

**REPORT OF SERVICE DIRECTOR - FINANCE AND PROCUREMENT****EXTERNAL AUDIT – ANNUAL GOVERNANCE REPORTS****Purpose of the Report**

1. To receive for information, and comment upon, the External Auditor's Annual Governance Reports on the County Council and Pension Fund, prior to these being forwarded to Full Council for approval on 20th September 2012.

**Information and Advice**

2. The External Auditors have now substantially completed their audit work on the Authority's financial statements for 2011/12 and propose to issue unqualified audit opinions on the County Council and Pension Funds' accounts, subject to satisfactory clearance of the remaining issues. In the course of their work the External Auditors have identified a number of matters, detailed in the attached reports, which they wish to bring to the Audit Committee and Full Council's attention. The District Auditor, Ian Sadd, and the Audit Manager, Mike Norman, will be in attendance at the meeting to present the report and to respond to Members' queries.
3. As part of the Audit of Financial Statements process, I am required to prepare a Letter of Representation to the District Auditor and my proposed Letter is attached for Members' agreement.

**Statutory and Policy Implications**

4. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

**RECOMMENDATION/S**

5. That Members of the Audit Committee note the External Auditor's Annual Governance Reports on the County Council and Pension Fund accounts:

- a) note the matters raised in the report before the financial statements are re-signed by the Section 151 Officer
- b) note the unadjusted misstatements set out in Appendix 2 and the reasons for not correcting these misstatements as set out in the attached Letter of Representation
- c) note the Letter of Representation attached to this report

**Paul Simpson**  
**Service Director (Finance and Procurement)**

**For any enquiries about this report please contact:**  
Nigel Stevenson  
Group Manager – Financial Strategy & Compliance

#### **Constitutional Comments**

- 6. Audit Committee is responsible for overseeing the external auditor's annual audit of the accounts and is the appropriate body to consider the content of this report. (SB 04/09/2012)

#### **Financial Comments**

- 7. The financial implications are as stated in the report. (NS 24/08/2012)

#### **Background Papers**

Nil

#### **Electoral Division(s) and Member(s) Affected**

Not applicable