

<b>DECISION-MAKER:</b>	STANDARDS AND GOVERNANCE COMMITTEE		
<b>SUBJECT:</b>	ANNUAL GOVERNANCE STATEMENT 2009-10		
<b>DATE OF DECISION:</b>	24 JUNE 2010		
<b>REPORT OF:</b>	EXECUTIVE DIRECTOR OF RESOURCES		
<b>AUTHOR:</b>	Name:	Peter Rogers	Tel: 023 8083 2835
	E-mail:	peter.rogers@southampton.gov.uk	

#### **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.

The Audit Committee is responsible for critically reviewing the AGS and its supporting documentation prior to recommending its acceptance to the Standards and Governance Committee. An important part of the process is for the Standards and Governance Committee to formally approve the draft AGS prior to the document being forwarded to the Chief Executive and Leader of the Council for signing.

#### **RECOMMENDATIONS:**

That the Standards and Governance Committee approve the draft "AGS" (Appendix 1) as recommended by the Audit Committee.

#### **REASONS FOR REPORT RECOMMENDATIONS**

1. The Standards and Governance Committee is responsible for leading on all aspects of Corporate Governance by promoting the values of putting people first, valuing public service and creating a norm of the highest standards of personal conduct.
2. 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 AGS. This responsibility extends to receiving and reviewing the draft AGS 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 prior to the draft document being reported to Standards and Governance Committee for

approval. Standards and Governance Committee is responsible for leading on Corporate Governance with the Audit Committee forming part of the overall Corporate Governance process.

3. The Audit Committee has responsibility for oversight of and provision of 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 AGS.
4. The draft AGS has been presented to the Audit committee for review and there will be a verbal update of the Audit Committee's views.

#### **CONSULTATION**

5. The AGS has been referred to both the Policy Co-ordinators Team (who have responsibility to support the preparation of the AGS) and the Chief Officers Management Team for review and comment prior to being reported to the Audit Committee.

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

6. No alternative options have been considered.

#### **DETAIL**

7. Regulation 4 (2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment)(England) Regulations 2006, requires local authorities 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'.
8. 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 there are significant gaps or where improvements are required.
9. 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 with any significant gaps in assurance or areas for improvement being recorded and disclosed within the AGS.
10. The 'assurance gathering process' to support development of the 2009-10 AGS was based on the process used to develop the 2008-09 AGS. No significant changes were deemed necessary on the basis that it is considered that the current process is robust and noting the Audit Commission's observations that the Council has developed a "good quality Annual Governance Statement".
11. Although the AGS is published with the authority's financial statements it is concerned with the overall corporate governance arrangements and is not confined to financial issues. Overall assurance on the adequacy and effectiveness of controls over key risks is sought from Internal Audit, External Audit, Risk Management, Assurances provided by Executive Directors, Performance Management and external inspection or review and reports.

The foregoing sources of assurance are underpinned by the overall internal control framework which comprises the Council's policies, procedures and governance arrangements.

12. A 'Controls Assurance Management Group' comprising the Section 151 Officer, Monitoring Officer, Assistant Chief Executive (Strategy), Chief Internal Auditor and the Chair of the Audit Committee is responsible for drawing together, evaluating and, where necessary, challenging the sources of assurance and supporting evidence in addition to drafting the AGS. This group also has responsibility to monitor and review progress of any agreed actions arising from the AGS throughout the year.
13. The 2009-10 AGS also includes a status report regarding the actions taken to address the 'significant governance issues' disclosed in the 2008-09 AGS.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

14. None

### **Revenue**

15. None

### **Property**

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

### **Other**

17. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

18. 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:**

19. None

## **POLICY FRAMEWORK IMPLICATIONS**

20. None

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Draft Annual Governance Statement 2009-10
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**Documents In Members' Rooms**

1.	None
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**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.	None	
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**Background documents available for inspection at:** Internal Audit Office, North Block  
Basement, Civic Centre

E-mail: [peter.rogers@southampton.gov.uk](mailto:peter.rogers@southampton.gov.uk)

**FORWARD PLAN No:** N/A

**KEY DECISION?**

**N/A**

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**WARDS/COMMUNITIES AFFECTED:**

NOT APPLICABLE