

Audit Committee

A meeting of Audit Committee was held on Thursday, 28th September, 2006.

Present: Cllr B Woodhouse (Chairman), Cllr D Cains, Cllr J A Fletcher, Cllr Lupton (vice Cllr Perry), Cllr W Noble, Cllr R Patterson, Cllr M Stoker, Cllr M E Womphrey

Officers: G. Cummings (R); M. Henderson (LD)

Also in attendance: G. Gittins (Audit Commission)

Apologies: Cllr M Cherrett, Cllr M Perry

555 Minutes

The minutes of the meeting held on 7th August 2006 were confirmed as a correct record and were signed by the Chairman.

556 Audit Commission's Annual Governance Report 2005/2006

The Committee was provided with the Audit Commission's Annual Governance Report 05/06. The Commission's Audit Manager for Stockton, Gill Gittins presented the report to the Committee.

The Committee was informed that the Audit Commission, as the Council's external auditor, was statutorily required to issue the report to those charged with governance. In Stockton on Tees Borough Council's case this Committee was considered to fulfil that role.

Members noted that the principle purposes of the report were

- to reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the Audit Committee;
- to share information to assist both the auditor and those charged with governance to fulfil their respective responsibilities; and
- to provide the Audit Committee with recommendations for improvement arising from the audit process.

It was explained that the report highlighted issues relating to the Council's financial statements and provide an unqualified opinion on them. It also highlighted issues relating to the Council's use of resources and provided a conclusion as to the Council's arrangements in achieving value for money.

The Committee considered the Commission's comments with regard to the Council's Financial Statements and noted that:-

- There were no material misstatements in the accounts that had required adjustment.
- The draft accounts were presented for audit in advance of the agreed timetable.
- The Commission had not identified any material weaknesses in systems of accounting and financial control that required reporting.
- The Commission had no matters to report with regard to auditing standards or governance interest.

- The accounts had been amended to include a disclosure note concerning the qualification of the accounts of Connexions, which formed part of the group accounts.

The Committee were informed that the Commission's unqualified opinion was that the Council's financial statements presented fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom, the financial position of the Council and its Group as at 31 March 2006 and its income and expenditure for the year then ended.

With regard to use of resources/value for money, Members considered three significant issues that the Commission wished to draw to the Committee's attention. These related to the following areas:-

- Date Quality
- Internal Control
- Asset Management

Members also discussed an issue that had been identified, relating to Members who had not returned their declarations as to whether they had related party transactions. The Commission suggested that even nil declarations should be submitted.

It was explained that sufficient assurances had been obtained for all of the significant issues identified above and the Commission's unqualified conclusion was that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2006.

The Committee was informed that the Commission required written representations from management as an acknowledgement of its responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. It was explained that the governance report had been discussed and agreed with the Corporate Director of Resources and she had previously signed a representation letter. The letter was provided for the Committee and it was agreed that the Chairman should also sign it on behalf of the Council.

At this point the Audit Manager issued the Council's Head of Operational Finance, with the Commission's signed Audit opinion on the Council's Financial Statements, together with its conclusions relating to use of resources.

The Committee noted that the District Auditor considered that the Council had taken a positive and constructive approach to the audit work the Commission had undertaken and he expressed, in the Governance Report, his appreciation to the Council for the assistance and co operation received.

The Committee agreed that the report was extremely positive and requested that the Head of Operational Finance pass on the Committee's appreciation to relevant staff.

RESOLVED that

1. the Audit Commission's Annual Governance Report, together with its signed audit opinion on the Council's Financial Statement and conclusions relating to use of resources be noted and received.
2. The letter of representation be signed by the Chairman on behalf of the Council.