

PART A

Report to: Audit Committee

Date of meeting: 25 September 2012

Report of: Head of Strategic Finance

Title: External Auditor's Report To Those Charged With Governance – ISA260 – (September 2012) And Approval Of The Statement Of Accounts For 2011/12

1. SUMMARY

1.1 This report allows the Committee to ask questions of the external auditor concerning the 'Report to those charged with Governance (ISA260)' and to approve the Statement of Accounts for 2011/12.

2. RECOMMENDATIONS

2.1 That the Committee notes the external auditor's 'Report to those charged with Governance',

2.2 That the Committee seeks any clarification it needs concerning the Statement of Accounts for 2011/12,

2.3 That the Committee confirms that it is satisfied that the accounting policies adopted are the most appropriate, and,

2.4 That the Statement of Accounts for 2011/12 be approved.

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Report approved by:

Bernard Clarke – Head of Strategic Finance

3. DETAILED PROPOSAL

Introduction

- 3.1 The Accounts and Audit (England) Regulations 2011 require the statutory accounts to be completed by 30th June but that they should not be considered by the Audit Committee until they have been audited. This consideration must take place before 30th September.
- 3.2 The Auditor's 'Report to those charged with Governance' is attached at **Appendix 1**. It is issued in accordance with ISA260 and incorporates a conclusion on final accounts work and a value for money judgement. Representatives from Grant Thornton will attend the meeting to present the report and answer questions.
- 3.3 Attached at **Appendix 2** is a draft letter of representation which should be signed by the Chair of the Audit Committee and the Council's Section 151 Officer (the Head of Strategic Finance).
- 3.4 The Statement of Accounts for 2011/12 is attached at **Appendix 3** and must be signed by the two Council representatives as above.
- 3.5 Financial Reporting Standard 18 requires the Committee to confirm that it is satisfied that the accounting policies adopted are the most appropriate.

Key Issues and Interpretation of the Accounting Statements

- 3.6 The purpose of the Statement of Accounts is to give interested parties an understanding of the Council's financial position. It also provides an opportunity to compare how the Council performed financially against the original plan published when setting the budgets in February 2011. Members are referred to the Foreword to the Statement of Accounts.
- 3.7 The Financial Statements have been prepared under International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance and Accountancy produces a Code of Practice on Local Authority Accounting which reflects the statutory requirements and has been followed in preparing the financial statements.
- 3.8 A new requirement this year was the recognition of Heritage assets for the first time. These assets are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. These include works of art, musical equipment, sculptures, statues, war memorials and civic regalia, which are reported at insurance valuations. This has brought about a restatement of comparative figures for the previous year.

3.9 A draft Annual Governance Statement (AGS) was presented to the Committee and approved on 27th June 2012. The AGS has been updated to reflect the current position, is now included within the Statement of Accounts, and has been signed by the Mayor and Managing Director in accordance with statutory requirements.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 These have been included within the report.

4.2 Legal Issues (Monitoring Officer)

4.2.1 As stated in the body of the report the Council is legally obliged to approve the statement of accounts by 30 September 2012.

4.3 Equalities

4.3.1 There are no equality implications arising out of this report.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall Score
That the Statutory Accounts are not completed/ approved by the statutory deadline of 30 th September	1	4	4

Appendices

1. Report to those charged with Governance (ISA260) – Grant Thornton
2. Draft Letter of Representation
3. Statement of Accounts 2011/12

Background Papers

The Accounts and Audit (England) Regulations 2011