

**REPORT FOR: GOVERNANCE, AUDIT  
AND RISK  
MANAGEMENT  
COMMITTEE**

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**Date of Meeting:** 29 November 2010

**Subject:** INFORMATION REPORT – Accounts  
and Governance Update Report

**Responsible Officer:** Myfanwy Barrett, Corporate Director of  
Finance

**Exempt:** No

**Enclosures:** None

## **Section 1 – Summary**

This report provides an update on signing the 2009-10 accounts and governance for Harrow Council required to meet the requirements of CIPFA/SOLACE guidance and good corporate governance.

**FOR INFORMATION**

## **Section 2 – Report**

- 2.1 At the GARMC meeting on Tuesday 28 September the final accounts for both the Council and the Pension Fund were approved, and the Council's external auditor confirmed that, subject to finalising one or two minor points, he was ready to sign.
- 2.2 During the meeting reference was made to an investigation in relation to the management and control of certain capital projects.
- 2.3 After the meeting the Auditor decided to defer signing the Council's accounts due to uncertainty as to whether the investigation had any bearing on the 2009-10 statements. The Pension Fund accounts were signed off as planned.
- 2.4 Throughout October, whilst the investigation progressed, there was ongoing debate with the auditor and information was provided as and when it became available. As the accounting issues were clarified, the debate increasingly focused on the internal control environment.
- 2.5 Arising from this debate, an adjustment was made to the Annual Governance Statement as follows:

“The management assurance exercise identified a weakness in relation to project management and this was factored into the detailed action plans. However, since the exercise was completed it has become clear that there is a more serious weakness in relation to the management and control of certain capital projects. In order to address this situation a management investigation has been commissioned and corrective measures are being put in place in the meantime. The investigation will result in a number of recommendations to improve project management, internal control and monitoring in relation to the capital programme. These recommendations will be added to the AGS Action Plan and progress will be monitored by the Corporate Governance Group and the Corporate Strategic Board.”
- 2.6 Towards the end of October, the auditor concluded that the investigation had no material impact on the 2009-10 accounts and that the financial statements were correct. No changes were made to the figures in the accounts. The Auditor did, however, qualify his value for money conclusion on internal control in relation to this specific matter.
- 2.7 The 2009-10 Accounts, including the Annual Governance Statement, were duly signed on Thursday 28 October. This exceeded the statutory deadline, however, there will be no formal action as a result of the delay.
- 2.8 A detailed note, with a copy of the final accounts, was circulated to all members of the Committee by email on 9 November.

- 2.9 A report on the outcome of the capital investigation will be submitted to Cabinet in December and subsequently to GARMC.
- 2.10 At its meeting in June 2010 the GARMC approved the 2010/11 Internal Audit annual audit plan developed from the review of the Corporate Strategic Risk/Opportunities Register, the Corporate Operational Risk Register, the governance framework, taking into account cumulative audit knowledge and input from managers. The plan included a review of the Capital Programme (linked to Strategic Risk 2) to cover the adequacy/robustness of policy and procedures, in particular management and control, in place and compliance with the Prudential Code. This review was due to start in September 2010 but has been delayed due to the on-going investigation.

### **Section 3 – Further Information**

2.2 None.

### **Section 4 – Financial Implications**

2.5 None.

### **Section 5 – Corporate Priorities**

2.6 Good governance impacts on and is imperative for the success of all corporate priorities:

- Deliver cleaner and safer streets
- Improve support for vulnerable people
- Build stronger communities

Name: Myfanwy Barrett



Chief Financial Officer

Date: 18 November 2010

### **Section 6 - Contact Details and Background Papers**

**Contact:** Susan Dixson, Service Manager, Internal Audit  
Tel: 020 8424 1420

**Background Papers:** None