

## **Item 7 Statement of Accounts 2010/11**

Report of the Head of Finance

### **Recommended:**

- 1. Audit Commission's Annual Governance Report (Annex 1):**
  - a. That the matters raised in the report be considered before authorising the financial statements for issue,**
  - b. That the adjustments to the financial statements be noted,**
  - c. That the proposed audit opinion and value for money conclusion be noted.**
  - d. That the letter of representation be approved.**
- 2. That the audited Annual Statement of Accounts for the financial year 2010/11 (Annex 2) be approved.**

#### **SUMMARY:**

- The Council is required to prepare an Annual Statement of Accounts and have those accounts audited. This report presents the audited Annual Statement of Accounts for approval together with the Annual Governance Report of the Audit Commission.
- The Statement of Accounts is presented with an unqualified opinion; this means the auditors found no material errors or misstatements in the accounts.

### **1 Introduction**

- 1.1 The Council is required to produce and approve Annual Statement of Accounts for each financial year.
- 1.2 The accounts for the year ended 31 March 2011 have now been audited by the Audit Commission and the Annual Statement of Accounts, together with the Audit Commission's Annual Governance Report are presented here for approval.

### **2 Background**

- 2.1 The process for preparing and approving the Annual Statement of Accounts has changed slightly this year.

### Approval Process

- 2.2 In previous years the draft statement of accounts has been approved by Committee prior to the commencement of the audit of the accounts.
- 2.3 Following the audit, the audited Statement of Accounts was re-submitted for final approval.
- 2.4 Accounting regulations have removed that requirement from 2010/11 and consequently this is the first time that Councillors will have seen the 2010/11 Statement of Accounts.

### Preparation of the Accounts

- 2.5 2010/11 is the first year that the Council has prepared its accounts under International Financial Reporting Standards (IFRS). This is a requirement for all local authorities this year and completes the transition for the whole of the public sector.
- 2.6 This has seen a number of changes to the presentation and content of the accounts. More information on the nature of these changes can be seen in the update reports presented to the Audit Committee throughout 2010.

## **3 2010/11 Annual Statement of Accounts**

- 3.1 Officers prepared the draft set of accounts in accordance with statutory deadlines, with the Head of Finance releasing them for audit on 27 June 2011.
- 3.2 As part of the audit the Audit Commission identified five adjustments to the accounts and these are shown on Annex 1.
- 3.3 These changes are all relatively minor in nature and none of them change the Council's overall financial position from the accounts originally released for audit. These changes have been discussed and agreed by officers.
- 3.4 Given the large number of changes to the format of the accounts and the additional disclosures required, this is considered to be an excellent outcome. (In 2009/10 17 minor amendments were recommended following the audit.)
- 3.5 Before approving the Annual Statement of Accounts Councillors should consider the Council's Annual Governance Statement that was approved by full Council on 29 June 2011. This is shown in Annex 3.

## **4 Audit Commission's Annual Governance Report**

- 4.1 As part of their reporting process, the Audit Commission produce an Annual Governance Report (AGR).

- 4.2 The (AGR) details findings in respect of the audit of the accounts and investigations into the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 4.3 An unqualified opinion has been given in respect of both the Annual Statement of Accounts and the Council's value for money arrangements. This means that the auditors found no material areas of concern as part of their audit.

## 5 Conclusion

- 5.1 The Statement of Accounts presented with this report is recommended to be approved by the General Purposes Committee as the Council's audited Statement of Accounts for 2010/11.
- 5.2 The Audit Commission has issued an unqualified opinion in respect of both the Annual Statement of Accounts and on the Council's ability to deliver value for money.

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| <u>Background Papers (Local Government Act 1972 Section 100D)</u>  |                       |           |                   |
| <u>Confidentiality</u>   |                       |           |                   |
| It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public. |                       |           |                   |
| No of Annexes:   | 3 (Annex 1 to Follow) | File Ref: |                   |
| (Portfolio: Economic) Councillor Giddings  |                       |           |                   |
| Officer:   | Carl Whatley          | Ext:      | 8241              |
| Report to:   | General Purposes      | Date:     | 29 September 2011 |