

Date: 29 SEPTEMBER 2009

Report: EXTERNAL AUDITORS – REPORT TO THE AUTHORITY ON THE 2009 AUDIT

Purpose of report

1. To submit the following to Members:

- The Annual Governance Report from the Deloitte concerning the audit of the 2008/09 accounts
- Annual letter of representation from management to the external auditors.

(Note: the audit work and responsibility described within this paper has been undertaken by Deloitte LLP to which the Audit Commission has contracted the role of External Auditor to the Authority).

Background

2. In order to comply with International Standards on Auditing those 'charged with governance' are required to receive the Annual Governance Report from the Audit Commission.

3. The Authority approved the Statement of Final Accounts (SOFA) on the 26th May 2009 prior to the Audit Commission undertaking their audit fieldwork. This work has now been completed and a revised SOFA has been presented to this committee for approval.

Statutory Purposes

4. The Audit Commission Act 1998 and the Audit Commission's statutory Code of Audit Practice for Local Government Bodies (the Code) require that the Audit Commission present a report to Members summarising the conclusions of their audit work. In order to enable the Audit Commission to formally issue the opinion on the accounts and meet the statutory deadline of the 30th September 2009, as required by the Audit and Accounts Regulations 2003, the Audit Commission's report (the Annual Governance Report) is attached at **Appendix A**.

5. ISA 260 also requires that a letter of representation is sent to the Audit Commission by the Authority prior to the 30th September 2009 deadline. In the past this letter has been signed by the Treasurer, the Chief Executive and the Monitoring Officer, however, the implementation of the ISA means that Members are to be given an opportunity to comment on the contents of the letter and add to the letter if necessary. A draft copy of the letter of representation is included at **Appendix B**.

Annual Governance Report

6. The Annual Governance Report concludes that the Deloitte is proposing to issue an **unqualified audit opinion on the 2008/09 SOFA**. The Audit Commission is also required to issue a conclusion on the arrangements made by the Authority in relation to securing economy, efficiency and effectiveness in its use of resources (value for money). Deloitte is proposing to issue an **unqualified audit opinion** as a conclusion to their 'value for money' review.

7. Both of the above opinions are subject to the completion of Deloitte's audit of the 'Whole of Government Accounts (WGA)' pack, the latter being a restatement of the information contained in the SOFA that is then used by central government to consolidate the accounts of public bodies into a form that can be used by government for its various purposes. As was the case last year, this work had not been completed at the date of this report, because of the mechanics of the auditing process: until the SOFA had been signed off with a provisional unqualified opinion (obtained 16 September 2009), the information it contains cannot be transferred into the WGA template.

Letter of Representation

8. Each year the Authority issues a letter of representation to the Audit Commission confirming the basis upon which the statutory accounts have been prepared. A draft of this letter is attached at **Appendix B**, the wording of which is consistent with the template included at Appendix 3 of **Appendix A**.

9. ISA 260 requires that Members approve the letter (**Appendix B**). This also allows members to comment on the contents as appropriate, if they see fit.

RECOMMENDATIONS

10. Members are recommended to:

- note the contents of the Annual Governance Report (**Appendix A**)
- approve that the Treasurer sign the Letter of Representation at **Appendix B**, or an appropriately amended version thereof. The signing of this letter is to be deemed as evidence that Members have had opportunity to comment in accordance with the ISA 260.

Michelle Clyde
Senior Finance Officer
16 September 2009

Background Documents:
Accounts and Audit Regulations 2003