

<b>6 December 2012</b>		<b>ITEM: 10</b>
<b>Standards and Audit Committee</b>		
<b>REPORTS FROM THE AUDIT COMMISSION: ANNUAL AUDIT LETTER 2011/12 and CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT</b>		
<b>Report of:</b> Martin Hone, Director of Finance & Corporate Governance		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Non-Key	
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Director:</b> Martin Hone, Director of Finance & Corporate Governance		
<b>This report is</b> Public		
<i>If the report, or a part of this, has been classified as being either confidential or exempt by reference to the descriptions in Schedule 12A of the Local Government Act 1972, it is hereby marked as being not for publication. The press and public are likely to be excluded from the meeting during consideration of any confidential or exempt items of business to which the report relates.</i>		
<b>Date of notice given of exempt or confidential report:</b> Not applicable		
<b>Purpose of Report:</b> For Committee to note the contents of the two reports and the agreed actions.		

### **EXECUTIVE SUMMARY**

Attached to this report are two papers from the Audit Commission: (i) The Annual Audit Letter 2011/12; and (ii) Certification of Claims and Returns – Annual Report. In previous years, these reports would have been presented by the Council’s external auditors. However, because the Audit Commission has been abolished it is more appropriate for the reports to be put to Committee by the Council’s S151 Officer.

- 1. RECOMMENDATIONS:**
  - 1.1 That the reports attached at Appendices 1 and 2, and the agreed actions, are noted.**

**2. INTRODUCTION AND BACKGROUND:**

2.1 Attached to this report are two papers from the Audit Commission:

- The Annual Audit Letter for 2011/12; and
- The Certification of Claims & Returns – Annual Report

Both documents were issued to the Council in late October, and officers have worked with the Council's external auditors to validate the findings and agree actions. In previous years these reports would be presented to this Committee by the Audit Commission, but as this has now been wound up, it has been agreed with our auditors that instead they will be introduced by the Director of Finance & Corporate Governance. The Council's auditors will of course be happy to answer any questions that Members may have on the details in either report.

**3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:**

3.1 As regards the Audit Commission's Annual Audit Letter, the key messages are:

- An unqualified opinion on the accounts was issued in advance of the statutory deadline;
- The Council has responded to the recommendations made under S11 of the Audit Commission Act 1998 in respect of the problems encountered during the 2010/11 audit;
- Despite the improvements compared to 2010/11, there were still a number of errors and working papers were poor in many areas;
- For the first time, the auditors were able to issue an unqualified audit opinion for the Council's arrangement to secure value for money;
- Further improvements are required in the completion of the annual Whole of Government accounts return.

3.2 The Certification of Claims & Returns Report contains three recommendations for improvement, and these have been accepted by management for immediate implementation. The overall fee for the work carried out by the Audit Commission was £53,343.50 compared to £71,764.70 for 2010/11.

**4. REASONS FOR RECOMMENDATION:**

4.1 The Committee is asked to note the progress made in terms of final accounts, grant claims and other Government returns. Future reports to the Committee will contain updates on the Council's approach to these issues for financial year 2012/13 and beyond.

**5. CONSULTATION (including Overview and Scrutiny, if applicable)**

5.1 The matters discussed in this report and in the attached papers from the Audit Commission have been considered by this Committee at previous meetings. The Chief Executive and Director of Finance & Corporate Governance have worked closely with the Council's auditors in agreeing what actions need to be taken to respond to the recommendations. The Leader of the Council and the Chair of the Audit Committee have been briefed on matters arising from the late completion of the 2010/11 accounts.

**6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

6.1 There are no direct implications arising from this report in terms of the community and delivery of services.

**7. IMPLICATIONS**

**7.1 Financial**

Implications verified by: **Sean Clark**  
 Telephone and email: **01375 652010**  
**sclark@thurrock.gov.uk**

Although as a result of the audit further significant amendments have been made to the Council's financial statements, they do not impact on the financial resources available to the Council.

**7.2 Legal**

Implications verified by: **David Lawson**  
 Telephone and email: **01375 652087**  
[dlawson@thurrock.gov.uk](mailto:dlawson@thurrock.gov.uk)

The Council's Financial Statement must be prepared in accordance with the provisions of the Accounts and Audit Regulations 2003. These Regulations include a requirement for authorities to be responsible for their financial management, and to have a sound system of internal control. There is also a requirement for authorities to follow proper internal audit practices.

**7.3 Diversity and Equality**

Implications verified by: **Samson DeAlyn**  
 Telephone and email: **01375 652472**  
**SDeAlyn@thurrock.gov.uk**

There are no specific implications from this report.

7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

None.

**BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):**

- There are a number of working papers within Corporate Finance.

**APPENDICES TO THIS REPORT:**

- Appendix 1: Thurrock Council Audit letter 2011/12
- Appendix 2: Certification of Claims & Returns – Annual Report

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