

Audit Committee

A meeting of Audit Committee was held on Wednesday, 26th September, 2007.

Present: Cllr John Fletcher (Chairman), Cllr Maurice Frankland, Cllr Robert Gibson, Cllr Ross Patterson, Cllr Maurice Perry

Officers: B. Simpson (R); M. Henderson (LD)

Also in attendance: S. Nicklin and C. Andrew (Audit Commission)

Apologies: Cllr Mrs Kath Nelson, Cllr Mrs Sylvia Walmsley, Cllr Barry Woodhouse, Cllr Mick Womphrey

A 23/07 Minutes

The minutes of the meeting held on 28th June 2007 were signed by the Chairman.

A 24/07 Audit Commission's Annual Governance Report

The Chairman welcomed Steve Nicklin (District Auditor) and Cath Andrew (Audit Manager), from the Audit Commission, who were in attendance to present the Commission's Annual Governance report to the Committee.

The Committee was informed that the Audit Commission, 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.

The report was required to bring to the attention of the Committee any issues relating to fraud, inconsistency with financial statement and non compliance with legislative or regulatory requirements. The report also dealt with any concerns relating to independence and objectivity and Members noted that the Commission had not identified any concerns relating to this.

Members were invited to:-

- consider the matters raised in the report before the financial statements were approved;
- approve a representation letter on behalf of the Council and those charged with governance
- consider, where appropriate, amending the financial statements for unadjusted misstatements, significant qualitative aspects of financial reporting and any recommendations for improvement in the action plan.

Members noted that the work undertaken by the Audit Commission during the year had been in line with the audit plan, considered by the Committee on 28th June 2007. Details of reports issued about specific areas were provided to Members.

Details of fees associated with the Commission's audit work were provided to the Committee and it was noted that all had been contained within those agreed in the audit plan.

It was explained that work on the financial statements and the Council's

arrangements for securing economy, efficiency and effectiveness had been completed. The Commission proposed issuing an unqualified audit opinion and conclusion and a draft auditor's report, reflecting this, was provided to members. However, it was explained that a notice of objection to the accounts had been received and, until this was resolved, the District Auditor was unable to certify that he had completed his work. In view of the objection a revision to the draft report was circulated to the Committee indicating that the audit certificate could not be issued at this stage. The District Auditor explained that he was satisfied that the objection would not have a material effect on the financial statements.

The Committee was informed that, before the report could be issued, 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. As part of this process the Audit Committee would need to authorise the Chairman to sign a letter of representation. It was explained that the Chief Executive Officer would also sign the letter. A copy was provided for Members' consideration.

The Committee noted that the Commission considered that the Council's Statement of Internal Control had been prepared in accordance with proper practice and was consistent with the audits findings.

The Committee discussed the information it had been provided with and, having asked a number questions for clarification, accepted the report and authorised the Chairman of the Committee to sign the Management representation letter.

The Committee noted that the District Auditor had thanked the Council for the high standard of accounts and supporting documents produced, and the positive and constructive approach to the audit it had demonstrated. Members requested that its appreciation of the work undertaken by Council officers, in this regard, be recorded and forwarded to those concerned. In addition, the Committee thanked the District Auditor and Audit Manager for the work the Commission had undertaken and for the informative presentation that they had provided.

RESOLVED that:-

1. the Audit Commission's Annual Governance Report be accepted and the Chairman be authorised to sign the Management representation letter on behalf of the Council.
2. the Committee notes the comments made in the Governance report, at paras 10 and 17, and joins the District Auditor in thanking officers for the high standard of accounts and supporting documents produced, and the positive and constructive approach to the audit process.