

Report to: **Audit and Best Value Scrutiny Committee**

Date: **29 November 2006**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Review of Annual Governance Report and Corporate Assurance Statement for 2005-06**

Purpose of report: **For the Committee to review the Audit Commission's Annual Governance report and the Corporate Assurance Statement in line with the responsibilities set out in its terms of reference.**

RECOMMENDATIONS

The Committee is asked to:

- (i) note the report and its appendices;**
- (ii) confirm whether there are any issues arising from the Audit Commission's Annual Governance Report and the corporate assurance statement that this Committee wishes to report to the County Council**

1. Financial Appraisal

1.1 There are no direct financial implications arising from this report

2. Supporting Information

2.1 Under its recently revised terms of reference, it is the role of this Committee to:

- To review the Council's assurance statements, including the Statement of Internal Control (SIC), ensuring that they properly reflect the risk environment, and any actions required to improve it;
- To review the annual statement of accounts and the external auditor's report to those charged with governance.

It is the role of the Governance Committee to approve the Council's corporate assurance statement (which meets the requirements for the SIC) and the Statement of Accounts, having considered whether appropriate accounting policies have been followed and any issues raised by the external auditor from the audit of the accounts.

2.2 These responsibilities have only recently been approved by this Committee and subsequently Governance Committee and the County Council, and the timing of meetings in relation to the final accounts / audit process, which in itself has been brought forward by a month this year, have not been ideal. Both the Annual Governance Report and the Statement of Accounts are due to be approved by Governance Committee on 26 September. For these reasons this will be treated as a

transitional year with this Committee carrying out a limited review of the Governance Report and the corporate assurance statement. Consideration will be given to the process to be adopted for the 2006/07 Accounts, in consultation with the Chairman, in due course.

2.3 The Audit Commission's Annual Governance Report is attached as appendix A along with the covering report under which they were taken to Governance Committee for approval on 26 September 2006 (copies of the Statement of Accounts can be provided on request). Members will note that this is the first year that the Commission have presented their report to those charged with governance in this format and also that the statutory target date for the approval of the accounts has been brought forward by a month to 30 September. In reviewing these documents Members should consider whether there are any matters arising from the Commission's Annual Governance Report that they wish to raise.

2.4 The Council publishes its corporate assurance statement which meets the requirements of the SIC as part of the statement of accounts. It is also reported separately to Governance Committee as part of the Monitoring Officer's Annual Assessment of the Corporate Governance Framework which is attached as appendix B. In reviewing the corporate assurance statement and the Monitoring Officers report, Members should consider whether they properly reflect the Council's risk environment, and whether the improvements set out in the action plan address any weaknesses identified in the Council's governance arrangements.

SEAN NOLAN

Deputy Chief Executive and Director of Corporate Resources

Contact Officer Duncan Savage, 01273 482330

Background documents : none

Report to: **Governance Committee**

Date: **26 September 2006**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **District Auditor's Annual Governance Report and Statement of Accounts 2005/06**

Purpose of report: **To present the new Annual Governance Report, and to report an expected unqualified opinion on the 2005/06 Statement of Accounts**

RECOMMENDATIONS

To:

- (1) Note the District Auditor's Annual Governance Report**
 - (2) Authorise the Deputy Chief Executive and Director of Corporate Resources to sign the formal Letter of Representation to the Audit Commission**
 - (2) Approve the Statement of Accounts for publication**
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1. Financial Appraisal

1.1 There are no additional cost implications arising from this report.

2. Annual Governance Report

3.1 Changes in international auditing standards have resulted in changes to the way in which the Audit Commission reports to its clients. It is now obliged to produce an Annual Governance Report which formally reports on the outcome of the audit of the financial statements, and also upon the County Council's value for money element of Use of Resources. The report also requires publication of more detailed points which in the past were treated as routine technical matters between officers and the auditors. As it happens, on this occasion there are few such points. The report also reviews the County Council's work in planning primary school places.

3.2 The Audit Commission plans to produce a Relationship Manager Letter in March 2007: this replaces and expands upon the Annual Audit and Inspection Letter produced in previous years.

3. Changes to Statement of Accounts

2.1 The Governance Committee formally approved the draft Statement of Accounts at its meeting on 29 June, in line with the Accounts and Audit Regulations 2003. Since then the audit has been in progress, and now awaits the final approval of the District Auditor, who is expected to provide an unqualified audit opinion.

2.2 The Regulations require me to report on changes to the accounts before they can be published. I am pleased to be able to report that the audit has revealed no significant items that need to be reported to this committee. As in any year, however, the auditors have identified a small number of minor errors and omissions, which have been corrected and do not need to be listed in detail.

4. Publication of Statement of Accounts

4.1 The legal deadline for publishing the 2005/06 accounts is the end of September 2005. The auditors have completed their work, and now require only a Letter of Representation (Appendix 6 of the Annual Governance Report) signed by myself to provide an unqualified opinion. This will enable me to place the Statement of Accounts on the website, which fulfils the legal requirement, and to publish the printed document as soon as possible afterwards.

SEAN NOLAN

Deputy Chief Executive and Director of Corporate Resources

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