

## **REPORT OF THE AUDIT COMMITTEE**

### **GENERAL REPORT**

1. This report gives a brief summary of the items discussed at the meeting of the Audit Committee held on 26 September 2006.

### **Financial Statement Year Ended 31 March 2006**

2. The new terms of reference of the Audit Committee now enable the Statement of Accounts to be approved by this Committee and the Director of Finance submitted a report seeking approval for the amended Statement of Accounts for 2005/2006.
3. The Audit Commission had audited the accounts and made a number of amendments to comply with relevant disclosure requirements. In addition, there had been minor corrections to roundings and cross-referencing of figures.
4. A number of 'post balance sheet events' were reported on matters that had arisen after the balance sheet date but before the date of issue of the Statement of Accounts on the following activities:
  - Transfer of Housing Revenue Account assets following the Housing Stock Transfer in 2006/07.
  - Section 106 contributions unapplied as at 31 March 2006.
  - Monies owing in respect of the Gillibrand Housing Development during 2006/07
5. The accounts comprised:
  - Statement of Internal Control
  - Consolidated Revenue Account
  - Housing Revenue Account
  - Consolidated Balance Sheet
  - Statement of Total Movements in Reserves
  - Cash Flow Statement
  - Collection Fund

### **Annual Governance Report**

6. The Audit Commission submitted their Annual Governance Report covering the audit of the Authority for the year ended 31 March 2006. The report summarised the significant findings, conclusions and recommendations that had arisen from their audit work.

7. The work on the financial statements was substantially complete and subject to the satisfactory conclusion of the work outstanding, the Audit Commission anticipated the issuing of an unqualified opinion by 29 September 2006. The Audit Commission subsequently issued the unqualified opinion.
8. A small number of presentational or technical amendments and one material amendment relating to Section 106 Agreement contributions had been identified, none of which had had the effect of adjusting either the revenue outturn or the working balances of the Authority.
9. The Statement of Internal Control complied with the requirements specified by CIPFA and once the Audit Commission are in receipt of the letter of representation from the authority, signed by the Leader of the Council and the Director of Finance, the opinion on the financial statements year ending 31 March 2006 will be issued.
10. The authority had met the minimum standard for the twelve different criteria's in its use of resources. It had performed well in a number of areas, and in particular, had good arrangements in place for value for money and asset management.

#### **Interim Report on Internal Audit Activities as at 8 September 2006**

11. The Director of Finance submitted a report to advise Members of the work undertaken in respect of the Annual Internal Audit Plan during the initial five months of 2006/07.
12. The report highlighted details of reviews, investigations and other Internal Audit activity during this period, including:
  - Ethical Governance, Key Financial Systems, Win Time System and LSVT Pre-Ballot Publicity Reviews,
  - Undertaking of a "desk top" self assessment of the Council's current position in relation to the Audit Commission's new CPA Key Lines of Enquiry (KloE),
  - Production of detailed action plan to address the recommendations made by the Audit Commission on their Use of Resources report,
  - Finalised the draft Whistle Blowing Policy,
  - Established a new electronic version of the Officer's Register of Disclosures.
13. Members also discussed the draft terms of reference for the new Corporate Governance Board that has been set up in line with the recently issued CIPFA guidance that directed Audit Committees to adopt wider terms of reference to oversee governance at Member level.

**Recommendation**

13. The Council is recommended to note this report.

COUNCILLOR G RUSSELL

Chair of the 26 September 2006 meeting of the Audit Committee

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