

Annual Governance Report

September 2006



# Annual governance report

**Chester- le- Street District Council**

**Audit 2005/06**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports to the Council**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

### **Copies of this report**

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## Purpose of this report

- 1 We are required by the Audit Commission's statutory Code of Audit Practice for Local Government bodies (the Code) to issue a report to those charged with governance summarising the conclusions from our audit work. For the purposes of this report, the Council is considered to fulfil the role of those charged with governance and references to the Council should be read as such.
- 2 We are also required by professional auditing standards to report to the Council certain matters before we give our opinion on the financial statements. The section of this report covering the financial statements fulfils this requirement.
- 3 This is our annual governance report covering the audit of Chester-le-Street District Council for the year ended 31 March 2006 and is presented by the District Auditor.
- 4 The principle purposes of the report are:
  - to reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the Council;
  - to share information to assist both the auditor and those charged with governance to fulfil their respective responsibilities; and
  - to provide the Council with recommendations for improvement arising from the audit process.
- 5 The Audit Commission has circulated to all audited bodies a Statement of Responsibilities of Auditors and Audited Bodies that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement.

## Scope of the report

- 6 In undertaking our audit, we comply with the statutory requirements of the Audit Commission Act 1998 and the Code. Auditors' responsibilities are to review and report on, to the extent required by the relevant legislation and the requirements of the Code:
  - the Council's financial statements; and
  - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 7 Our risk assessment and planned response to the key audit risks was summarised in our audit and inspection plan. A summary of our responsibilities and audit approach is included in Appendix 1. The annual governance report summarises the significant findings, conclusions and recommendations arising from our audit work. The results of our inspection work, and our separate grant claims' certification programme, will be reported in the Relationship Manager Letter later in the year.

- 8 We have issued separate reports during the year having completed specific aspects of our programme, which are listed in Appendix 2. Appendix 3 provides information about the fee charged for our audit and Appendix 4 sets out the requirements in respect of independence and objectivity.

## Key messages

### Financial statements

- 9 Our work on the financial statements is now substantially complete, although there are still some outstanding issues to be resolved. Should any further matters arise in concluding the outstanding work that require reporting, we will raise them with the Chair.
- 10 Subject to the satisfactory conclusion of the work outstanding, we anticipate being able to issue an unqualified opinion by 30 September (a draft report is attached at Appendix 5).

### Use of resources

- 11 Our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We anticipate being able to issue a qualified conclusion on the use of resources by 30 September 2006 (a draft report is attached at Appendix 5).

## Financial statements

- 12 We are required to give an opinion on whether the Council's financial statements present fairly the financial position of the Council as at 31 March 2006 and its income and expenditure for the year then ended.

### Status of the audit

- 13 Our work on the financial statements is now substantially complete, although there are still some outstanding issues to be resolved. In particular, our work on fixed assets has yet to be concluded as the Council has not completed its revaluation of non housing fixed assets. Should any further matters arise in concluding the outstanding work that need to be reported, we will raise them with the Chair.

### Matters to be reported to the Council

- 14 We have the following matters to draw to the Council's attention.

#### Expected modifications to the auditor's report

- 15 On the basis of our audit work, subject to the satisfactory conclusion of any work outstanding reported above, we currently propose to issue an unqualified audit report. A draft audit report is attached at Appendix 5.

#### Uncorrected misstatements

- 16 Our audit did not identify any misstatements in the financial statements that management has decided not to adjust. (Excluding those misstatements that are 'clearly trivial' ,as defined in professional auditing standards).

#### Adjusted misstatements

- 17 To assist you in fulfilling your governance responsibilities, we are required to consider reporting adjusted misstatements to you where these are material. We therefore draw your attention to the list of material and significant misstatements that management has adjusted in Table 1 below. A complete listing of all amendments has been provided to officers.



