

**AGENDA NO:**

**REPORT TO CABINET**

**REPORT OF THE CORPORATE  
MANAGEMENT TEAM**

**10 January 2013**

## **CABINET DECISION**

### **AUDIT COMMISSION ANNUAL AUDIT LETTER 2011/12**

**Corporate Management and Finance – Lead Cabinet Member – Councillor Harrington**

1. Summary

To present to Members of the Cabinet, the Audit Commission Annual Audit Letter for 2011/12.

2. Recommendation

That Members note the contents of the letter.

3. Reasons for the Recommendation/Decision

The Audit Commission is required to present its findings to the Council's Cabinet Committee.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or

- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

### **Disclosable Pecuniary Interests**

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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### **AUDIT COMMISSION ANNUAL AUDIT LETTER 2011/12**

#### **SUMMARY**

To present to Members of the Cabinet, the Audit Commission Annual Audit Letter for 2011/12.

#### **RECOMMENDATION**

That Members note the contents of the letter.

#### **BACKGROUND**

1. Members will recall that in recent years the Audit Commission has been responsible for arranging the audit of the accounts of the Council (either by private firms or through their own auditors) and for assessing the Council's arrangements for securing value for money. The Government has now changed the role of the Commission; under the new arrangements the Commission has retained a commissioning role while its audit practice has been outsourced to a number of commercial firms. With effect from 1<sup>st</sup> September 2012 the Council's external audit will be provided by Mazars LLP.
2. A formal stage in the annual audit process is the production of the "Annual Audit Letter". The Annual Audit Letter for 2011/12 has now been received and is attached as an Appendix to this report. Due to the change of auditor the Annual Audit Letter is much briefer than in previous years therefore the Annual Governance Report is also attached to provide greater detail.
3. The Annual Audit Letter summarises the auditor's findings from the 2011/12 audit. In line with previous practice, a copy of the Annual Audit Letter will be sent to all Members of the Council.

#### **DETAIL**

4. The Audit Commission has issued an unqualified audit opinion on the Council's financial statements for 2011/12 and no material amendments were required.
5. The Commission has issued an unqualified value for money conclusion stating that it is satisfied that "in all significant respects, Stockton on Tees Borough Council put in place

proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012”.

6. It considers that “the Council continues to maintain arrangements to secure financial resilience through ongoing medium term financial plan updates and detailed consideration of changes in funding and service provision” and that “the three-year efficiency, improvement and transformation review programme has come to an end and predicted savings are being achieved”.

## **FINANCIAL AND LEGAL IMPLICATIONS**

7. None directly. The Letter demonstrates that the Council continues to maintain sound financial systems.

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

8. The report presents the Audit Commission’s Annual Audit Letter for Members’ consideration. A copy will be sent to all Members of the Council.

## **RISK ASSESSMENT**

9. The letter does not present any risks. It comments on the Council’s overall governance arrangements which are performing well.

## **EQUALITIES IMPACT ASSESSMENT**

10. An Equality Impact Assessment is not required as this report presents the Audit Commission’s views of the Council.

## **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

11. Not applicable.

### **Contact Officer:**

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### Background Papers:

Audit Commission reports in 2012:	
Audit plan	January 2012
Opinion plan	January 2012
Annual governance report	September 2012
Opinion on the financial statements	September 2012
Value for money conclusion	September 2012

### Property:

No implications in relation to Council property.