

DECISION-MAKER:	Governance Committee
SUBJECT:	Annual Governance Statement 2021-22
DATE OF DECISION:	25 th July 2022
REPORT OF:	COUNCILLOR LEGGETT CABINET MEMBER FOR FINANCE AND CHANGE

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director for Finance and Commercialisation and Section 151 Officer	
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STATEMENT OF CONFIDENTIALITY

Not applicable

BRIEF SUMMARY

The Accounts and Audit Regulations require that the Council develop and publish an Annual Governance Statement ('AGS'). The purpose of the 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 areas where there are significant gaps or where improvements are required.

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.

RECOMMENDATIONS:

(i)	To review and approve the draft 2021-22 AGS (Appendix 1);
(ii)	To note the 2020-21 AGS - Action Plan Status (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 AGS.
2.	This responsibility extends to receiving, reviewing, and approving the draft AGS prior to the document being presented to the Chief Executive and Leader of the Council for signing.

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.
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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 the assurance gathering process comprise completion of an 'Assurance Framework' document (based on Delivering Good Governance in Local Government Framework [CIPFA/Solace, 2016] Guidance Notes) together with 'Annual Governance - Self Assessment Statements'. 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. In respect of the latter, these are completed by Heads of Service with Executive Director sign off.
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 (at the time) 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.	Both the assurance gathering process and the format of the AGS remain largely unchanged from the previous year. This reflects that they are aligned with good practice and noting that the council's external auditors, Ernst & Young, review the AGS for 'completeness of disclosures, consistency with other information from their work and whether it complies with relevant guidance.' As per their 'Audit results report for the year ended 31 March 2021', presented to the Governance Committee at the October 2021 meeting, they did not identify any areas of concern.
10.	Although the AGS covers the period 1 st April 2021 to 31 st March 2022 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 not until September 2022. The draft AGS is therefore required to be reviewed periodically to ensure that it continues to reflect the current position noting that, in particular, the section referring to the 'Impact of the Covid-19 Pandemic on Governance' will be drafted in advance of the September meeting to reflect the position at the time.
11.	A draft AGS was presented and reviewed by the Executive Management Board on 13th April 2022 noting, however, that there have been some updates to the draft AGS since this date and these are highlighted in blue.

12.	The final draft AGS will be presented to the Governance Committee for approval at the meeting on 26th September 2022. 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.	Regulation 6 (1) of 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.	None
POLICY FRAMEWORK IMPLICATIONS	
18.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	Not applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Draft Annual Governance Statement 2021-22
2.	2020-21 Annual Governance Statement – Action Plan Status
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