

Meeting: **Audit Committee**

Portfolio Area: Resources

Date: **27 September 2006**

EXTERNAL AUDIT REPORTING AT STEVENAGE BOROUGH COUNCIL

NON-KEY DECISION

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1 PURPOSE

To provide Members with an overview of external audit reports and to introduce the Annual Governance report for 2005/06.

2 RECOMMENDATIONS

Members note the purpose of external audit reports as outlined in the attached leaflet.

Members agree to the proposal that the Chair of the Audit Committee is given delegated responsibility to consider any further matters arising from our audit of the 2004/05 and 2005/06 financial statements after the Audit Committee before we issue our opinion.

3 BACKGROUND

Attached to this report is a leaflet produced by the Audit Commission providing background on the nature and scope of external audit reports issued to local government bodies. This leaflet provides a useful insight into the reports which will be issued to Stevenage Borough Council and the Audit Committee. Members of the Audit Committee are asked to consider the leaflet and raise any queries with the external auditor.

Members will be receiving our Annual Governance Report which provides details of any issues that we are required to report to those charged with governance (i.e. determined as the Audit Committee) prior to issuing our audit opinion on the 2005/06 financial statements and our conclusion on the Council's arrangements for securing the economy, efficiency and effectiveness in it's use of resources. We will also be updating our report on the 2004/05 financial statements as we have not yet issued our opinion. The reasons for this were reported to Members of the Audit Committee and were outlined in our 2004/05 Annual Audit and Inspection Letter.

Our audit of the Council's financial statements remains in progress and we plan to provide Members of the Audit Committee with a report of findings; for the period to 22 September 2006 with a verbal update provided at the meeting. As we have not issued our opinion on the 2004/05 financial statements, we are unlikely to be issuing our opinion on both 2004/05 and 2005/06 financial statements by 30 September 2006. We will therefore need to report any further matters arising to management and those charged with governance before we issue our opinion.

It is proposed that the Chair of the Audit Committee is given delegated responsibility to consider any further matters arising on behalf of those charged with governance.

5 IMPLICATIONS

Members are requested to review our Annual Governance report in order to have an opportunity to consider any matters arising before the financial statements are approved and our opinion is issued. The Council's letter of representation on the financial statements also needs to be signed by those charged with governance (i.e. Audit Committee). This should be done once the audit is complete in order to be as close as possible to the opinion date.

Members of the Audit Committee will be required to consider arrangements for the external auditor to report any further matters to those charged with governance prior to issuing our opinion on the financial statements and conclusion on use of resources. As we are unlikely to issue our opinion by 30 September 2006, it is proposed that the Chair of the Audit Committee is given delegated responsibility to consider any further matters arising on behalf of those charged with governance.

BACKGROUND DOCUMENTS



P:\Audit Policy\
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- Attached Audit Commission leaflet

APPENDICES

- None