

DECISION-MAKER:	Governance Committee
SUBJECT:	Annual Governance Statement
DATE OF DECISION:	27 th July 2020
REPORT OF:	Executive Director Finance & Commercialism

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director Finance & Commercialism	
	Name:	John Harrison	Tel: 023 8080 4897
	E-mail	john.harrison@southampton.gov.uk	
Author:	Title	Risk & Insurance Manager	
	Name:	Peter Rogers	Tel: 023 8083 2835
	E-mail	peter.rogers@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY		
None		
BRIEF SUMMARY		
<p>In accordance with the Accounts and Audit Regulations the Council is required to conduct a review, at least once a year, of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices. The purpose of the Annual Governance Statement ('AGS'), which is published with the Statement of Accounts ('SoA'), is to provide an accurate representation of the corporate governance arrangements in place during the year and to identify or highlight those areas where there are significant gaps or where improvements are required</p> <p>The Governance Committee is responsible for receiving, reviewing and approving the draft AGS.</p>		
RECOMMENDATIONS:		
	(i)	To review the draft 2019-20 AGS (Appendix 1); and
	(ii)	To note the status of the 2018-19 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.	
2.	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 SoA.	

3.	In terms of good governance, it is also appropriate for the Committee to be provided with information and assurance regarding the status of the actions identified on the previous year's AGS
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
4.	No alternative options have been considered. The development and publication of an AGS is a requirement under the Accounts and Audit Regulations.
DETAIL (Including consultation carried out)	
5.	Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 requires that the relevant body must conduct a review at least once a year of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices.
6.	The purpose of the AGS, which is published with the SoA, is to provide an accurate representation of the corporate governance arrangements in place during the year and to identify or highlight those areas where there are significant gaps or where improvements are required.
7.	The draft AGS, has been developed in accordance with the 'Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)', And reflects the seven core principles of good governance which are referred to in the council's Code of Corporate Governance.
8.	The AGS is produced following a review of the Council's governance arrangements whereby the systems and processes that comprise the Council's corporate governance arrangements are brought together. The key elements of this assurance gathering process comprise completion an 'Assurance Framework' document together with 'Annual Governance - Self Assessment Statement'. The latter is normally completed by each Director however, the Resources Review necessitated that, for this year, they be completed by a combination of Executive Directors, Service Directors and Heads of Service. 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.	<p>The draft 2019-20 AGS has been developed by the council's 'Controls Assurance Management Group' comprising the Section 151 Officer, Chair of the Governance Committee, Monitoring Officer, Executive Director Business Operations and the Chief Internal Auditor, who are responsible for evaluating the assurances and supporting evidence provided and drafting the AGS. This reflects CIPFA/Solace guidance whereby authorities should nominate an individual or group with appropriate knowledge, expertise and levels of seniority to:</p> <ul style="list-style-type: none"> • Consider the extent to which the authority complies with the principles of good governance; • Identify systems, processes and documentation that provide evidence of compliance; • Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified; • Identify issues that have not been addressed in the authority and consider how they should be addressed; and • Identify the individuals who would be responsible for undertaking the actions that are required.

10.	The format of the AGS is aligned with CIPFA/SOLACE guidance and is similar to previous versions, with the narrative having been reviewed and updated in consultation with relevant officers. There is however a new section regarding 'The impact of the Covid 19 Pandemic on Governance' which recognises that the AGS assesses governance during 2019-20 and that the coronavirus will have impacted on this during March 2020. CIPFA suggest that the AGS is amended before the point of final publication to reflect the impact on Governance from March 2020 noting the requirement that "the AGS is current at the time of publication". A separate Appendix will therefore be developed for inclusion on the final version of the AGS in September 2020.
11.	The draft AGS has also been presented and discussed at the Council's Executive Management Board and a copy has been issued to the Leader of the Council for information.
12.	The AGS must be current at the time it is published so the final version of the 2019-20 AGS will be presented to the Governance Committee at the September meeting for approval prior to being signed by the Leader of the Council and the Chief Executive respectively.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
13.	None
<u>Property/Other</u>	
14.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
15.	The Accounts and Audit (England) Regulations 2015 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 SoA
<u>Other Legal Implications:</u>	
16.	None
RISK MANAGEMENT IMPLICATIONS	
17.	Failure to develop and publish an AGS would be a failure of the organisation to meet a statutory requirement.
POLICY FRAMEWORK IMPLICATIONS	
18.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Draft Annual Governance Statement 2019-20

2.	2018-19 Annual Governance Statement – Action Plan
----	---

Documents In Members' Rooms

1.	None
----	------

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
---	-----------

Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
--	-----------

Other Background Documents

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