

AUDIT PANEL		
Report Title	APPROVAL OF THE 2009/10 AUDITED STATEMENT OF ACCOUNTS	
Key decision	NO	Item No. 4
Ward	ALL	
Contributors	EXECUTIVE DIRECTOR OF RESOURCES	
Class	Part 1	Date: 21 SEPTEMBER 2010

1. Executive Summary

The Council has a statutory requirement to approve and publish its audited Statement of Accounts by 30th September each year. The pre-audit 2009/10 Accounts were agreed by the Audit Panel on 24th June 2010 and approved by Council on 30th June 2010. Since then the external audit has been in progress and a number of changes have been agreed with the District Auditor. The final audited 2009/10 Accounts will be submitted to Council on 23rd September 2010 for approval.

2. Purpose

To consider and recommend to Council the publication of the audited 2009/10 Statement of Accounts.

The audited Accounts are contained within the Booklet included with this agenda.

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 approval of the 2009/10 Accounts is 30th September 2010. The approval of the audited Statement of Accounts by Council on 23rd September 2010 will satisfy this statutory requirement.

3.2 The Council's compliance with statutory deadlines, its performance on the production of the Statement of Accounts and the quality of the financial statements and the summary financial information are key criteria in the Audit Commission's Value for Money conclusion. Therefore, meeting these to a high standard with good quality working papers is still important despite the abolition of the Comprehensive Area Assessment (CAA) and the Use of Resources assessment. The Council scored a rating of 3 out of 4 for Financial Reporting in 2008/09 under the CAA.

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 2010, they have been subject to rigorous checking and extensive external audit by the Audit Commission. At the time this report was dispatched, the audit was still being finalised, but the District Auditor is planning to issue an unqualified opinion, subject to the satisfactory clearance of outstanding matters. A verbal update will be given at the meeting. The District Auditor has presented his Annual Governance Reports on the Accounts and the Pension Fund earlier on this agenda.
- 4.2 During the audit a number of 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 they do not affect the charge to Council Tax. The changes are mainly presentational issues and will ensure that the Council complies with the technical accounting regulations.
- 4.3 The agreed changes have a minimal impact on the main statements included in the Accounts. The General Fund surplus for 2009/10 remains unchanged from the pre-audit Accounts at £275k and the General Fund Balance of £11.511m also remains unchanged (page 28). The agreed amendments result in a reduction to the Council's net assets of £99m to £722m.
- 4.4 The Table in Appendix 1 sets out the amendments and the effect of those changes. The Executive Director of Resources will describe these changes at the meeting.
- 4.5 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 23rd September 2010.
- 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 AGS (pages 115 – 136) has also been updated from that considered at the Audit Panel on 24th June 2010, following comments from the Panel, the Internal Control Board and the Audit Commission.
- 5.2 A new section has been inserted under heading 3. Elements of the governance framework, part f);
- “Maintaining an adequate and effective system of internal audit”.
- 5.3 Two additional actions have been added to the Action Plan;
- Impact of public sector spending cuts.
 - Improve the quality of auditable grant claims.

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 23rd September 2010.

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 16th August 2010, which was also the day electors were able to question the auditor. No questions were received by the District Auditor on this day. It is also a requirement that notice of conclusion of the audit is advertised in the local press.

7.2 On the 23rd September 2010 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 prepared. 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 2010 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 give a true and fair view of the financial position of the Council for the year ending 31st March 2010. Approval of the publication of the audited Accounts by Council on 23rd September 2010 will ensure compliance with all statutory requirements.

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

SCHEDULE OF CHANGES TO THE STATEMENT OF ACCOUNTS

Amend. No.	Amount £m	Main Account (s) Amended	Explanatory Note
1	17.2	HRA Income and Expenditure Account – Impairment / Loss on Disposal	Lee LSVT – Reclassify as an impairment instead of a loss on disposal.
2	82.5	Income and Expenditure Account, Balance Sheet – Revaluation Reserve, Capital Adjustment Account, Impairment, Fixed Assets	PFI Land and Building Valuation amendments following revaluation.
3	2.4	Income and Expenditure Account – Non Distributed Costs, Actuarial Gains and Losses; Balance Sheet	Remove Prior Period Adjustment figures in respect of Pensions FRS17 Adj due to the transfer of Building Services staff to Lewisham Homes in 2008/09.
4	15.5	Cash Flow Statement	Reclassification of short term loan from “Other Operating Cash Payments” line to “Interest Received” line. Reclassification of “Capital Activities - Capital Grants” line to “Revenue Activities - Government Grants” line.
5	18.6	Group Accounts – Lewisham Homes Pensions Asset and Pensions Reserve	Lewisham Homes Pensions Indemnity – The amount relating to pre transfer service has now been identified by the actuaries. This has now been accounted for under FRS17.

