured. In addition, against each outcome there is a 'Leader's Focus' that reflects the council's commitments to residents and customers. There is a 'golden thread', through the performance management framework and annual performance reviews, that makes clear links between objectives set for staff and the council's priority outcomes.

There are a number of key strategies, policies and plans which impact on direction of the Council and the day to day operations as follows:



The Southampton City Strategy (2015-2025) is a partnership strategy which sets out the vision for the whole city: *'Southampton a city of opportunity where everyone thrives'*. Southampton Connect is an overarching strategic partnership body that has senior level representation from key agencies and sectors covering private, public and voluntary sectors within the City. This independent partnership which brings together senior city representatives seeking to address the key challenges and opportunities for Southampton and working with the city's key partners to improve the outcomes of the people of Southampton.

At a sub-regional level delivery of key outcomes and priorities is through the Partnership for Urban South Hampshire ("PUSH") and the Solent Local Enterprise Partnership ("Solent LEP"). PUSH is a collaborative partnership working arrangement between twelve South Hampshire local authorities including the unitary authorities of Southampton, Portsmouth and Isle of Wight, and Hampshire County Council. PUSH is focused on developing, supporting and improving the economic performance of the sub-region and works collaboratively with partner agencies in the sub region as well as key Government Departments. PUSH proactively engages with business leaders, universities and the voluntary sector through the Solent LEP in support of activities that facilitate sustainable economic growth.

Solent LEP is a partnership organisation between the business community, the Further Education and Higher Education sector, the local authorities represented on PUSH and actively works together to secure a more prosperous and sustainable future for the Solent area. The Solent LEP is the key interface and lead for economic development in the region and has six priority areas for investment, namely: Skills, Business Support, Innovation, Infrastructure, Strategic Sectors and Inward Investment & International Trade.



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The Council's Medium Term Financial Strategy ('MTFS') is a core part of the Council's strategic framework and plays a pivotal role in translating the Council's strategic plans and ambitions into action. An updated MTFS for the period 2019/20 to 2022/23 was approved by Full Council in February 2019.

The objective of the MTFS is to provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the council's outcomes. The Strategy is based around 6 key aims:

- *To provide financial parameters within which budget and service planning should take place;*
- *To ensure the council sets a balanced and sustainable budget;*
- *To focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources, ensuring services are defined on the basis of a clear alignment between priority and affordability;*
- *To ensure the council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area;*
- *To plan the level of fees, charges and taxation in line with levels that the council regard as being necessary, acceptable and affordable to meet the council's aims, objectives, policies and priorities whilst gradually reducing the council's reliance on Central Government funding; and*
- *To ensure that the council's long term financial health and viability remain sound.*

The MTFS takes into account a number of other strategies, policies and plans that impact on the direction of the Council and the day to day operations including the Southampton Better Care Plan. The Better Care Plan identifies key areas where closer integration between health and social care will enable system wide efficiencies that benefit both parties and improve the experience and outcomes for the service users. The Better Care Fund, which commenced in 2015, pools and aligns funding for a significant number of services via a formal contract between the Council and Southampton City Clinical Commissioning Group. For the Council these efficiencies are included within the medium term financial forecast.

Outcome Based Planning and Budgeting (OBPB) was introduced in 2017-18 and is the practice of developing budgets based on the relationship between funding and expected outcomes. OBPB is intended to provide clarity between the outcomes that we want to achieve and how we prioritise resource allocation. A further element has been introduced in the 2019/20 budget setting process to incorporate business academies, and begin to embed commercialisation across the Council. The business academy process is designed to help develop service business plans that are aligned to the key outcomes with the output fed into the budget process. OBPB gives certainty to residents, businesses and service users that service provision has been prioritised and funded for 2019/20, within a stable financial framework. The OBPB process will be further reviewed and refined in 2019/20 to ensure that the budget gap in 2020/21 and future years can be mitigated.

## **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

The Council has in place a robust decision making process with all reports are subject to corporate clearance (Legal, Finance and Policy) prior to publication in accordance with the published procedures (which form part of the Council Constitution). All reports follow a standard template which identifies the 'Decision Maker', the decision or action required, why the report is recommended, alternative options considered together with a details (including consultation carried out) section. The template also includes separate sections detailing any Financial (Resource), Legal, Risk Management and Policy implications. These consider the how proposals will be paid for, the statutory power to undertake the action and including reference to any legislation that affects the proposals, information on the risks that are being accepted as part of the decision and confirmation that the report proposals are in accordance with the Council's approved Policy Framework.

