

ITEM NO: 13

DECISION-MAKER:	AUDIT COMMITTEE		
SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2008-09		
DATE OF DECISION:	24 TH JUNE 2009		
REPORT OF:	Carolyn Williamson – Executive Director of Resources		
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

In accordance with the Accounts and Audit Regulations the Council is required to develop and publish an Annual Governance Statement ('AGS'). The AGS is a key corporate document and should provide an accurate representation of the corporate governance arrangements in place during the year and highlight those areas where gaps or improvements are required.

An important part of the process in respect of the development of a robust AGS is for the Audit Committee to review and approve the draft AGS and recommend its acceptance to the Standards and Governance Committee prior to the document being forwarded to the Chief Executive and Leader of the Council for signing.

RECOMMENDATIONS:

The Audit Committee is asked to:-

- (i) Review the draft AGS (Appendix 1) together with sources of assurance upon which the statement is based to confirm that the statement is meaningful and that the system of internal control has operated effectively throughout the reporting period;
- (ii) Approve the draft AGS and recommend its acceptance to the Standards and Governance Committee;
- (iii) Note the content of the 2007-08 AGS: Action Plan Status document (Appendix 2).

REASONS FOR REPORT RECOMMENDATIONS

1. The Audit Committee has responsibility to provide independent assurance to the Standards and Governance Committee 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. This responsibility extends to receiving and reviewing the draft AGS, and where necessary challenging the sources of assurance, prior to the draft document being reported to

Standards and Governance Committee for approval.

CONSULTATION

3. The AGS has been developed by the Council's 'Controls Assurance Management Group' and the draft statement has been referred to both the Resources Board (which has specific responsibility to 'focus upon Identify and monitor the Council's controls assurance framework and provide evidence, based on sources of internal and external assurance and a controls self assessment process, to support the preparation of the AGS) and the Chief Officers Management Team for review and comment.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. No alternative options have been considered.

DETAIL

5. The 'assurance gathering process' developed to support the 2008-09 AGS was based on the process used developed to support the 2007-08 AGS. There were no significant changes on the basis that it is considered that the current process is robust and noting the Audit Commission's observations that the council's Annual Governance Statement for 2007/08:-
 - complied with CIPFA requirements
 - was consistent with our knowledge gained from work on the financial statements and our Use of Resources assessment;
 - was consistent with information contained within minutes of council meetings and from council meetings that we attended; and
 - was consistent with our cumulative audit knowledge of the Council.
6. The purpose of the AGS is to provide an accurate representation of the corporate governance arrangements in place during the year and to identify or highlight those areas where gaps or improvements are required.
7. The review of the effectiveness of the Council's overall corporate governance arrangements requires the sources of assurance, which the council relies on, to be brought together and reviewed with any gaps or weaknesses being disclosed within the AGS.
8. Overall assurance on the adequacy and effectiveness of the overall governance framework was sought from the following sources: Internal Audit, External Audit, Risk Management, Legal and Regulatory Assurance, Assurances provided by Executive Directors (via a 'Controls Assurance Self Assessment Questionnaire'), Performance Management and external inspection or review and reports. The foregoing sources of assurance are underpinned by a range of corporate policies and procedures. In addition, a 'Controls Assurance Framework' document (developed in accordance with CIPFA guidance) which identifies and brings together the various elements of the overall 'assurance framework' and comments on any gaps was

completed and considered.

9. At the centre of the review process is the 'Controls Assurance Management Group' which comprises the Section 151 Officer, Monitoring Officer, Chief Internal Auditor, Chair of the Audit Committee and the Head of Corporate Policy and Performance. This Group is responsible for drawing together, evaluating and, where necessary, challenging the sources of assurance and supporting evidence in addition to drafting the AGS. The 'Controls Assurance Management Group' has specific responsibility to monitor and review progress of any agreed actions arising from the AGS throughout the year.
10. The '2007-08 AGS: Action Plan Status document' summarises the status of the actions that were required to address the 'identified weaknesses' disclosed in the previous year's statement.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

11. NONE

Revenue

12. NONE

Property

13. No specific property implications have been identified in this report.

Other

14. NONE

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. The Audit Commission Act 1998 and the Accounts and Audit Regulations 2003 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

Other Legal Implications:

16. NONE

POLICY FRAMEWORK IMPLICATIONS

17. NONE

SUPPORTING DOCUMENTATION

Appendices

1.	Draft Annual Governance Statement 2008-09
2.	2007-08 AGS: Action Plan Status document

Documents In Members' Rooms

1.	NONE
2.	

Background Documents

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.		
2.		

Background documents available for inspection at: Internal Audit, Risk and Assurance Office, North Block Basement, Civic Centre

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FORWARD PLAN No: N/A

KEY DECISION?

N/A

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WARDS/COMMUNITIES AFFECTED:

NOT APPLICABLE
