

DECISION-MAKER:	Governance Committee
SUBJECT:	Annual Governance Statement
DATE OF DECISION:	26 th July 2021
REPORT OF:	COUNCILLOR HANNIDES CABINET MEMBER FOR FINANCE AND CAPITAL ASSETS

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director for Finance and Commercialisation and Section 151 Officer	
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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>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.</p>	
RECOMMENDATIONS:	
	(i) To review the draft 2020-21 AGS (Appendix 1); and
	(ii) To note the status of the 2019-20 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 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	
3.	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)	
4.	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.
5.	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.
6.	The AGS is produced following a review of the Council's governance arrangements. The review requires the systems and processes that comprise the Council's corporate governance arrangements to be brought together and reviewed.
7.	The key elements of this assurance gathering process comprise completion of an 'Assurance Framework' document together with 'AGS - Self Assessment Statements'. Both the documents cover the key processes and systems that comprise the Council's governance arrangements noting that the latter are completed by Heads of Service and signed off by the respective Executive Director.
8.	The draft AGS has been developed by the council's 'Controls Assurance Management Group' which comprises the Section 151 Officer, Chair of the Governance Committee (at the time), Monitoring Officer, Executive Director Business Operations and the Chief Internal Auditor. This Group reflects CIPFA/Solace guidance whereby "authorities should nominate an individual or group with appropriate knowledge, expertise and levels of seniority to evaluate the assurances and supporting evidence provided and draft the AGS".
9.	The format of the AGS is aligned with CIPFA/SOLACE guidance and is largely unchanged from the previous year which reflects that it is aligned with good practice and noting that the external auditors review the AGS for completeness of disclosures, consistency with other information from their work and whether it complies with relevant guidance. They did not identify any areas of concern and this was reflected in their 'Annual Audit Results Report for the year ended 31 March 2020'.
10.	It is a requirement that the AGS is current at the time of publication noting that for this year final approval of the Statement of Accounts is moved to 30th September 2021. The section in the draft AGS regarding the 'Impact of the Covid-19 Pandemic on Governance' will therefore need to be drafted later in the year in order to reflect the position at the time. The wording on the current

	version of the draft AGS reflects this and refers to the issues that will need to be considered.
11.	The draft AGS was presented and reviewed by the Executive Management Board on 14 th April 2021.
12.	The final draft AGS will be presented to the Governance Committee for approval at the meeting on 27 th September 2021. The AGS will then be required to be signed by both the Leader of the Council and the Chief Executive.
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, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 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>	
16.	None
RISK MANAGEMENT IMPLICATIONS	
17.	Failure to develop and publish an AGS would be non-compliance with the Accounts and Audit Regulations.
POLICY FRAMEWORK IMPLICATIONS	
18.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Draft Annual Governance Statement 2020-21
2.	2019-20 Annual Governance Statement – Action Plan
Documents In Members' Rooms	
1.	n/a
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.	n/a	