

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	ANNUAL GOVERNANCE STATEMENT		
DATE OF DECISION:	13 th FEBRARY 2017		
REPORT OF:	CHIEF FINANCIAL OFFICER		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
In accordance with the Accounts and Audit Regulations the Council is required to develop and publish an Annual Governance Statement ('AGS'). The AGS reports on the extent to which the Council has complied with its Code of Corporate Governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.			
RECOMMENDATIONS:			
	(i)	To note and approve the assurance gathering process to support the development of the 2016-17 Annual Governance Statement (Appendix 1);	
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.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	No alternative options have been considered		
DETAIL (Including consultation carried out)			
3.	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.		
4.	The purpose of the AGS, which is published with the statement of accounts, 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.		

5.	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.
6.	In May 2016 CIPFA/Solace published a new 'Delivering Good Governance in Local Government: Framework' which applies to annual governance statements prepared for the financial year 2016/17 onwards. The format and content of the new Framework is broadly similar to its predecessor with guidance notes intended to assist authorities in reviewing and testing their governance arrangements against the principles for good governance. The guidance notes do however state that "it is not intended that these guidance notes are in any way prescriptive – all authorities are encouraged to consider carefully the content of the Framework and to use it in a way that best reflects their structure, type, functions and size".
7.	The format and content of the 'assurance gathering process' has been reviewed and updated in order to take account of the new CIPFA/Solace guidance. The overall process does however remain largely unchanged from the previous year on the basis that it is considered to be aligned with good practice.
8.	The key elements of the assurance gathering process comprise completion of the updated 'Assurance Framework' document together with 'Annual Governance - Self Assessment Statement' that is required to be completed by each Service Director. Both the 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.	It should also be noted that the council's external auditors, Ernst & Young, are required to "consider the completeness of disclosures in the Council's AGS, identify any inconsistencies with the other information which we know about from our work, and consider whether it complies with relevant guidance". In their 'Annual Audit Letter for the year ended 31 March 2016' they state that "We completed this work and did not identify any areas of concern".
10.	<p>The new guidance CIPFA/Solace guidance confirms that authorities should nominate an individual or group of individuals within the authority who have appropriate knowledge and 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 set out in the Framework; • 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.

11.	The Council has In place a 'Controls Assurance Management Group' (comprising the Section 151 Officer, Chair of the Governance Committee, Monitoring Officer, Chief Strategy Officer and Chief Internal Auditor) which is responsible for evaluating the assurances and supporting evidence provided, and for drafting the AGS.	
12.	The draft AGS will be presented to the Governance Committee for review and approval prior to being forwarded to the Chief Executive and Leader of the Council for signing.	
RESOURCE IMPLICATIONS		
<u>Capital/Revenue</u>		
13.	N/A	
<u>Property/Other</u>		
14.	N/A	
LEGAL IMPLICATIONS		
<u>Statutory power to undertake proposals in the report:</u>		
15.	The Accounts and Audit (England) Regulations 2015 which 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	
POLICY FRAMEWORK IMPLICATIONS		
17.	None	
KEY DECISION?		No
WARDS/COMMUNITIES AFFECTED:		N/A
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	AGS 2016-17 : Process and timelines	
Documents In Members' Rooms		
1.	N/A	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.		No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact		No

Assessment (PIA) to be carried out.		
Other Background Documents Equality Impact Assessment and 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.		