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| <br><b>Brent</b> | <b>Audit and Standards Advisory Committee</b><br>26 July 2018 |
|   | <b>Report from the Chief Finance Officer</b>                  |
| <b>Cover Report: Draft 2017/18 Annual Governance Statement</b>                                    |   |

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| <b>Wards Affected:</b>  | All  |
| <b>Key or Non-Key Decision:</b>   | Non-Key  |
| <b>Open or Part/Fully Exempt:</b><br><small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open   |
| <b>No. of Appendices:</b>   | One:<br>• Brent Council Annual Governance Statement 2017/18  |
| <b>Background Papers:</b>   | N/A  |
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## 1.0 Purpose of the Report

- 1.1. This report sets out the draft Annual Governance Statement (AGS) for 2017/18 as required by the Accounts and Audit Regulations 2015.

## 2.0 Recommendation

- 2.1 The Audit and Standards Advisory Committee is asked to consider approving the AGS as set out in Appendix 1.

## 3.0 Detail

- 3.1 The Council is required to prepare an Annual Governance Statement and have it approved by the relevant Committee. The statement must be signed prior to the signing of the accounts. The statement must be signed by the Chief Executive and Leader of the Council.
- 3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) produced a refreshed framework document in 2016 setting out how local authorities could comply with the requirements to conduct a review and produce the Annual Governance Statement.

- 3.3 The guidance determines that the Annual Governance Statement should “provide a meaningful but brief communication regarding the review of governance that has taken place, including the role of governance structures involved....It should be high level, strategic and written in an open and readable style.”
- 3.4 The seven core governance principles, applicable from 2016/17, are as follows:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - B. Ensuring openness and comprehensive stakeholder engagement
  - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
  - D. Determining the interventions necessary to optimise the achievement of the intended outcomes
  - E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it
  - F. Managing risks and performance through robust internal control and strong public financial management
  - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 3.6 The review of effectiveness is an ongoing process involving officers responsible for key elements of the governance framework as well as members of the Corporate Governance Group, who throughout the year have oversight of governance related issues.
- 3.7 The final part of the statement covers significant governance issues relating to 2017/18 as well as updates on any from prior years. There are no significant governance issues and no prior issues remain open.
- 3.8 There is some evidence of incidents and issues which are indicative of risks not having been properly identified, assessed and escalated to the appropriate levels of management. While these individual instances are considered post-event for opportunities to improve controls and learn from mistakes, there is scope to improve the risk framework to increase the likelihood of prevention or appropriate mitigation.
- 3.9 The following factors should be considered in determining significant issues:
- The issue has seriously prejudiced or prevented the achievement of a principal objective;
  - The need to seek additional funding or divert funding to resolve the issue;
  - The issue has had a material impact on the accounts;
  - The issue has attracted significant public interest or has damaged the reputation of the organisation, or
  - The issue has resulted in formal action being taken by a Statutory Officer.

#### **4.0 Financial Implications**

4.1 None

#### **5.0 Legal Implications**

5.1 The Accounts and Audit Regulations 2015 require the Council to prepare an

annual governance statement and have this reviewed by a committee.

## **6.0 Equality Implications**

6.1 None

**Report sign off:**

**CONRAD HALL**  
Chief Finance Officer