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|  | <p style="text-align: center;">Audit Committee Wednesday 29th September 2010</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p> |
| For Action | Wards Affected: ALL |
| <p style="text-align: center;">Report Title: STATEMENT OF ACCOUNTS 2009/10 ANNUAL GOVERNANCE REPORT</p> | |

Forward Plan Ref:

1.0 Summary

- 1.1 Under the Council's Constitution, the General Purposes Committee has responsibility for approving the accounts, which it did on 29th June 2010. The Audit Committee, however, has responsibility for reviewing the annual statement of accounts to ensure that appropriate accounting policies have been followed and, where required, that concerns arising from the financial statements or from the audit are brought to the attention of the Council.
- 1.2 The basis for this consideration is the Annual Governance Report which the Council's external auditors, the Audit Commission, produce following completion of the audit of accounts. The report is intended to identify any unadjusted mis-statements or material weaknesses in controls identified during the audit work.
- 1.3 A separate Annual Governance Report has been produced for the Pension Fund accounts. This will be considered by the Pension Fund Sub-Committee at its meeting on 28th September and any comments from that Sub-Committee will be reported to this Committee. However the responsibility for formally responding to the issues arising from the audit of the Pension Fund accounts rests with this Committee.
- 1.4 The Audit Commission are in the process of completing the audit of the 2009/10 accounts and the draft Annual Governance Reports, reflecting the current position, are attached to this report. Representatives from the Audit Commission will attend the meeting to provide an update on the audit and respond to any matters raised by the Committee.

2.0 Recommendations

The Committee is asked to:

- 2.1 Consider the Annual Governance Reports from the Audit Commission and the letters of representation to the Audit Commission
- 2.2 Consider the accounting policies that have been followed and decide whether any issues arising from the financial statements and the audit need to be brought to the attention of Full Council.

3.0 Detail

- 3.1 From the 2002/03 financial year onwards auditors were required to produce a report notifying members of any unadjusted mis-statements or material weaknesses in controls identified during their audit work. This requirement was partly prompted by the strengthening of accounting and audit standards after the “Enron Affair”. The aim was to ensure transparency of process to those with a responsibility for the accounts.
- 3.2 The Audit Committee is responsible for examining the external auditors’ report on issues arising from the audit of the accounts. Its role is to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the audit that need to be brought to the attention of the Council.
- 3.3 Members should note that each year there is a statutory 20 day period for public inspection of the accounts. The public can inspect and make copies of the accounts and all books, deeds, contracts, bills, vouchers and receipts related to them. This excludes personal information such as staff salaries. The 20 days for public inspection of the 2009/10 accounts were from 29th July to 25th August 2010 inclusive.
- 3.4 At the time of writing this report the Audit Commission has substantially completed its audit of the accounts. The draft Annual Governance Reports provide key messages from the audit, including:
 - Opinion on the financial statements
 - Adjustments to the draft accounts
 - Internal control issues
 - Recommendations for future improvements
- 3.5 In addition, each year the Council sends a letter of representation to the external auditor about the annual accounts. Draft letters are included in the attached reports.
- 3.6 General Purposes Committee approved Brent’s 2009/10 accounts on 29th June 2010. There have been a few changes to the accounts during the audit process, as set out in the Annual Governance Reports. The revised accounts

will be circulated to the Committee when they have been finalised with the Audit Commission.

4.0 Financial Implications

- 4.1 There have been some adjustments to the Statement of Accounts during the course of the audit but for the most part these are changes to balance sheet items and notes to the accounts which have no impact the Council's overall financial position or level of available reserves. The Audit Commission will send the Council its audit opinion after the conclusion of this Committee.

5.0 Legal Implications

- 5.1 No specific implications.

6.0 Diversity Implications

- 6.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

7.0 Staffing Implications

- 7.1 No specific implications.

8.0 Background Information

- 8.1 Draft 2009/10 Statement of Accounts, General Purposes Committee, 29th June 2010.

9.0 Contact Officer

Any person wishing to inspect these documents should contact Max Gray, Finance and Corporate Resources, Room 107, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1464.

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