

ACCOUNTS COMMITTEE**28 September 2012**

PRESENT: Councillor M Henry (Chair)
Councillor J MClurey

APOLOGY: Councillor M Gannon

AC1. MINUTES

The minutes of the last meeting of the Committee held on 30 September 2011 were approved as a correct record and signed by the Chair.

AC2. AUDIT COMMISSION ANNUAL GOVERNANCE REPORT AND GATESHEAD COUNCIL STATEMENT OF ACCOUNTS 2011/12

Consideration was given to the Audit Commission's Annual Governance Report, including arrangements for securing economy, efficiency and effectiveness

The report's key messages are:

- Audit Opinion - the Audit Commission has issued an unqualified opinion on the Statement of Accounts, meaning that it is free from material error and has been prepared in accordance with proper practice.
- Use of resources – the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The report also includes a Letter of Representation to the District Auditor, to be approved by the Committee prior to being signed by the Strategic Director, Finance and ICT.

The Council's 2011/12 Statement of Accounts, amended for any adjustments identified during the audit has been presented. The statement of Accounts is consistent with the revenue and capital outturn reports considered by the Cabinet in June 2012. Along with minor adjustments and presentational changes, the following adjustments have been made to the statement submitted for audit on 30 June 2012:

- Componentisation: the opening net book value of the newly componentised assets was not allocated to each component, which meant that the revaluation reserve increase and the charge within the Comprehensive Income and Expenditure Statement were initially overstated. There was no impact on the net revaluation movement or the closing net book value for any of the assets. Apportioning the opening book value over the components meant that the movements arising from the year-end revaluation of the Council's assets were more appropriately reflected within the Statement of Accounts.
- Loans to third parties for capital purposes were initially treated as revenue expenditure funded from capital under statute, having met the relevant criteria for capitalising the expenditure. However, it was considered more appropriate to

recognise the initial payments as long-term debtors on the Council's Balance Sheet.

Neither of these adjustments impact on the revenue and capital outturn position reported to Cabinet in June 2012.

- RESOLVED -
- (i) That the Audit Commission's Annual Governance Report be noted.
 - (ii) That the issue of the Letter of Representation by the Strategic Director, Finance and ICT on behalf of the Council be approved.
 - (iii) That the Council's Statement of Accounts for 2011/12 be approved for publication.