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To: Governance and Audit Committee – 30 June 2011

Subject: External Audit Annual Governance Report

Classification: Unrestricted

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**Summary:** This paper sets the context to the external Auditor's Annual Governance Report.

## **FOR ASSURANCE**

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### **Introduction and background**

1. The Audit Commission, as our External Auditor, is required to report to the Committee the findings from their audit of the 2010/11 financial statements. The report includes the key messages arising from the audit the Superannuation Fund statements, and the results of the work undertaken to assess the Council's arrangements to secure value for money.

### **Process**

2. The audit of the financial statements commenced on 13<sup>th</sup> June, following receipt of the accounts on the agreed date of 10<sup>th</sup> June. The changes to the compilation and presentation of the accounts, due to the introduction of International Financial Reporting Standards (IFRS), as well as changes to the International Standards of Audit have meant that significantly more audit time (approx 50%) is required this year than in prior years.
3. Despite the pressures on the audit it is anticipated that the work will be substantially complete by 1<sup>st</sup> July. As in previous years the District Auditor, Mr Darren Wells, will present a draft Annual Governance Report to the Committee, or at least provide a verbal update on the main findings. Obviously the very tight timescales set out above preclude Mr Wells from sending out a finalised report with the Committee papers.
4. Members will be able to ask Mr Wells any questions pertaining to the audit of the accounts to help inform their decision on the approval of the financial statements. The final version of the Annual Governance Report will be presented to the Committee in September along with the final audit opinion.

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