**Table 1 Adjusted misstatements in the financial statements**

Details of material and/or significant adjustments made to the financial statements

<b>Issue</b>	<b>Value of misstatement £000</b>	<b>Impact on surplus/(deficit)</b>
Equal pay compensation	80	Increased deficit
'Miscellaneous' expenditure not SORP compliant.	701	None
Software licences not included in balance sheet	360	None
Tangible fixed assets not revalued until after draft accounts approved	Information not yet available, as revaluation is still in progress	
Doors and windows delivered before the year end accounted for as receipt in advance rather than stock	93	None

### ***Recommendations***

*R1 Improve year end and qualitative processes for producing the financial statements to ensure the accounts presented for approval are free from significant errors.*

### **Qualitative aspects of accounting practices and financial reporting**

- 18 Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We wish to report the following matters to you.
- Our report to you last year highlighted that a revaluation of fixed assets had not been carried out, as required both by local government accounting guidance and your own accounting standards. Housing assets were valued during the year but non-housing assets were included in the draft accounts without a revaluation. The revaluation of non housing assets is currently in progress

- Whilst working papers were available to allow us to start the audit on the agreed date, some further papers were required to be produced. We will continue to work with officers to improve the quality of working papers

***Recommendations***

*R2 Ensure issues raised by external audit are addressed as part of the 2006/07 financial statements process*

**Material weaknesses in internal control identified during the audit**

- 19 Our audit identified the following weaknesses in systems of accounting and financial control which we should report to you:
- at the time of the audit there were still 10 out of 21 officer declarations of interest and 15 out of 34 member declarations outstanding: and
  - £4,565 of NNDR receipts appeared to have not been banked in June 2005 and it took some investigation to identify the reason, and cheques amounting to £165,000 which are over six months old are included among unrepresented cheques on the balance sheet .
- 20 We have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.

***Recommendations***

*R3 Investigate any under-bankings promptly with the bank in future and ensure old, unrepresented cheques are reviewed and written back or reissued as appropriate.*

*R4 All declarations of interest should be obtained before the draft accounts are prepared*

## Matters specifically required by other auditing standards

- 21 Other auditing standards require us to communicate with you in other specific circumstances including:
- where we suspect or detect fraud;
  - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
  - non-compliance with legislative or regulatory requirements and related authorities.

There are no matters we wish to report to you.

## Any other matters of governance interest

- 22 Finally, we are required to report any other matters that we believe to be of governance interest. We report these matters in Table 3 below.

**Table 2 Other matters of governance interest**

There are a number of other matters that we would like to bring to the attention of those charged with governance

Area	Auditor responsibility	Impact
Statement of internal control (SIC)	The auditor reviews the SIC for compliance with the requirements of proper practice as specified by CIPFA and consistency with other information from the audit of the financial statements.	The annual report and opinion from Internal Audit was not available to support members' consideration of the SIC. The SIC was consistent with other information from our audit.
Whole of Government Accounts' consolidation pack	The auditor is responsible for issuing a report on the consistency of the Council's consolidation pack with the statutory financial statements.	The consolidation pack is not yet available for audit. We plan to issue our report in October.

### **Recommendations**

*R5 Ensure that Internal Audit's annual report is available to members in advance of their approval of the SIC*

## Letter of representation

- 23 We obtain written representations from management as an acknowledgement of its responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. The text of the required letter of representation is included at Appendix 6.

## Next steps

- 24 We are drawing these matters to the Council's attention so that:
- you can consider them before the financial statements are approved and certified; and
  - the representation letter can be signed on behalf of the Council before we issue our opinion on the financial statements.

## Use of resources

### Value for money conclusion

- 25 The Code requires us to issue reach a conclusion on whether we are satisfied that the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of your resources (the value for money conclusion). In meeting this responsibility, we will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Our work in reaching the value for money conclusion is integrated with our work on the use of resources assessment. The use of resources assessment is a qualitative assessment of the effectiveness of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The five areas we make assessments on are; financial statements, financial management, financial standing, internal control and value for money.
- 26 On the basis of our audit work, we currently propose to issue a report including a value for money conclusion qualified on grounds of not managing and improving VFM.
- 27 The key findings from our work on the use of resources criteria are summarised below. The action needed to improve performance was identified in our use of resources report in March 2006. The Council had little opportunity to address to the issues raised by 31 March but has since responded to our report positively and has plans in place to secure improvement. From other monitoring work we understand that progress is now being made but we have yet to audit the extent of any progress, which in any event does not impact on our assessment for 2005/06.

