

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
<b>GOVERNANCE COMMITTEE</b>	<b>26 SEPTEMBER 2012</b>

Report template revised June 2008



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
<b>AUDITED STATEMENT OF ACCOUNTS 2011/12</b>	<b>Finance and Resources</b>	<b>Susan Guinness</b>	<b>4</b>

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

The External Auditor has completed the audit of the Council's Statement of Accounts for 2011/12 and expects to issue an unqualified audit opinion on those accounts. To comply with the relevant legislation, Committee is required to approve the audited Statement of Accounts by 30<sup>th</sup> September 2012.

## **RECOMMENDATIONS**

That the Committee:

1. note the contents of the Auditor's Annual Governance Report as contained in Appendix A; and
2. consider and approve the Statement of Accounts for 2011/12 as contained in Appendix B;
3. authorise the Chief Executive to sign the letter of Management Representation as set out in the Auditor's Annual Governance Report

## **DETAILS AND REASONING**

A summary of the Financial Statements was presented to Committee on 27 June 2012. Members are now presented with the full audited Statement of Accounts and the auditor's Annual Governance Report.

## **AUDIT FINDINGS**

The key messages are that the auditor intends to issue an unqualified audit opinion. In relation to VFM, she has indicated her confidence that the Council is making good progress to achieve its targeted efficiency savings. She also considers it well placed to face the future financial challenges whilst meeting service needs. With regard to the significant risks identified in the 2011/12 audit plan her testings have not revealed any issues that she would wish to report. She has however had to report that the additional checking on transactions between members and the Council, requested last year, was again overlooked, only being done at the auditors request.

Three issues were identified during the audit and are mentioned in appendix 2 of the Governance letter.

- The first concerns the misallocation of the costs and income of council tax benefit, and arose because historically these costs have been aggregated with housing benefit on a single cost centre accounted for within "Central Services". The major portion of expenditure and income related to housing rather than council tax benefit and as a result in implementing the new ledger system at 1/4/2011 all costs were reallocated to "Housing Services", when in fact the council tax benefit costs should have been "split off" and left where they were.

- The second concerns changes in the financial instruments note. Financial Instruments are, by definition, contracts that give rise to assets and liabilities. The debtors shown in the accounts include non contract debts (such items as statutory debts for NI, PAYE, VAT, council tax, NNDR and government grants) and these should have been excluded in the notes to the accounts referring to financial instruments.
- The third issue concerns note 40 to the accounts. This identifies the future income receivable on property let by the council. There are approximately one hundred and fifty such lettings extending for up to a further sixty, seventy or more years ahead. The auditor identified that in a few cases the lengths of the leases had been understated when calculating the future rental income.

None of these matters affected the Total Cost of Service, nor the Balance Sheet.

Committee is now asked to approved the revised accounts, and authorise the signing of the letter of representation.

### 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.

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

- The Local Government and Housing Act 1989, Section 56(5)
- South Ribble Borough Council (unaudited) Statement of Accounts 2011/12 – Governance Committee, 27<sup>th</sup> June 2012
- Annual Governance report (separately reported on the agenda)

### APPENDICES

Appendix A                      Annual Governance Report  
Appendix B                      Statement of Accounts for South Ribble Borough Council for year ended 31 March 2012. (For Approval)