

**REPORT FOR DECISION**

Agenda Item	
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**MEETING:** AUDIT COMMITTEE  
**DATE:** 11 NOVEMBER, 2004  
**SUBJECT:** 2003/04 STATEMENT OF ACCOUNTS  
**REPORT FROM:** EXECUTIVE MEMBER FOR RESOURCE  
**CONTACT OFFICER:** Mike Owen – Director of Finance and E-Government

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**TYPE OF DECISION:** Council

**REPORT STATUS:** For Publication

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**PURPOSE/SUMMARY:**

The report provides Members with the final version of the Authority's Statement of Accounts for the financial year ended 31 March, 2004.

The Accounts attached have been up-dated to reflect a number of amendments that have been made to the Accounts following the completion of the audit by the Audit Commission.

The report is to be considered along with the SAS610 Financial Statement report which will be presented by the Audit Commission as part of this meeting.

**OPTIONS AND RECOMMENDED OPTION (with reasons):**

Members are recommended to:

- Approve the amendments to the Accounts recommended by the Audit Commission
- Approve the final version of the Statement of Accounts for the 2003/04 financial year (attached as Appendix A to the report) in line with the provisions of the Accounts and Audit Regulations 2003;
- Note the contents of the Letter of Representation attached as Appendix B to the report;
- Note the matters and issues arising from the audit and contained within the SAS610 Financial Statement report (also on the agenda) presented by the Audit Commission

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**IMPLICATIONS -****Financial Implications and Risk Considerations**

See Statement by DoFEG below

**Corporate Aims/Policy Framework:**

Do the proposals accord with the Policy Framework? Yes. The successful performance of the Council's financial resources supports the delivery of its corporate aims and objectives. The final position of the Council's financial resources will impact on the achievement of all the authority's policies.

Are there any legal implications? Yes

**Considered by Monitoring Officer:**

Yes. The production of the Authority's statutory accounts is a requirement of the Local Government Act 1972 and has been undertaken in compliance therewith and the Council's Standing Order 56. The report accords with the Council's Policy and Budget Framework and has been produced in accordance with all relevant Statutory Guidance and Codes of Practice.

**Statement by Director of Finance and E-Government:**

The Statement of Accounts reflects the Authority's financial performance during 2003/04 and helps to shape budget strategy in future years.

**Staffing/ICT/Property:**

There are no direct Human Resource / IT / land and Property implications arising from this report.

**Wards Affected:**

All

**Scrutiny Interest:**

Falls under the remit of the Resource Scrutiny Panel.

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**TRACKING/PROCESS****DIRECTOR:** Mike Owen

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
<b>Yes</b>	<b>Yes</b>		
Scrutiny Panel	Executive	Committee	Council
<b>Resource Scrutiny Panel</b>	<b>No</b>		

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## 1.0 INTRODUCTION

- 1.1 Under the terms of the Accounts and Audit Regulations 2003 each year the Authority is required to produce, and have approved, the Statement of Accounts before 30 June following the Balance Sheet date. Previously this deadline was 30<sup>th</sup> September and in recognition of the impact of this change, the Regulations allow for a phasing in of the new deadline as shown below.

Financial Year	Statutory Approval Date	Statutory Publication Date
2002/03	30 September	31 December
<b>2003/04</b>	<b>31 August</b>	<b>30 November</b>
2004/05	31 July	31 October
2005/06	30 June	30 September

- 1.2 Once the Accounts have been approved they are subject to audit by, in our case, the Audit Commission and a final copy of the Accounts containing the auditor's certificate and opinion must then be published on or before the statutory publication date (see above).
- 1.3 The 2003/04 draft Accounts were approved by this Sub-Committee on 29<sup>th</sup> July, one month ahead of the statutory deadline.
- 1.4 For the 2003/04 financial year there is the continuation of the important development in the responsibilities of auditors in relation to any misstatements that they discover in the course of their work. Under Statement of Auditing Standard (SAS) 220, auditors plan and perform their audit to provide reasonable assurance that the financial statements are free from material misstatement.
- 1.5 However, in carrying out their work, they will also happen across other misstatements and omissions that are not material. The revised SAS610 "*Communication of Audit Matters to those Charged with Governance*" now requires auditors to report to Members **all** misstatements that have been advised to officers but not adjusted for.
- 1.6 It was agreed at the Audit Committee meeting on 29 July that any misstatements and matters / issues arising would be communicated at this meeting of the Audit Committee following completion of the audit.
- 1.7 The principal purposes of the communication with Members are for the auditors to ensure that there is a mutual understanding of the scope of the audit and the respective responsibilities of the auditors and Members; to share information to assist both the auditors and Members to fulfil their respective responsibilities; and to provide Members with constructive observations arising from the audit process.

## **2.0 AMENDMENTS TO THE ACCOUNTS**

- 2.1 The Audit Commission (the auditors) have identified a number of amendments that they have recommended the authority should make to the Accounts and these are shown in the section entitled Auditors' Report and in an appendix of the paper considered under the item on the Committee's agenda.
- 2.2 The items identified by the auditors relate primarily to technical accounting entries that were made after the draft Accounts had been brought to the Sub-Committee in July or to the need to re-classify items on the face of the Accounts.
- 2.3 Having discussed the suggested amendments with the auditors I am happy to agree to their inclusion within the Accounts and the final version of the Statement of Accounts for 2003/04, reflecting the amendments is attached at Appendix A to this report. **Members are therefore recommended to approve these Accounts.**
- 2.4 It is important that Members appreciate that none of the amendments affect the authority's outturn (as reported to the Executive) or the level of the General Fund balances.

## **3.0 ISSUES**

- 3.1 In considering the Auditors' Report Members' attention is also drawn to the comments about the early production of the Accounts. In last year's report to the Sub-Committee on 29th July, 2003 I stressed that the close-down process had been treated as a "dry run" in order to iron out any practical difficulties that might arise. I can assure Members that positive action has been taken in respect of all of the recommendations made in last year's Auditors' Report and in respect of the lessons learned.
- 3.2 This year closure was achieved one month earlier than the statutory deadline and it is a great credit to all the staff involved that they achieved an early and efficient close-down and to a very high standard.
- 3.3 I would also like to pay tribute to the professional, diligent and courteous manner in which the auditors have discharged their duties.

**Mike Owen**  
**Director of Finance & E-Government**

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### ***Background documents:***

Various final accounts working papers held in the files of the Head of Financial Management's office .

### ***For further information on the details of this report, please contact:***

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