### Strategic objectives

- 28 Three year service plans were not in place for all services in 2005/06 due to changes to departmental structures.

### Data quality

- 29 The Council's arrangements to monitor data quality have recently been formalised in a data quality policy. Although this was not approved in 2005/06, in practice arrangements were in place. We will be issuing a more detailed report on data quality when our work on performance indicators is complete (early October 2006).

### Improving value for money

- 30 Whilst much work is currently in progress to address value for money, little progress had been made by the Council by 31 March since our Use of Resources assessment in January 2006. The key issues affecting our assessment, and to be addressed by the Council are:

- no efficiency target was set for 2005/06 (although savings were actually made in year);
- no significant progress was made on consultation informing value for money, other than more frequent consultation through annual residents survey;
- the Council undertook some scrutiny reviews in 2005/06 including re-cycling and council tax collection and arrears, but no demonstrable impact had been made on value for money. The loss of the scrutiny support officer also hampered progress;
- processes for challenging value for money were not enhanced in the latter part of 2005/06. Benchmarking has improved in housing and environment service areas but remains patchy in other areas. Progress has been made since April 2006 as the current service planning process has increased focus on value for money; and
- progress has been made on the potential transfer of housing but this is still not concluded. No significant progress had been made on Leisure option by 31 March. .

### **Budget setting and monitoring**

- 31 Budgetary control operates throughout the year although some departments still overspend against budget. Revised arrangements have been introduced for 2006/07 so that those departments which overspend must recover the overspend in the current financial year. This should help to reduce overspending, which has led to deficits in the last two years.
- 32 As a result of misstatements identified during our audit, the deficit in year reduced from £301,000 to £183,000. The Council's reserves now stand at £348,000. The HRA balance is now £1,893,000, with a surplus in 2005/06 of £816,000.

## Use of auditors' statutory powers

- 33 Auditors are required to consider the exercise of certain statutory powers during the course of the audit, as summarised in Table 5 below.

**Table 3 Use of statutory powers**

Insert text

<b>Issue</b>	<b>Auditor responsibility</b>	<b>Impact</b>
Section 8 reports	Section 8 of the Act requires that auditors should consider whether, in the public interest, they should report on any matter that comes to their attention in the course of the audit so that it may be considered by the body concerned or brought to the attention of the public.	There have been no section 8 reports in respect of the financial year 2005/2006.
Section 11 recommendations	To consider whether a written recommendation should be made to the audited body requiring it to be considered and responded to publicly.	There have been no s11 recommendations.
Best value	To consider whether to recommend that the Audit Commission should carry out a best value inspection of the Council under section 10 of the Local Government Act 1999 and/or that the Secretary of State should give a direction under section 15 of that Act.	Our work in respect of the Council's 2005/2006 Best Value Performance Plan (BVPP) was reported in the 2005 annual audit and inspection letter. No recommendations were made to the Audit Commission or the Secretary of State.

## Closing remarks

- 34 This report has been discussed and agreed with the Assistant Chief Executive and the Director of Resources. A copy of the report will be presented at the Council meeting on 28 September 2006.
- 35 The report makes a number of recommendations. An action plan is included at Appendix 7, which includes responses from management and indicative target dates for the implementation of recommendations.
- 36 The Council has taken a positive and constructive approach to our audit and I would like to take this opportunity to express my appreciation for the Council's assistance and co-operation.

