

# AUDIT COMMISSION'S ANNUAL GOVERNANCE REPORT

Report By: Director of Resources

## Wards affected

County-wide.

## Purpose

To receive the Audit Commission's Annual Governance Report, in line with good practice.

## Financial Implications

None.

## Recommendation

- THAT (a) the management's responses to the Audit Commission's recommendations be approved; and
- (b) the Letter of Representation be signed on behalf of the Council by the Chairman of the Audit and Corporate Governance Committee and the Director of Resources.

## Reasons

1. The Audit Commission is required by the Audit Commission's statutory Code of Audit Practice for Local Government bodies (the Code) to issue a report to those charged with governance summarising the conclusions from our audit work. For the purposes of this report, the Council's Audit and Corporate Governance Committee is considered to fulfil the role of those charged with governance.
2. They are also required by professional auditing standards to report to the Audit and Corporate Governance Committee certain matters before they give an opinion on the Council's financial statement.

## Considerations

3. The Audit Commission anticipates issuing an unqualified opinion by 30<sup>th</sup> September 2006.
4. The audit was substantially complete on 4<sup>th</sup> August, which is a significant achievement for the Council.

5. Having completed follow up work on the Use of Resources for 2005/06 .The Audit Commission anticipates being able to issue an unqualified conclusion on the Council's Use of Resources.
6. There were no uncorrected misstatements.
7. The report highlights two adjusted misstatements.
8. With regards to qualitative aspects of accounting practices and financial reporting the Audit Commission highlighted one matter in relation to Hillside.
9. There were no material internal control weaknesses identified during the Audit.
10. There were no matters to be reported in relation to other auditing standards.
11. There were two matters of governance interest these related to Pooled Budgets and severance arrangements. With regards to severance arrangements robust procedures are now in place.
12. There were no Section 8 reports in respect of the financial year 2005/06.
13. There were no Section 11 recommendations made.
14. The Audit Commission's Annual Governance Report makes three recommendations. An action plan is included at Appendix 6, which includes management 's positive response to the issues raised.

### **Risk Management**

15. Failure by the Audit and Corporate Governance Committee to consider the Audit Commission's Annual Governance Report, would mean that the Council would not have fulfilled it's governance responsibilities.

### **BACKGROUND PAPERS**

- Audit Commission Annual Governance Report – Audit 2005/06.