

---

**Audit and Governance Committee**

29 September 2011

Report of the Director of Customer & Business Support Services

**2010/11 Final Statement of Accounts**

**Summary**

1. The purpose of this report is to bring to Members a revised and final set of Accounts for 2010/11, which reflect the changes that have been made since the draft pre-audit accounts were presented to Audit and Governance Committee for review, in line with CIPFA best practice, on 26<sup>th</sup> July 2011.
2. The Audit Commission commenced their audit of the Statement of Accounts 2010/11 at the beginning of August and the next item on the agenda, item 6, will present to Members the findings of that audit, in the Annual Governance Report.

**Background**

3. The draft pre-audit Statement of Accounts for 2010/11 were signed by the Chief Finance Officer – Director of Customer & Business Support Services – on 30 June 2011. This is in accordance with the revised Accounts and Audit Regulations 2011.
4. The Statement of Accounts 2010/11 has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK, in line with International Financial Reporting Standards (IFRS).
5. 2010/11 has been the first year that the accounts have been produced under IFRS. Implementing this significant IFRS change agenda has proved demanding due to the increased workload, which has been compounded by the recent restructure in Financial Services. The pressure on staff with reduced resources, whilst also continuing to support the savings programmes across the authority, has meant that the production of the Statement of Accounts in 2010/11 has proved extremely challenging.

6. The 2010/11 Statement of Accounts attached at Annex A have been revised since the Audit & Governance Committee review in July 2011. The 4 core statements (Comprehensive Income & Expenditure Accounts, Movement in Reserves Statement, Balance Sheet and Cash flow Statement) have been adjusted which has resulted in the notes to the accounts also being amended.
7. It should be noted that these changes have no affect on the budget outturn position of the council which has remained at £117.4m. The changes to the Statement of Accountants are accounting adjustments to ensure they present a true & fair view.
8. The 2010/11 audit is now substantially complete. During the course of the audit to date, the audit commission has identified in their Annual Governance Report:
  - (a) a number of material misstatements which have been adjusted
  - (b) errors / uncertainties not material, which therefore have not been adjusted
  - (c) key risks
  - (d) Weaknesses in internal control
  - (e) Quality issues in the financial statementsThe Annual Governance Report is attached to this agenda at item 6 “Annual Governance Report of the External Auditor” Annex A.
9. The annual production of the Statement of Accounts is the subject of continuous review and as usual, lessons will be gleaned from the issues identified this year, and these will form the basis of a structured improvement programme in the build up to the production of next years Statement of Accounts. The improvement programme will focus on:
  - (i) raising the profile of Final Accounts allowing suitable time to be given to the production of the statements across finance
  - (ii) (ii) realigning resources to the preparation of the Accounts following the restructure in Financial Services
  - (iii) (iii) regular meeting with the external auditors
  - (iv) (iv) training sessions for accountants to aid the closure of accounts process
  - (v) (v) a detailed plan to ensure all deadlines are met
  - (vi) (vi) purchase and implementation of a fixed asset register system.

### **Consultation**

10. All services areas of the Authority have contributed to the final Statement of Accounts and working papers.

## **Options**

11. Not relevant for the purpose of the report.

## **Analysis**

12. Not relevant for the purpose of the report.

## **Corporate Priorities**

13. The Statement of Accounts provides a technical financial summary of the activities of the council and assists in providing the Council with a viable financial position in which to base its future budget projections. It is a statutory requirement that the Audit & Governance Committee approves the Statement of Accounts after the audit by 30 September 2011.

## **Implications**

14. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

## **Risk Management**

15. Areas of risk identified throughout the Close of Accounts process are monitored and managed on an ongoing basis to ensure the statutory deadline is met. The risks identified in 2010/11 were
  - Technical ability and capability of personnel following the financial restructure
  - Impact of the changes to the regulations under which the accounts were produced due to the conversion of the accounting regulations for all Local Authorities from UK Generally Accepted Accounting practice (GAAP) to International Financial Reporting Standards (IFRS).

## **Recommendations**

16. Members are asked to note the Final Statement of Accounts for 2010/11 in order that they can receive the Annual Governance Report of the Audit Commission at item 6 on this agenda.

## Reason

*It is a statutory requirement that a committee of the Council or Full Council approves the Statement of Accounts for 2010/11 by 30 September 2011*

## Contact Details

**Author:** Louise Branford-White  
Technical Finance Manager  
Telephone: 01904 551187

**Chief Officer Responsible for the report:** Ian Floyd  
Director of Customer & Business Support Services  
Telephone: 01904 551100

**Report Approved**  **Date** 26/09/11

## Specialist Implications Officers

Not applicable

**Wards Affected:** All

**For further information please contact the author of the report**

## Background Papers:

Audit and Governance Committee 26<sup>h</sup> July 2011 – Pre-Audit Statement of Accounts 2010/11

## Annex

Annex A – Final Statement of Accounts 2010/11