**Steve Nicklin**  
**District Auditor**

September 2006



# Appendix 1 – Audit responsibilities and approach

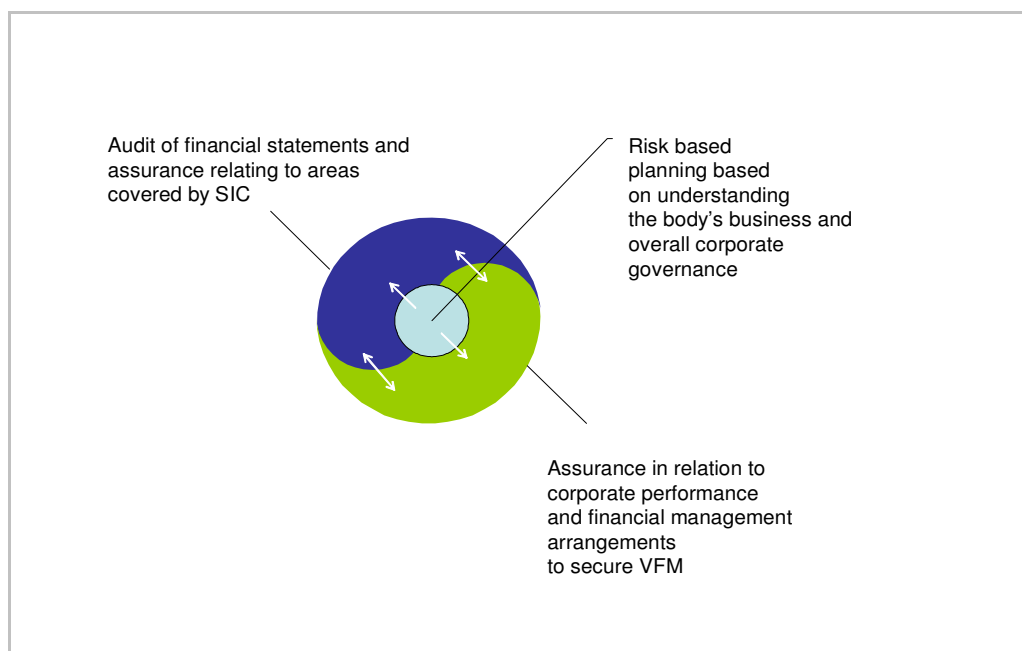
## Audit objectives

- 1 Our objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on the significant risks that are relevant to our audit responsibilities.

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**Figure 1 Code of Audit Practice**

Code of practice responsibilities



## Approach to the audit of the financial statements

- 2 In our approach to auditing the financial statements, we adopt a concept of materiality. Material errors are those which might be misleading to a reader of the financial statements. We seek, in planning and conducting our audit of the accounts, to provide reasonable assurance that your financial statements are free of material misstatement. In planning our work we considered the arrangements of the Authority which had most impact on our opinion. These included:
  - the standard of the overall control environment and internal controls;
  - reliance on internal audit;
  - the likelihood of material misstatement occurring from of material information systems; or a material error failing to be detected by internal controls;
  - any changes in financial reporting requirements; and
  - the effectiveness of procedures for producing the financial statements and supporting material.
- 3 The results of the above feed into our risk assessment which determines the level and type of testing undertaken on each element of the financial statements. The keys risks that we identified include:
  - the Council would not meet the revised deadline of 30 June 2006; and
  - corporate governance arrangements would not be sufficiently robust and that this would impact on the Council's ability to produce a statement of internal control by 30/6/06.

## Approach to audit of arrangements to secure value for money

- 4 The scope of these arrangements is defined in paragraph 20 of the Code as comprising:
  - corporate performance management; and
  - financial management arrangements.
- 5 Our conclusion is informed and limited by reference to relevant criteria covering specific aspects of audited bodies' arrangements, specified by the Code.

- 6 In planning audit work in relation to the arrangements for securing economy, efficiency and effectiveness in the use of resources, considered and assessed relevant significant business risk. Significance is defined by the Code as 'a matter of professional judgment and includes both quantitative and qualitative aspects of the risk'.
- 7 The potential sources of assurance when reaching the value for money conclusion include:
  - the Council's whole system of internal control as reported in its statement on internal control;
  - results from statutory inspections or the work of other regulators, for example, corporate assessments, service assessments (whether by the Commission or other regulators), etc.;
  - work specified by the Audit Commission, for example, the use of resources assessments, and data quality work;
  - links to the financial statements' audit, including review of internal audit, the SIC and budgetary control arrangements; and
  - other work necessary to discharge our responsibilities.

