

REPORT TO	DATE OF MEETING
GOVERNANCE COMMITTEE	22 SEPTEMBER 2010

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
AUDITED STATEMENT OF ACCOUNTS 2009/10	Finance and Resources	Mike Nuttall	4

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 2009/10 and has indicated that she will be issuing an unqualified audit opinion on those accounts. To comply with the relevant legislation, this report has been prepared to allow the Committee to approve the audited Statement of Accounts for 2009/10 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; and
2. consider and approve the revised Statement of Accounts for 2009/10;
3. authorise the Deputy Chief Executive 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 2009/10 was presented for approval at the last meeting of the Committee on 14th June 2010. This was well 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 2010. Therefore, to comply with this requirement, the audited Statement of Accounts for 2009/10 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 writing this report we are in receipt of the draft External Audit Annual Governance Report. The final version will be made available to the Committee and public as soon as it is received. This report sets 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 also contains a commentary on the Council's internal control arrangements and its arrangements for securing value for money and managing natural resources. The External Auditor will be attending the meeting to present his/her findings.

AUDIT FINDINGS

The auditor identified two instances in which the notes to the accounts needed correction (notes on related party transactions, and debtors), and a further three instances where the actual statements of account required amendment. These instances were as follows:

- He identified that an amount of £88,000 previously shown as a creditor was not in fact repayable and should therefore have been classified as a reserve.
- The analysis, in the cash flow statement, of movements in debtors and creditors was incorrect. The errors self cancelled giving the same “net” effect.
- Income of £22,500 had been incorrectly classified. This too was of nil net effect.

Only the first item affects the “bottom line” of the Council’s accounts (in accounting jargon its “net worth”), improving it by £88,000.

An additional note to the accounts has also been inserted. Since the accounts were reported to the 14 June committee, the Chancellor of the Exchequer has announced a change in the measure of inflation to be used for public sector pensions. The note records that it is anticipated that this will result in reduced future benefit obligations.

The accounts have been altered in respect of all of the above items. A schedule showing which figures has changed is attached.

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 Deputy Chief Executive.

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 listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

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)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

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 2009/10 – Governance Committee, 14th June 2010
- Risk Assessment

APPENDICES

Appendix A Statement of Accounts including the Annual Governance Statement for South Ribble Borough Council for year ended 31 March 2010. (For Approval)

SCHEDULE OF CHANGES

Statement of Accounts		Original amount	Revised amount	Difference
		£'000	£'000	£'000
Page 35 – note 8	Related party SFS gross exp.	1,653	2,052	399
	- SFS recharge to SRBC	(811)	(1,017)	(206)
	- SFS recharge to CBC	(843)	(1,035)	(192)
Page 47 – note 11	Debtors - taxpayers	1,071	271	(800)
	Debtors – bad debt prov'n	(1,215)	(415)	800
Page 20 – I&E account	Deficit for year	1,278	1,190	88
Page 22 – Balance Sheet	Earmarked Reserve	7,739	7,827	88
	Creditors	(4,029)	(3,941)	88
	Net worth	19,262	19,350	88
Page 20 – I&E account	General Government Grant	(1,400)	(1,423)	(23)
	NNDR income	(1,614)	(6,091)	23
Page 53 – cash flow	Increase in debtors	(1,170)	(1,363)	(193)
	Increase in creditors	1,092	1,285	193