

REPORT TO: Audit Committee	DATE 14th January 2013	CLASSIFICATION Unrestricted	REPORT NO.	AGENDA NO.
REPORT OF: Corporate Director, Resources		Annual Governance Statement for the 2011/12 Accounts Update		
ORIGINATING OFFICER(S): Head of Risk Management and Audit		Ward(s) Affected: N/A		

1. Summary

- 1.1 This report updates the Audit Committee of the progress made in dealing with the significant issue identified within the annual governance statement presented to the Audit Committee in September 2012.

2. Recommendation

- 2.1 The Audit Committee is asked to note the action in dealing with the issues raised on the annual governance statement in September 2012.

LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D
LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"

Name and telephone number of holder
And address where open to inspection

N/A

Minesh Jani, 0207 364 0738

3. Background

3.1 The Accounts and Audit Regulations 2003 and its subsequent amendment by regulation 4(2) in 2006 require the Council to conduct a review, at least annually of the effectiveness of its governance arrangements and to publish an Annual Governance Statement (AGS) with the annual financial statements. The Statement of Recommended Practice requires the AGS to be approved by the committee approving the accounts, which at Tower Hamlets is the Audit Committee.

3.2 The table appended to this report outlines the governance issue raised on the AGS, the agreed action and progress to date.

4. Comments of the Chief Financial Officer

4.1 The comments of the Chief Financial Officer are contained within the report of which he is the author.

5. Concurrent Report of the Assistant Chief Executive (Legal Services)

5.1 The Council is required under the Accounts and Audit Regulations 2003 to ensure adequate and effective financial management and a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. This must be reviewed at least once each year and a report provided to committee, which must approve a statement on internal control. It is consistent with the maintenance of a sound system of internal control, that the Council should produce an Annual Governance Statement and monitor performance against that.

5.2 The Council's Constitution provides that it is the function of the audit committee to be satisfied that the annual governance statement properly reflects the risk environment and any actions required to improve it. It is entirely proper that the audit committee should receive reports on progress against issues identified in the statement.

6. One Tower Hamlets Considerations

6.1 This progress update on significant issues from the Annual Governance Statement on 2011/12 Financial Year should allow the Audit Committee to focus on management action taken to date to improve risk management and control in order to provide strong leadership and inclusive services.

7. Anti-Poverty Considerations

7.1 There are no specific Anti-Poverty issues arising from this report.

8. Risk Management Implications

8.1. The progress update on significant governance issues should provide assurance to members that key risks associated with progressing these issues are being addressed and managed.

9. Sustainable Action for a Greener Environment (SAGE)

9.1 There are no specific SAGE implications.