

## ACCOUNTS COMMITTEE

30 September 2011

**PRESENT:** Councillor M Henry (Chair)  
Councillor M Gannon and F Hindle

Also in attendance: Councillor P Mole

### AC1. MINUTES

The minutes of the last meeting of the Committee held on 24 September 2010 were approved as a correct record and signed by the Chair.

### AC2. AUDIT COMMISSION ANNUAL GOVERNANCE REPORT 2010/11

Consideration was given to the Audit Commission's Annual Governance Report, including arrangements for securing Value for Money. There were no issues raised by the Audit Commission in relation to the 2009/10 financial statements for the Council to respond to.

A change to the Accounts and Audit Regulations in 2011 removed the requirement to present the unaudited statement to the Accounts Committee for approval prior to submission to the external auditor. From 2010/11, only the approval of the responsible officer (the Strategic Director, Finance and ICT) is required prior to audit, consistent with the private sector and other areas of the public sector. In place of this, a briefing note was circulated to councillors in July summarising the process and changes to the statement for 2010/11 and the draft statement was made available on the website.

The annual audit of these accounts has now been completed. The Audit Commission's report covers:

- the Council's financial statements; and
- whether the Council has put in place proper corporate arrangements for securing economy, efficiency and effectiveness in its use of resources, which is known as the value for money conclusion.

The report's key messages are as follows:

- Audit Opinion – subject to satisfactory clearance of a few remaining issues, the Audit Commission plan to issue an unqualified opinion on the financial statements.
- Financial Statements – the draft statements, restated to reflect IFRS requirements, were presented for audit by the 30 June 2011 deadline. Whilst amendments were made to the draft statements, there was no impact on reserves or the Council's net worth.
- Value for Money – proper arrangements in place to secure value for money.
- Independence – there were no relationships resulting in a threat to independence, objectivity and integrity.

The report also notes that working papers were available to support the statements, and requests for additional working papers were dealt with promptly, as were audit queries.

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 2010/11 Statement of Accounts, amended for any adjustments identified during the audit has been presented. Along with minor adjustments and presentational changes, the following adjustments have been made to the statement submitted for audit on 30 June 2011:

- An adjustment has been made to include unrepresented cheques and uncleared BACS payments in cash rather than creditors.
- PFI liability has been adjusted so that it is now inclusive of the finance lease amount due to the Council rather than net.
- Correction of classification of year end grant balances.
- Internal work in progress now accounted for in inventories rather than construction contracts.

None of these adjustments impact on the revenue and capital outturn position reported to Cabinet in June 2011.

One further misstatement was identified which has not been amended:

- The provision for redundancy costs excludes an estimate of costs arising from approvals after 31 March 2011

The financial statements have not been adjusted to reflect this as the amount in question is not material to the financial statements and there is no impact on the Authority's General Fund Balance. The costs in relation to these decisions will be accounted for in the 2011/12 Statement of Accounts, reflecting the year in which they are incurred. The reasons for not correcting the misstatement are also set out in the Letter of Representation.

- 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 2010/11 be approved for publication.