



Audit Committee
22 September 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 revised 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 Audit Committee has already approved a draft version of the AGS at its meeting on 15th June 2011¹. At that meeting, some amendments to the draft were discussed. In addition, the Audit Commission require that all parts of the council's group accounts to be covered by the AGS and, therefore, specific reference is now made to Brent Housing Partnership within the AGS.
- 3.2 The key change is the addition of a paragraph under "Significant Governance Issues" concerning the move to a single accounting system. This is contained on page 29 of appendix 1. There are no other significant changes.

4 Financial Implications

- 4.1 None

5 Legal Implications

- 5.1 Regulation 4(2) of the Accounts and Audit Regulations 2003² (as amended 2006³) 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 18th August 2006 the Department for Communities and Local Government issued further guidance to clarify what they deemed as “proper practice”. Section 7 of circular 03/2006⁴ 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 1st 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 15th June 2011. *Annual Governance Statement*

8 Contact Officer Details

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CLIVE HEAPHY
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