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The Council's Overview and Scrutiny Management Committee ("OSMC") manages the council's overview and scrutiny process which includes scrutinising items on the council's Forward Plan and exercising the power to call-in executive decisions, agreeing the scrutiny inquiry programme, monitoring performance and budgets. Scrutiny provides the role of the "critical friend" to the decision makers and assists in policy development, drives improvement in public services and enables the voice of the public to be heard. There are a number of Scrutiny Panels that support the work of the Executive and the Council as a whole. The Scrutiny Inquiry Panel carries out a work programme of scrutiny inquiries approved by the OSMC. In addition, the Health Overview and Scrutiny Panel undertakes the statutory scrutiny of health and adult social care agencies in Southampton, and the Children and Families Scrutiny Panel scrutinises services for children and families in the city, including education.

All scrutiny meetings are held in public with opportunity for the public to ask questions or submit questions in writing to the committee or panels. Scrutiny inquiries can consider written evidence and members of the public, community groups, or other key stakeholders can write in to bring evidence to the attention of Inquiry Panel members.

The Council has in place 'Outcome Plans' that are explicitly aligned with the Council's key outcomes and areas of focus as set out in the Council Strategy. These plans identify the key challenges and opportunities associated with the delivery of the respective key priority and outcomes and how they can be addressed. Progress in respect of achieving key targets, for measures linked to the Council's key outcomes and priorities, is subject to regular and robust review by both the Council Management Team. In addition, CMT receives a Monthly Operating Performance ('MOP') on a monthly basis. The MOP contains key service measures including:

- *Workforce statistics such as absence and staff turnover*
- *A number of financial metrics such as Council Tax collection and the MTF5 budget gap*
- *Complaint numbers*
- *Ofsted ratings for schools*
- *Compliance to mandatory learning*
- *Data breaches and accidents / incidents*
- *Key results in the last month, messages, decisions and announcements*

Budget pressures arising from services are identified through regular monitoring of budgets and work plan with action plans to address any significant in year budget variances are agreed with the Council Management Team and subject to monthly progress / status reporting.

## **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The Council has in place a Workforce Strategy which is intended to enable the Council to develop its current and future workforce with the right skills, competencies and behaviours to deliver services. The Council's Workforce Strategy sets out a high level vision, priorities and outcomes to develop and nurture a motivated and effective workforce who will deliver the Council's priorities. The priority outcomes delivered by the Workforce Strategy will be:

- *Recognised as an employer of choice;*
- *A high performing workforce;*
- *Good management across the Council;*
- *Evidenced based decision making, planning and delivery;*
- *A highly motivated and engage workforce;*
- *Staff empowered to make decisions;*
- *An effective Member Development programme for councillors; and*
- *Demonstrable valuing of diversity and equality.*

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The Workforce Strategy sits alongside the both the Medium Term Financial Strategy and the Customer Strategy and takes account of challenges in relation to the overall Council budget. It is used to inform resource allocation decisions, drive positive change and deliver agreed outcomes.

## **F. Managing risk and performance through robust internal control and strong public financial management**

The Council has in place a 'Risk Management Policy 2017-2020' that sets out the framework, arrangements and responsibilities in respect of how risks relating to the delivery of key outcomes and priorities, are identified and managed. This policy is intended to support the application of robust risk management principles and practices across all service areas.

A key document is the Council's Strategic Risk Register which reflects the key strategic keys that have been identified as needing to be managed in order to support the delivery of the key outcomes and priorities. The Strategic Risk Register is developed and managed by the Council Management Team and is reviewed and updated on a quarterly basis. In addition, Cabinet Members are also provided with information in respect of the risks relevant to their respective portfolios.

The Council's Governance Committee has responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment and the integrity of the financial reporting and annual governance statement process. The Governance Committee undertakes the core functions of an audit committee and operates in accordance with CIPFA guidance. It receives a range of periodic reports relating to both the internal control environment and financial management. The Committee receives regular update reports in respect of the delivery of the annual internal audit plan and the outcome of individual audit reviews. It also receives reports in respect of risk management and a range of reports relating to financial issues including receiving the draft Statement of Accounts.

