

AUDIT PANEL			
Report Title	APPROVAL AND PUBLICATION OF THE AUDITED STATEMENT OF ACCOUNTS AND SUMMARY OF ACCOUNTS 2008/09		
Key decision	NO		Item No. 4
Ward			
Contributors	EXECUTIVE DIRECTOR OF RESOURCES		
Class	Part 1	Date: 22 SEPTEMBER 2009	

1. Executive Summary

Each financial year the publication of the Statement of Accounts and its approval by Council is a statutory requirement. The pre-audit 2008/09 Accounts were agreed by Council on 24 June 2009. Since then the external audit has been in progress and certain changes have been agreed with the District Auditor. The final audited 2008/09 Accounts will be submitted to Council on 24 September 2009.

2. Purpose

To consider the publication of the audited 2008/09 Statement of Accounts. **The audited Accounts are contained within the Booklet circulated separately.**

3. Statutory Requirements

- 3.1 Regulation 11 of the Accounts and Audit Regulations 2003 requires authorities to publish the statement of accounts as soon as is reasonably possible after the external audit is concluded but in any event no later than three months after the deadline for approval. The deadline for the 2008/09 Accounts is therefore 30 September 2009. The approval of the audited Statement of Accounts by Council on 24 September 2009 will satisfy this statutory requirement.
- 3.2 The Council's compliance with statutory deadlines and performance on the production of the Statement of Accounts is also a key element in the Audit Commission's Corporate Area Assessment (CAA). The financial statements and the summary financial information are key criteria in the Value for Money conclusion of the Use of Resources assessment of the CAA. Therefore, meeting the statutory deadlines and producing Accounts to a high standard with good quality working papers is a key element in the Use of Resources score. For 2008/09 the CAA has been a tougher regime than the CPA under which the

Council scored a 3 for Financial Reporting last year. Therefore to maintain a score of 3 for 2008/09 will confer a very good performance.

4. Review of Final Audited Accounts

- 4.1 Since the pre-audit Accounts were approved by the Audit Panel and Council at the end of June 2009, they have been subject to rigorous checking and audit by the Audit Commission. The audit has now been completed and the District Auditor has presented his Annual Governance Reports on the Accounts and the Pension Fund earlier on the agenda.
- 4.2 During the audit certain amendments to the Accounts have been agreed with the auditors. None of these changes are material to the financial position shown in the Accounts and none will have any affect on the charge to Council Tax. The changes are in the main, presentational issues and are valid to ensure the Council complies with the technical accounting regulations.
- 4.3 The agreed changes have the minimal impact on the main statements included in the Accounts. The General Fund surplus for 2008/09 remains unchanged from the pre-audit Accounts at £300k (page 28). Also the General Fund Balance carried forward of £11.236m (page 28) also remains unchanged. The amendments agreed result in a very minor reduction to the Council's net assets of £483k to £1,197.296m. The Pension Fund Net Assets changes result in a minimal reduction of £72k to £518.854m
- 4.4 The Table in Appendix 1 sets out the amendments and the affect of those changes. Also the changes are highlighted in the printed booklet for ease of reference only. The Executive Director of Resources will run through these changes at the meeting.
- 4.5 There has been a rigorous and extensive external audit carried out on the Accounts. The small number of changes required to the Accounts indicate a strong system of financial control and also the robustness of financial information throughout the organisation. The Audited Accounts will be submitted to the Council for approval on 24 September 2009.
- 4.6 The Financial Summary, that will appear in the Annual Report, will be circulated at the meeting.

5. Annual Governance Statement (AGS)

- 5.1 The Annual Governance Statement (see pages 111 – 134) has also been updated from the draft considered at Audit Panel on 23 June 2009. following comments from the Panel, the AGS working party and the Audit Commission. The effect of the changes is to more strongly link the text of the Statement with the associated “Significant Governance Issues” action plan. These changes are highlighted in the booklet .
- 5.2 An additional item has been added to the Action Plan. This item relates to internal control in schools and was initially identified in the Head of Internal Audit and Risk’s Annual Report.

6. Management Representation Letter

The Executive Director for Resources is the officer designated as the Section 151 Officer under the Local Government Act 1972. It is a requirement of the external audit that the Section 151 Officer signs a letter of Representation confirming that she has the responsibility for the proper administration of the financial affairs of the Authority and that the duties that this responsibility entails have been undertaken. The draft letter is included in the Audit Commission’s AGR (Appendix 4) and will be signed nearer to the Council approval date of 24 September.

