



Haringey Council

Agenda Item

General Purposes Committee

On 11 September 2007

Report title: **Annual Governance Report – to consider the statutory report of the Audit Commission**

Report of: **Acting Director of Finance**

Ward(s) affected: All

Report for: Decision

1. Purpose

1.1 To present the statutory Annual Governance Report of the Audit Commission which reports on their annual audit of the Council's statutory accounts, Value for Money and other relevant information.

2. Recommendations

- 2.1 That the Committee note the contents of this report and any further verbal updates given at the meeting, along with any actions proposed that arise from the statutory report of the Audit Commission.
- 2.2 That delegated authority is given to the Acting Director of Finance, in consultation with the Chair of this Committee, to agree any final issues with the Audit Commission that arise after this report date, in order to ensure the sign-off of the accounts occurs by the 30th September 2007 as is required.

Report authorised by: Julie Parker –Director of Corporate Resources

**Contact officer: Graham Oliver – Head of Finance –Accounting and Control
Telephone 020 8489 3725**

3. Executive Summary

3.1 The statutory report of the Audit Commission on certain matters relating to the Council's governance responsibilities needs to be considered before a final opinion of the Council's financial statements for 2006/07 is given and a concluding statement on the Council's arrangements for securing economy, effectiveness and efficiency in the use of resources. The actions proposed arising from the report are detailed.

4. Reasons for any change in policy or for new policy development (if applicable)

4.1 None.

5. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Report of Director of Finance to General Purposes Committee on 28 June 2006 – Statement of Accounts 2006/07.

6. Background

- 6.1 The purpose of this report is for the Audit Commission to present certain matters relating to their audit of the Council's financial statements 2006/07 and their review of the Council's use of resources. This reporting requirement is in accordance with the Audit Commission's statutory Code of Practice for Local Government bodies. It requires auditors to report to those charged with governance before the audit of the accounts is finalised.
- 6.2 The attached report from the Audit Commission sets out the findings of the auditors so far under various headings.
- 6.3 We have worked closely with the Audit Commission to improve our 2006/07 accounts which has included a jointly agreed action plan, arising from the 2005/06 audit, training sessions to finance staff to ensure improvements in the accounts closure process and working closer together throughout the accounts closure period, and the audit process, to ensure a smooth and efficient audit.
- 6.4 Over the past few years considerable efforts have been made to ensure that any items reported to this Committee by the auditors have been rectified and

no new items appearing, whilst also adhering to the tighter closing deadlines for each of the past three years.

6.5 For 2006/07 the report from the Audit Commission also includes comments on the Council's Use of Resources and a conclusion on whether the Councils has adequate arrangements for delivering value for money.

6.6 For 2006/07 there are no significant items being reported on by the Audit Commission.

7. Annual Governance Report

7.1.1 The detailed Annual Governance report from the Audit Commission is attached.

7.1.2 Due to the audit of the accounts still being ongoing the Audit Commission are not in a position to specifically provide any action plan from the audit or detail any amendments. A verbal update will be given at the meeting to bring members of this committee up to date on progress made in between this report and the meeting.

7.1.3 Once the audit has been concluded, and any comments and recommendations from the auditors have been received, these will be reviewed and an action plan drawn up. This will be reported back to this committee at a later date.

8. Next Steps

8.1 Following on from the conclusion of the audit, and issuing of any comments, observations or recommendations, the Audit Commission will ask for a written response to the comments made from the Acting Director of Finance. The Acting Director of Finance will respond, in consultation with the Chair of this committee.

8.2 The Audit Commission is required to give their opinion on the accounts by 30 September so any outstanding work on the audit needs to be completed before then.

8.3 The Acting Director of Finance is required to sign a letter of representation to acknowledge the responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. A proposed Audit Commission draft of this letter is contained in appendix 6 of their report.

8.4 The Audit and Inspection Letter needs to be completed and agreed with officers and the Leader of the Council by 31 January. It should then be made available to all Councillors and reported to an appropriate Member meeting. The final letter will contain references to the final opinion and a summary of the Annual Governance report issues.

9. Financial Implications

- 9.1 There are no direct financial implications arising from the recommendations in this report; however, any adjustments to the accounts that may be required as a result of this process will be taken into account in the future financial planning process.

10. Recommendations

- 10.1 That the Committee note the contents of this report and any further verbal updates given at the meeting, along with any actions proposed that arise from the statutory report of the Audit Commission.
- 10.2 That delegated authority is given to the Chair of this committee and the Acting Director of Finance to agree any final issues with the Audit Commission that arise after this report date, in order to ensure the sign-off of the accounts occurs by the 30th September 2007.

11. Head of Legal Services comments

- 11.1 The report reflects the legal requirements relating to the sign off of the Council's accounts by the 30 September deadline.
- 11.2 Any delegated authority to agree final issues with the Audit Commission must legally be granted to an officer although it is appropriate for the Chair to be consulted.