Performance against the key indicators in the Council Strategy is actively monitored and published each quarter on the council website in the form of a Council Strategy Scorecard Summary. The Council Management Team also receives a quarterly scorecard which reports progress in achieving key targets for measures linked to the Council priorities. A Monthly Operating Performance (MOP) dashboard is reviewed by the Council Management Team on a monthly basis and contains key service measures as well as:

- Workforce statistics such as absence and staff turnover
- Financial metrics such as Council Tax collection and the MTFS budget gap
- Complaint numbers
- Ofsted ratings for schools
- Compliance with mandatory learning
- Data breaches and accidents / incidents
- Textual information – Key results in the last month, messages, decisions and announcements
- Key improvement activity around Children's and Adult's Social Care

All significant commercial partnership working arrangements also have a range of performance indicators which are used to verify and manage service performance. The Council is committed to achieving best value from its contracts and ensuring that goods, services and works are procured and contract managed in the most efficient and effective way. Regular review meetings are held with key suppliers in order to ensure that contracts remain fit for purpose. In addition, these outsourced contracts are managed by a Supplier Management Team or an Integrated Commissioning Unit which provide senior management interfaces between the Council and our partnership service providers.

The Council's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer ("CFO") in Local Government (2016)'. The CFO is professionally qualified and is a member of the Council Management Team and reports directly to the Chief Executive. The CFO is actively involved in ensuring that strategic objectives are aligned



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to the longer-term finance strategy. The CFO has input into all major decisions, advises the Executive on financial matters and is responsible for ensuring that budgets are agreed in advance, that the agreed budget is robust and that the finance function is fit for purpose.

## **G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

The Council is committed to openness and transparency and publishing as much Council data as it can in order to increase accountability. The Council has established a 'Council Data' web page that enables the public to access a range of information that is published in accordance with the Local Government Transparency Code (2015). This includes a link to both the current and previous Statement of Accounts together with relevant audit certificates. These documents shows how public money has been used.

The Council's Constitution sets out how decisions are made and makes specific reference to decision making by Full Council, by the Executive (Cabinet), by Overview and Scrutiny Committees, other committees and sub-committees established by the Council and by Council bodies acting as tribunals. The Constitution also includes an Officer Scheme of Delegation which sets out the powers and functions that are delegated to named Council Officers. The compilation of a Register of Delegated Powers is a statutory requirement and is maintained by the Service Director: Legal & Governance.

The Council produces a Forward Plan of all Key Decisions which are proposed to be taken within the next four months (updated monthly 28 clear days prior to scheduled Cabinet meetings on a rolling basis). Other decisions are also included where practicable to assist in providing public transparency and confidence in decision making. All agendas and minutes of meetings in respect of Council, Cabinet, Overview and Scrutiny, Non-Executive Committees and statutory boards and published on the Council's website.

The Council's assurance arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Head of Internal Audit in public service organisations (2010)' noting that an updated version of the document was published by CIPFA in April 2019. This updated statement mirrors the Public Sector Internal Audit Standards and is embedded in the Internal Audit Charter & Code of Ethics. The Head of Internal Audit (Chief Internal Auditor) is professionally qualified and is responsible for reviewing and reporting on the adequacy of the council's internal control environment, including the arrangements for achieving value for money. The Chief Internal Auditor has direct access to the Chief Executive, and to the council's Monitoring Officer where matters arise relating to Chief Executive responsibility, legality and standards. Where it is considered necessary to the proper discharge of internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Governance Committee).

## **REVIEW OF EFFECTIVENESS**

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is led by a 'Controls Assurance Management Group' comprising the Service Director - Finance & Commercialisation (Section 151 Officer), Chair of the Governance Committee, Deputy Chief Executive, Service Director – Legal & Governance (Monitoring Officer) and the Chief Internal Auditor.

The review process, applied in respect of maintaining and reviewing the effectiveness of the system of internal control, is informed by:-

- The views of Internal Audit regularly reported to Governance Committee via the 'Internal Audit: Progress Report' which include executive summaries of new reports published and highlights any significant risk exposure and control issues, including fraud and governance risks. Where an individual audit receives an overall level of 'No Assurance' then the exceptions are reported in

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their entirety to the Governance Committee along with the Service Director's comments. Where appropriate, the relevant Service Director may be required to attend a meeting to update the Committee regarding progress and actions;