7. Publication of Statement of Accounts

- 7.1 Sections 15 and 16 of the Audit Commission Act 1998 give electors the right to question the auditor or object to the Accounts. The Accounts are required to be available for public inspection for 20 working days prior to the conclusion of the audit and an advertisement placed in the local press to publicise this fact. This public inspection period ended on the 2 September which was also the day electors were able to question the auditor. It is also a requirement that notice of conclusion of the audit is advertised in the local press.
- 7.2 On the 24 September the Council will be asked to approve the publication of the Accounts. Following this the District Auditor will be able to provide his formal opinion on the Accounts and formally conclude the Audit. The Accounts will then be available to the general public through copies in the Libraries and on the Authority’s website. For a small charge members of the public may also purchase a copy of the Accounts booklet.

- 7.3 As in previous years a summary of accounts has been provided. A copy will be circulated at the meeting for information. This will put the Statement of Accounts into a user friendly format for members of the public and other users. This year the summary account information will be incorporated in an Annual Report. It is planned that this will be published by the end of October 09 and be available to the public through the library service and on the Council's website.

8 Financial Implications

These have been addressed in the body of the report.

9. Legal Implications

These have been addressed in the body of the report.

10. Equality Implications

None specifically resulting from this report.

11. Crime & Disorder Implications

None specifically resulting from this report.

12. Environmental Implications

None specifically resulting from this report.

13. Conclusion

The Audited Accounts present fairly the financial position for the year ending 31 March 2009. Approval of the publication of the audited Accounts by Council on 24 September will ensure compliance with all statutory requirements.

For further information please contact Steve Mace, ext.46458, or Richard Lambeth, ext 43797 – Finance Shared Services, Resources Directorate.

SCHEDULE OF CHANGES TO THE STATEMENT OF ACCOUNTS

Amend. No.	Amount £'000	Page No.(s) in SoA	Account (s) Amended	Explanatory Note
1	57,341	26 & 76	I & E Account – Housing Services and Loss on the disposal of fixed assets / and HRA I & E Account	This is the total of the reduction in the asset base following the Grove Park, Foreshore and Orchard LSVT's (large scale voluntary transfers). This reduction has to be reflected in the Income & Expenditure Account. The reduction should have been treated as an impairment rather than a loss. This creates a classification change from losses to Housing impairments under Housing Services.
2	17,778	26 & 77	I & E Account - Loss on the disposal of fixed assets and Housing Services / and HRA I & E Account	This amount relates to government grant in relation to over-hanging debt from the Grove Park LSVT. This change relates to the re-classification of the grant as Housing income rather than netted off against losses on the disposal of assets.
3	6,141	104 -108	Group I & E Account and Balance Sheet	The Group Accounts were prepared on the basis of Lewisham Homes pre-audited accounts. Certain amendments to Lewisham Homes Accounts were agreed with their auditors and these are now reflected in the audited Lewisham Homes Accounts and the Group Accounts.
4	483	34&35	Balance Sheet – Fixed Assets and Revaluation Reserve	This relates to an asset that had been included in the Asset Register twice under different names. This adjustment relates to the removal of this asset.
5	241	34	Balance Sheet – Cash in Hand and Creditors	This relates to a Euro Bank Account balance at 31 March 09 that was held on behalf of other authorities. During 2009/10 these monies have now been appropriately dispersed and there is a nil balance on the account.
6	1,248	34	Balance Sheet – Cash Holdings and Bank Overdraft	This relates to Cash in Hand balances that had been netted off against cash overdrawn. The net overdrawn balance of £14.777m has been grossed up to show the Cash in Hand and Cash Overdrawn.

APPENDIX 1 (CONTINUED)**SCHEDULE OF CHANGES TO THE STATEMENT OF ACCOUNTS**

Amend. No.	Amount £'000	Page No.(s) in SoA	Account (s) Amended	Explanatory Note
7	Various	38 & 72- 73	Cash Flow Statement and Notes	At the time the pre-audit Statement was submitted for audit the full analysis of the Cash Flow Statement had not been completed. This has now been completely analysed and reconciled to cash. All changes are presentational and do not affect the overall cash balance.
8	Note only	71	Notes to the Balance Sheet – Contingent Liabilities	This relates to the indemnity the Council has with Lewisham Homes concerning the net liabilities that would be the responsibility of the Council should Lewisham Homes cease to be a going concern. The note clarifies that there is a potential liability of £2.011m for FRS17 pension fund liabilities on staff who have transferred to Lewisham Homes.

