

**Report to:** Audit Committee  
**Date of meeting:** 30 September 2010  
**Report of:** Head of Strategic Finance  
**Title:** Statement of Accounts 2009/10 - External auditor's Annual Report to those Charged with Governance

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1.0 **SUMMARY**

1.1 To receive the external auditor's Annual Report to those Charged with Governance for the financial year 2009/10.

2.0 **RECOMMENDATIONS**

It is recommended that the Committee:

2.1 Considers the auditor's report and agrees the Action Plan recommended by the external auditor in the Annual Report to those Charged with Governance (ISA 260 report), and the management response.

2.2 Formally adopts the accounting policies as set out in the Statement of Accounts.

2.3 Authorises the signature of the audited Accounts by the Chair of the Audit Committee, and the Letter of Representation by the Managing Director and Director of Finance.

**Contact Officer:**

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**Report approved by:** Bernard Clarke, Head of Strategic Finance

### 3.0 **BACKGROUND**

3.1 Local Authorities are required, under the Local Government Finance Act 1998 and the Accounts and Audit Regulations 2006, to prepare a Statement of Accounts for the year ended 31 March by 30 June each year, and for this to be audited and formally presented by 30 September.

### 4.0 **ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE**

4.1 The Audit Commission's Code of Practice requires that external auditors prepare a summary of work carried out during the audit of Accounts, the conclusions reached and any recommendations made, and that this is formally presented to those charged with governance at the time the financial statements are being considered. The report must comply with ISA 260 (International Standards on Auditing (United Kingdom & Ireland) – 260 'Communication of Audit Matters to Those Charged With Governance').

4.2 The attached report in Appendix A prepared by Grant Thornton, the Council's appointed external auditors, includes the following –

#### Opinion on the Accounts (Appendix B)

The auditor concludes that –

- The Authority prepared accounts free from material misstatements in advance of the statutory deadline which are supported by satisfactory working papers;
- The auditor will be looking for an improvement in the quality of working papers next year especially with regard to Council Tax and NNDR debtor balances;
- The accounts required a small number of changes to disclosures

The auditor expects to issue an **unqualified opinion** on the Council's 2009/10 Accounts before the 30 September deadline.

The ISA260 report includes a number of recommendations and these have been discussed with officers and the management response is shown in Appendix C of the auditor's report.

#### Value for Money conclusion

The auditor concludes that the Council has strengthened arrangements for the management of finances and has a structured medium-term approach to financial planning that engages the local community. In addition, there was an improvement in the quality of working papers submitted for the audit of the Use of Resources assessment.

The auditor proposes to give an **unqualified VfM conclusion** before the 30 September deadline.

4.3 The Council also needs to complete a Letter of Representation prior to the opinion on the Accounts being issued. The draft Letter is attached at Appendix C, and will be signed by the Head of Strategic Finance and the Managing Director.

4.4 The Audited Statement of Accounts is attached at Appendix B.

## 5.0 **IMPLICATIONS**

5.1 Financial - There are no direct financial implications arising from this report.

5.2 Legal Issues – The Council is obliged to consider its audited accounts by 30 September 2010.

Appendix A - Auditors ISA 260 Report

Appendix B - Statement of Accounts 2009/10

Appendix C - Letter of Management Representation

### Background Papers

None

### File Reference

None