

REPORT TO	DATE OF MEETING
GOVERNANCE COMMITTEE	22 SEPTEMBER 2009



SUBJECT	PORTFOLIO	AUTHOR	ITEM
AUDITED STATEMENT OF ACCOUNTS 2008/09	Finance & Resources	M Nuttall	4(b)

SUMMARY AND LINK TO CORPORATE PRIORITIES

At the time of drafting this report the External Auditor had almost completed the audit of the Council's Statement of Accounts for 2008/09 and has indicated that they will be issuing an unqualified audit opinion on those accounts. Therefore, to comply with the relevant legislation, this report has been prepared to allow the Committee to approve the audited Statement of Accounts for 2008/09, incorporating those necessary adjustments identified during the course of the audit.

RECOMMENDATIONS

That the Committee:

1. note the contents of the Auditor's Annual Governance Report (to be published as soon as it is received from the External Auditor); and
2. consider and approve the revised Statement of Accounts for 2008/09 (appended to this report);
3. authorise the Corporate Director (Resources) to sign the letter of management representation as set out in the Auditor's Annual Governance Report

DETAILS AND REASONING

Members will recall that, in advance of the external audit, the Council's Statement of Accounts for 2008/09 was presented for approval at the last meeting of the Committee on 30th June 2009. This was within the timescale, required by the Accounts and Regulations 2003, for the Council to approve its Statement of Accounts by 30th June.

Under the same Regulations the Council is required to publish the approved audited Statement of Accounts by 30th September 2009. Therefore, to comply with this requirement, the audited Statement of Accounts for 2008/09 is now presented to Committee for approval. The Statements incorporate those necessary adjustments identified during the course of the audit and a signed copy of the Annual Governance Statement.

At the time of drafting this report we were still awaiting formal publication of the External Audit Annual Governance Report. This will be made available to the Committee and public as soon as it is received. This report will set out matters arising from the annual audit of accounts which the External Auditor is obliged to report to "those charged with governance" of the Council [the Governance Committee]. It will also contain a commentary on the Council's internal control arrangements and also those arrangements for securing value for money. The judgements following the recent Use of Resources assessment are also expected to be included within the report, albeit a separate more detailed feedback report is expected in October/November. The External Auditor will be attending the meeting to present his/her findings.

Pleasingly, other than a few minor presentational issues, only two changes have been made to the drafting of the Statement of Accounts since they were considered by the Committee in June, prior

to the commencement of the audit. The two adjustments are not considered by the external auditor to be “material” for reporting purposes but have been adjusted anyway. They are as follows:

- ***Icelandic Banks***

Since the accounts were reported to Committee in June the Icelandic banking situation has moved on with additional information becoming available. Revised accounting guidance was published in early September.

The Heritable Bank is still predicted to meet 80% of claims, but the anticipated timing of payments to creditors has slightly improved. An interim payment of £325,000 has already been made to the Council. This has reduced the estimated impairment by £17,000.

There have been a number of changes affecting the Landsbanki claim. The effective date for claims against the bank was put back from November 2008 to 22 April 2009 thus increasing the value of creditors’ claims (i.e. because an additional five months interest charges are admissible). Finally the amount likely to be recovered by the bank has been reassessed. The combination of these factors has led the banks administrators to predict that the likely payment to creditors will fall from 95% to 83%. The impact on South Ribble is an increased impairment charge of £287,000.

Therefore, overall, the impairment charge has increased from £1.294m to £1.564m. The impact of the charge is still deferred until 2010/11 by Government regulation

The Icelandic banking situation continues to change as more information becomes available. Therefore the accounting assumptions may need to change in the future as further information is released.

- ***National Non Domestic Rate (NNDR) – Business Rates***

NNDR is collected by the Council and subsequently paid over into the Government’s national pool, c£29 million p.a.

In 2008/9 an error occurred on a single large business rate account. Although the amount demanded of the ratepayer was correct the error resulted in an understatement of the amount collectable in NNDR, and payable to the Government, of £152,000. If it had not been adjusted there would have been a corresponding overstatement in 2009/10.

The Statement Accounts presented has now been adjusted to correctly reflect the NNDR collectable in 2008/9.

In conclusion, after the Committee has approved the revised accounts, the External Auditor is expected to issue an unqualified audit opinion on the Statement of Accounts, subject to the management representation letter being signed by the Corporate Director (Resources).

The final draft of the Statement of Accounts is therefore appended to this report for approval.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas shown below. The table shows the implications in respect of each of these.

FINANCIAL	There are no implications resulting directly from this report.
LEGAL	This report is presented to comply with the Accounts & Audit Regulations 2003.
RISK	There are no implications resulting directly from this report.
OTHER (see below)	

Asset Management	Corporate Plans and Policies	Crime and Disorder Act 1998 – Section 17	Data Protection
Fair Access	Freedom of Information Act 2000	Health and Safety	Human Rights Act 1998
Implementing Electronic Government	Staffing	Sustainability	Training and Development

BACKGROUND DOCUMENTS

- Regulation 10 of the Accounts and Audit Regulations 2003
- The Local Government and Housing Act 1989, Section 56(5)
- South Ribble Borough Council (unaudited) Statement of Accounts 2008/09 – Governance Committee, 30th June 2009

APPENDICES

Appendix A Statement of Accounts including the Annual Governance Statement for South Ribble Borough Council for year ended 31 March 2009. (For Approval)