- The views of external auditors, regularly reported to the Governance Committee, including regular progress reports, the Annual Audit Letter and Audit Results Report.
- The Chief Internal Auditors 'Annual Report and Opinion' on the adequacy and effectiveness of the council's internal control environment. The Chief Internal Auditor's opinion for 2018-19 was that **\*\*\*to be completed\*\*\*** assurance can be provided that the framework of governance, risk management and control at Southampton City Council is effective;
- The Internal Audit Charter and delivery of the annual Internal Audit plan;
- The work of the Service Directors and Service Leads who have responsibility for the development and maintenance of the governance environment;
- The completion of 'Self-Assessment Statements' by Service Directors that 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;
- Completion of an 'Assurance Framework' document which reflects the key components of the Council's overall governance and internal control environment. This document, based on CIPFA/SOLACE guidance, records the key controls in place, and sources of assurance, and identifies any significant gaps or weaknesses in key controls;
- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission;
- The Risk Management Policy and specifically the Strategic Risk Register;
- The work of the Governance Committee in relation to the discharge of its responsibility to lead on all aspects of corporate governance.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

## SIGNIFICANT GOVERNANCE ISSUES

The following significant governance issues have been identified:

### 1. Governance Issue

*Lack of consistent approach regarding formal succession planning for key posts and/or arrangements in place to ensure that there is an appropriate spread of skills in order to avoid over reliance on any particular individual.*

**Planned Action:** *An important part of the 2019-25 corporate business planning process is the requirement for service areas to identify and consider future organisational development requirements. This is intended to capture the future required structure, skills mix and training together with consideration of the resilience of the service. This will inform the wider resourcing review of the council's leadership and the centrally led leadership development plans. The overall framework and plans will be in place during 2019 for commencement of key programmes. An additional outcome will be an increase in apprentice training (new starts and existing staff looking for higher level qualifications).*

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**Responsible Officer: Service Director Human Resources & Organisational Development**  
**Target for completion: January 2020**

## 2. Governance Issue

*The 'annual performance appraisal' ("APR") process is still not fully embedded with some inconsistencies across service areas in terms of compliance with the process.*

*Although compliance has increased, the HR Log of completed staff APRs is incomplete as not all forms were submitted on-line.*

**Completed Action:** *A more streamlined APR process is in place for 2019/2020 under a new HR Lead and informed by feedback on previous forms and process.*

*Managers have been reminded of the importance of the APR process and the need to use the on-line "auto submit" tool or to provide confirmation of completion where on-line facilities are not part of the service provision (front-line). HR will oversee and report on compliance with the process to ensure that all staff have the correct supervision and annual appraisal meetings.*

**Responsible Officer: Service Director Human Resources & Organisational Development**

## 3. Governance Issue

*The follow-up reviews undertaken by Internal Audit in respect of 'limited' or 'no assurance' audit reports issued in 2017-18 (and including any 'Priority Levels' that were assessed as being 'high risk' in other audit reports) has identified that, at the date of the follow up review, 58% of the 'agreed management actions' had not been progressed.*

*The foregoing is reflected in the Internal Audit Progress Reports that are presented to the Governance Committee throughout the year and in the Chief Internal Auditors Annual Report and Opinion.*

**Completed Action:** *Internal Audit to provide reports, normally on a quarterly basis, to the Council's Executive Management Board (comprising the Chief Executive, Deputy Chief Executive, Chief Operating Officer and Section 151 Officer) in respect of follow up reviews on any 'limited' or 'no assurance' audit reports (or where there are critical or high risk exceptions) where the review has identified that the agreed management actions have not been implemented or otherwise satisfactorily progressed.*

**Responsible Officer: Service Director Finance & Commercialisation**

## 4. Governance Issue

*Whilst a number of actions have been implemented in order to improve officer compliance with the Council's procurement policies, and there is some evidence that they are having a positive effect, it is too soon to for assurance to be provided that they have been fully effective in terms of modifying behaviours. It is also recognised that some further actions are planned for implementation in 2019.*

**Planned Action:** *Internal Audit to undertake a review of contract framework and procurement in 2019 as part of the 2019/20 Internal Audit Annual plan. This audit review will look to obtain evidence and assurance of modified officer behaviours in respect of compliance with procurement policies. The Supplier Management Team will also be carrying out ongoing monitoring and reporting to Governance Committee.*

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**Responsible Officer:** : *Service Director Finance & Commercialisation*

**Target for completion:** *December 2019*

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness, and will monitor their implementation and operation as part of our next annual review.

## Signed

.....  
**Sandy Hopkins**

Chief Executive

on behalf of Southampton City Council

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**Councillor Christopher Hammond**

Leader of the Council

DRAFT