

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	DRAFT ANNUAL GOVERNANCE STATEMENT 2022-23
DATE OF DECISION:	24th July 2023
REPORT OF:	EXECUTIVE DIRECTOR CORPORATE SERVICES

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director of Corporate Services	
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STATEMENT OF CONFIDENTIALITY
Not Applicable

BRIEF SUMMARY
<p>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.</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 2022-23 AGS (Appendix 1)
(ii)	To note the status of the agreed actions from the 2021-22 AGS (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
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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 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 self-assessment returns are subsequently analysed with an overall summary report then being shared with the Executive Management Board recognising that the process of preparing the governance statement should, itself, add value to the effectiveness of the corporate governance and internal control framework.
9.	The draft AGS has been developed by the council's 'Controls Assurance Management Group' which comprises the Executive Director for Corporate Services (Section 151 Officer), Chair of the Governance Committee (at the time), Director of Legal, Governance and HR (Monitoring Officer) 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".
10.	The assurance gathering process and the format of the AGS remain largely unchanged from the previous year. This reflects that it is 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 2022', presented to the

	Governance Committee at the April 2023 meeting, they did not identify any areas of concern.
11.	The draft 2022-23 AGS was presented and reviewed by the Executive Management Board on 25th April 2023.
12.	Although the AGS covers the period from 1st April to 31st March it is a requirement that the AGS is current at the time of publication. The draft AGS is therefore required to be reviewed periodically to ensure that it continues to reflect the current position up to the point that it is able to be signed off by the Leader of the Council and the Chief Executive, together with the SoA for the relevant period.
13.	It should be noted that the final draft 2021-22 AGS was presented to the Governance Committee at its meeting on 26 September 2022 and was subsequently signed off by the Leader of the Council and the Chief Executive. At that time, the audit of SoA for 2021-22 was substantially complete but will some final audit work still needed. Since September 2022, the audit of the SoA has not however been able to be completed, largely due to accounting issues beyond the control of the authority.
14.	The 2021-22 AGS therefore remains in draft and continues to be updated to ensure that it is current at the point that it is able to be signed off by the Leader of the Council and the Chief Executive together with the 2021-22 SoA.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
15.	None
<u>Property/Other</u>	
16.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
17.	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>	
18.	None
RISK MANAGEMENT IMPLICATIONS	
19.	None
POLICY FRAMEWORK IMPLICATIONS	
20.	None

KEY DECISION?	No
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WARDS/COMMUNITIES AFFECTED:		
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Draft Annual Governance Statement 2022-23	
2.	Summary of the status of the agreed actions from the 2021-22 AGS	

Documents In Members' Rooms

1.	n/a
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Equality Impact Assessment

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

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