

8. Audit Commission Annual Governance Report

Portfolio Holder: Robin Munday, Finance and Support Services
Head of Service: Donna Parham, Head of Finance
Lead Officer: Donna Parham, Head of Finance
Contact Details: Donna.parham@southsomerset.gov.uk or (01935) 462225

Purpose of the Report

This report introduces the Audit Commission's Annual Governance Report for 2008/09.

Recommendations

1. That the Audit Committee considers the matters raised in the report;
2. Approve that the Head of Finance signs the representation letter outlined in Appendix 3. on behalf of SSDC;
3. Note the draft Auditor's report as outlined in Appendix 1 and amendments made to the Statement of Accounts in Appendix 2.
4. Note the Use of Resources key findings and conclusions as outlined in Appendix 4.
5. Agree the recommended actions in Appendix 5 and to note that they have been added to the Strategic Improvement Plan;

Background

The Audit Commission as part of their work report on the overall financial statements and governance of South Somerset District Council. The review of these reports is included within the remit of the Audit Committee under its terms of reference as follows:

"To consider the reports of external audit and inspection agencies and seek assurance from management that action has been taken"

"To review and approve the annual Statement of Accounts, external auditor's opinion and reports to members and monitor management action in response to issues raised"

The Report

The report summarises the findings from the 2008/09 work of the Audit Commission relating to governance. It covers the following areas:

The Statement of Accounts/ The Annual Governance Statement

The Audit Commission report shows that all key issues and risks have been mitigated to their satisfaction. However, two changes in the categorisation of items required change. The Innovation Centre was occupied in November 2009 and although part of the centre is still not completed it was agreed because part of the premises has been let to tenants that it should be re-categorised from Assets under Construction to an Investment Property Asset. In addition to this Section 106 monies held have been moved from provisions to Developers Contributions Deferred.

Neither change varies the Income and Expenditure Account overall nor the bottom line of the Balance Sheet. The changes however do give further clarity to the reader of the Statement of Accounts.

In addition an amendment was made to last year's figures to reflect changes to the method used by actuaries to value pension fund assets. Although the figures shown are correct they should not have been amended because they are not classified as "material" i.e. of sufficient value. The auditor has not required a change to the 2008/09 accounts but has asked that officers bear this in mind for future years.

Use of Resources

The Use of Resources scores for three of the four resource themes has been added to the Annual Governance Report this year. The themes and scores are outlined below:

Theme	Score
Managing Finances	3
Governing the Business	3
Managing Resources	3

The methodology and themes have changed for 2008/09 and scoring a three or four has become much more difficult. It is likely that SSDC is within the top few district authorities in the country with the scores it has achieved.

Value for Money

The Audit Commission are required to make a statement on whether the authority has made arrangements for securing economy, efficiency and effectiveness in its use of resources measured against the KLOE's (Key Lines of Enquiry) criteria. The Audit Commission has assessed arrangements at SSDC are adequate in all areas and therefore have issued an unqualified opinion. The areas assessed are included at Appendix 4 of the Annual Governance Report.

Terry Bowditch the Audit Manager from the Audit Commission will be attending the meeting.

Financial Implications

There are no financial implications.

Background Papers: *None*

*Donna Parham
Head of Finance*