



## Audit Committee

15 June 2011

### Report from the Director of Finance and Corporate Services

For Action

Wards affected:  
ALL

## Annual Governance Statement

### 1 Summary

- 1.1 This report sets out the proposed Annual Governance Statement for inclusion in the council's accounts for 2010/11 as required by the Accounts and Audit Regulations 2003 (as amended).

### 2 Recommendations

- 2.1 The Audit Committee approve the content of the Annual Governance Statement as set out in appendix 1.

### 3 Detail

- 3.1 The requirement for an annual review of governance is set out in the CIPFA/SOLACE framework<sup>1</sup> and the Audit Committee has a key role to play in assessing the adequacy of governance across the council and the validity of the Annual Governance Statement (AGS)
- 3.2 The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is contained in part 7 of the council's Constitution<sup>5</sup>. The AGS explains how the council has complied with this code.
- 3.3 The AGS has been informed by a corporate governance review which relied upon already existing documentation and information from various sources across the council. These sources include performance information, risk management, Borough Solicitor, Service Directors, Director of Finance and Corporate Resources, Internal Audit, External Audit, Inspectorates and partners.

3.4 The AGS contains the council's corporate governance action plan. This plan was first developed in October 2003 and has been refreshed annually.

## **4 Financial Implications**

4.1 None

## **5 Legal Implications**

5.1 Regulation 4(2) of the Accounts and Audit Regulations 2003<sup>2</sup> (as amended 2006<sup>3</sup>) requires the Council to review its system of internal control and Regulation 4(3) requires the preparation of a statement on that review in accordance with "proper practice".

5.2 On 18<sup>th</sup> August 2006 the Department for Communities and Local Government issued further guidance to clarify what they deemed as "proper practice". Section 7 of circular 03/2006<sup>4</sup> stated that "proper practice" in relation to internal control relates to guidance contained in the following documentation:

- Statement on Internal Control in Local Government: meeting the requirements of the Accounts and Audit Regulations 2003, published by CIPFA in 2004
- Corporate Governance in Local Government: A Keystone for Community Governance (Framework and Guidance Note), produced by CIPFA/SOLACE in 2001 (recently updated)

5.3 Circular 03/2006 cleared the way for the annual governance statement (originally intended as part of the 2001 framework) to be assigned proper practice status and, therefore, have statutory backing.

5.4 CIPFA also confirmed that such status was assigned to the annual governance statement from 1<sup>st</sup> April 2007. This means that it formally replaced its proper practice association with the Statement on Internal Control with effect from the 2007/8 reporting year.

## **6 Diversity Implications**

6.1 None

## **7 Background Papers**

1. Report from the Director of Finance and Corporate Resources to the Audit Committee 18<sup>th</sup> December 2007. *New CIPFA / SOLACE Corporate Governance Arrangements*
2. Accounts and Audit Regulations 2003
3. Accounts and Audit (Amendment) (England) Regulations 2006
4. Department of Communities and Local Government (2006). *Guidance on the Accounts and Audit regulations 2003*

5. London Borough of Brent (2010). *Constitution*.  
<http://www.brent.gov.uk/constitution.nsf/>

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