

Report to	Audit Committee
Date	27 September 2011
By	External Auditor
Title of Report	Annual Governance Report
Purpose of Report	To present the Annual Governance report for 2010-11

Recommendation: The Committee is recommended to consider the Annual Governance Report including the actions being asked of the Audit Committee.

1. Introduction

- 1.1 The External Auditor's Annual Governance Report (AGR) summarises the findings from the 2011-11 audit. The report sets out the work undertaken and the conclusions in relation to the financial statements and value for money.
- 1.2 The External Auditor will present this report to the Audit Committee.

2. Annual Governance Report

- 2.1 The External Auditor's Annual Governance Report is attached at **Appendix 1**.
- 2.2 The report confirms that the Auditor is planning to issue an unqualified audit report on the financial statements. There are recommendations to improve the South Downs National Park Authority's (SDNPA) financial control and the SDNPA officers' responses to these recommendations
- 2.3 The Auditor also sets out the work undertaken to assess the SDNPA's arrangements to secure value for money under 4 main criteria. The Auditor's conclusion is that the SDNPA had proper arrangements to secure economy, efficiency and effectiveness in its use of resources except for the criterion to consider arrangements to manage risk and maintain a sound system of control.
- 2.4 On page 5 of the AGR the Auditor is asking the Audit Committee to:
 - take note of the adjustments to the financial statements which are set out in the AGR report (AGR Appendix 2);
 - agree to adjust the errors in the financial statements identified that management has declined to amend or set out the reasons for not amending the errors (AGR Appendix 3);
 - approve the letter of representation, provided alongside this report, on behalf of the Authority before The Auditor issues the opinion and conclusion (AGR Appendix 6); and
 - agree the SDNPA response to the proposed action plan (AGR Appendix 5).
- 2.5 These actions are addressed in the report of the Chief Finance Officer and so it is proposed that the two reports should be considered together.

3. Resources

- 3.1 The Auditor has undertaken more substantive testing of transactions than anticipated in order to gain assurance over spending generated by the accounts payable system. The cost of this work is expected to increase the External Auditor's fees from £7,000 to £10,000 although the precise amount is still to be determined.

4. Risk management

- 4.1 The Auditor's report makes recommendations arising from the 2010-11 audit which are designed to improve the SDNPA's internal controls, improve the approach to value for money and reduce the financial risks.

5. Human Rights, Equalities, Health and Safety

- 5.1 There are no implications arising from this report.

6. External Consultees

- 6.1 Not applicable

HELEN THOMPSON

District Auditor

Contact Officer:	Helen Thompson, District Auditor
Tel:	
email:	Helen-Thompson@audit-commission.gov.uk
Appendices	Appendix 1 – Annual Governance Report
SDNPA Consultees	Chief Executive Officer, Director of Corporate Services, Chief Finance Officer and Monitoring Officer