## Appendix 2 – Audit reports issued

**Table 4**

<b>Planned output</b>	<b>Planned date of issue</b>	<b>Actual date of issue</b>	<b>Addressee</b>
Audit and inspection plan	March 2005	February 2005	The Council
Interim audit memorandum	August 2006	August 2006	Management
Annual governance report	September 2006	September 2006	The Council
Opinion on financial statements	September 2006	September 2006	The Council
Value for money conclusion	September 2006	September 2006	The Council
Final accounts memorandum	September 2006	September 2006	Management
Use of resources assessments	March 2007		Management
BVPP report	October 2005	October 2005	The Council

## Appendix 3 – Fee information

**Table 5**

<b>Fee estimate</b>	<b>Plan 2005/06</b>	<b>Actual 2005/06</b>
Audit**		
Accounts	63,000	63,000
Use of resources	39,000	39,000
Total audit fees	102,000	102,000
Voluntary improvement work	0	0

\*\* The outturn on inspection and grant certification fees will be reported in the Relationship Manager Letter

## **Appendix 4 – The Audit Commission’s requirements in respect of independence and objectivity**

- 1 We are required by the standard to communicate following matters to the Council:
  - the principal threats, if any to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
  - any safeguards adopted and the reasons why they are considered to be effective;
  - any independent partner review;
  - the overall assessment of threats and safeguards; and
  - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing and ethical standards.

## **Appendix 5 – Independent auditor’s report to Chester-le-Street District Council**

### **Independent auditor’s report to the Members of Chester-le-Street District Council**

#### Opinion on the financial statements

I have audited the financial statements of Chester-le-Street District Council for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Housing Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement, the Group Accounts and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Chester-le-Street District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### **Respective responsibilities of the Chief Finance Officer and auditors**

The Chief Finance Officer’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements presents fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance (insert title and date). I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

S Nicklin  
District Auditor  
September 2006

Nickalls House  
Metro Centre  
Gateshead NE11 9NH



Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

#### Authority’s Responsibilities

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

#### Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority’s best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

#### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am not satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Chester-le-Street District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006, in that it failed to put in place arrangements to manage and improve VFM.

### Best Value Performance Plan

I issued my statutory report on the audit of the authority’s best value performance plan for the financial year 2005/06 in October 2005. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

### Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Auditor  
Address  
Date

## **Appendix 6 – Letter of representation**

### **Chester-le-Street District Council - Audit for the year ended 31 March 2006**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Chester-le-Street District Council, that the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2006.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which present fairly and for making accurate representations to you.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

#### **Supporting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council meetings, have been made available to you.

#### **Related party transactions**

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

#### **Contingent liabilities**

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular: there is no significant pending or threatened litigation, other than those already disclosed in the financial statements; and, there are no material commitments or contractual issues, other than those already disclosed in the financial statements; no financial guarantees have been given to third parties.

#### **Law, regulations and codes of practice**

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council..

### **Irregularities**

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

irregularities involving management or employees who have significant roles in the system of internal accounting control;

irregularities involving other employees that could have a material effect on the financial statements;

communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

### **Post balance sheet events**

Since the date of approval of the financial statements by the Council no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Signed on behalf of Chester-le-Street District Council.

Signed

Name

Position

Date

1

.

## Appendix 7 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	R1 Improve year end and qualitative processes for producing the financial statements to ensure the accounts presented for approval are free from significant errors	3	Director of Resources	Yes		June 2007
	R2 The Council needs to investigate any under-bankings promptly with the bank in future and ensure old, unrepresented cheques are reviewed and written back or reissued as appropriate.	3	Director of Resources	Yes	This is in progress	December 2006

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	R3 All declarations of interest should be obtained before the draft accounts are prepared	3	Director of Resources	Yes		June 2007
	R4 Ensure that Internal Audit's annual report is available to members in advance of their approval of the SIC	3	Chief Internal Auditor	Yes		June 2006