

## **The Annual Governance Report of the External Auditor**

### **Summary**

- 1 This report presents the Annual Governance Report of the External Auditor in respect of the 2007/08 audit year, for members' consideration.

### **Background**

- 2 In 2006 the Audit Commission introduced revised reporting arrangements that included a new requirement for an annual governance report to be presented to those 'charged with governance' at the council. The report must be considered by the council before a statutory deadline of the 30 September each year. This report is made in addition to the Annual Audit Letter. The Annual Governance Report for 2007/08 is included at Annex A for consideration.
- 3 A letter of representation (as required by International Auditing Standards) has been prepared for signature by the Chair of this Committee following members consideration of this item. This has been drafted in accordance with the template provided by the Audit Commission and will be brought to the meeting for the Chair to sign. The council's S151 Officer will also be required to sign this letter.
- 4 The content of the report highlights a number of areas for improvement, all of which will be built into a Governance and Use of Resources Action Plan to be developed and monitored by a Governance Group chaired by the Director of Resources. The group will also respond to the findings of Corporate Governance and Use of Resources reviews to be carried out by the Assistant Director of Resources (ARM). This will be a major high priority piece of work, that seeks to ensure that improvements are made to the final accounts processes and that the issues highlighted by the external auditor are tackled in an effective and systematic manner

### **Consultation**

- 5 The report of the External Auditor has been discussed with the relevant responsible officers and has been approved in draft by the S151 Officer. It is reported here for due consultation with those members charged with governance at the council.

## **Options**

- 6 Not relevant for the purpose of the report.

## **Analysis**

- 7 Not relevant for the purpose of the report.

## **Corporate Priorities**

- 8 The external audit of the organisation contributes to the overall effectiveness of the council's governance and assurance arrangements and to the corporate priority of improving efficiency and reducing waste so as to free up more resources.

## **Implications**

- 9 There are no financial, HR, equalities, legal, crime and disorder, IT&T or Property implications arising from this report.

## **Risk Management Assessment**

- 10 The council will fail to comply with legislative and best practice requirements to provide for the proper audit of the authority if it does not consider this report or approve and sign off the letter of representation now required by International Auditing Standards.

## **Recommendations**

- 11 Members are asked to:
- a) note and discuss the matters set out in the Annual Governance Report presented for discussion by the External Auditor;

### Reason

*To ensure the proper consideration of the opinion and conclusions of the External Auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money*

- b) consider the action plan arising from the report as set out in Appendix 3 to the External Auditor's report;

### Reason

*To ensure appropriate action is being taken by officers to address any matters raised by the External Auditor further to his report*

- c) approve the letter of representation for signature by the Chair of this Committee, having first considered whether it sufficiently

reflects the views and beliefs of the Committee as those charged with governance at the council.

Reason

*To ensure compliance with International Auditing Standards and relevant legislative requirements.*

**Contact Details**

**Author:**

Pauline Stuchfield  
Assistant Director  
(Audit and Risk Management)  
Telephone: 01904 551706

**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Resources  
Telephone: 01904 551100

**Report Approved**

**Date** 11 September 2008

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**

**For further information please contact the author of the report**

**Background Papers:**

None

**Annexes**

Annex A - The Annual Governance Report of the External Auditor