

# REPORT FOR DECISION

**MEETING:** **AUDIT COMMITTEE**

**DATE:** **26 AUGUST 2010**

**SUBJECT:** **STATEMENT OF ACCOUNTS 2009/10**

**REPORT FROM:** **DIRECTOR OF FINANCE AND E-GOVERNMENT**

**CONTACT OFFICER:** **MIKE OWEN, DIRECTOR OF FINANCE AND E-GOVERNMENT**

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**TYPE OF DECISION:** **COUNCIL**

**FREEDOM OF INFORMATION/STATUS:** This paper is within the public domain

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**SUMMARY:** The 2009/10 Statement of Accounts, for the financial year ending 31 March 2010, was approved by the Audit Committee on 22 June 2010. The accounts have now been audited and Members are asked to note:

- No audit adjustments have been identified for the second year running;
- No priority one recommendations have been made;
- The quality of the Council's accounts and working papers have continuously improved;
- The Council is able to present its audited accounts to Members one month earlier than the statutory deadline and KPMG are to be thanked for their part in achieving this;
- Only a small number of presentational amendments have been made following the completion of the audit by KPMG and these have been reflected in the attached pages (Appendix A);
- A notice will be placed advertising the completion of the audit and how members of the public can access copies of the statement and summary of accounts.

This report is to be considered along with the ISA (UK+I) 260 "Communication of Audit Matters with those Charged with Governance" report which will be presented by KPMG as part of this meeting.

**OPTIONS &  
RECOMMENDED OPTION**

Members are recommended to:

Approve the presentational amendments to the Accounts recommended by KPMG.

Approve the final version of the Statement of Accounts for the 2009/10 financial year (with the relevant pages to the Accounts that reflect the amendments attached as Appendix A to the report) in line with the provisions of the Accounts and Audit Regulations 2003;

Note the matters and issues arising from the audit and contained within the ISA (UK+I) 260 Financial Statement report (also on the agenda) presented by KPMG;

Approve the letter of representation signed by the Director of Finance and E-Government which is also attached to this report.

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**IMPLICATIONS:**

**Corporate Aims/Policy Framework:**

Do the proposals accord with the Policy Framework?      Yes

**Financial Implications and Risk Considerations:**

See statement by DoFEG below.

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

The Statement of Accounts reflects the Authority's financial performance during 2009/10 and helps to shape budget strategy in future years.

**Equality/Diversity implications:**

No

**Considered by Monitoring Officer:**

Yes

**Are there any legal implications?**

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 Financial Regulations (Financial Regulation A: Financial Management: 3.8.5). 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.

**Staffing/ICT/Property:**

No specific implications

**Wards Affected:**

All

**Scrutiny Interest:**

Scrutiny Committee (Internal)

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**TRACKING/PROCESS**

**DIRECTOR: Mike Owen**

Chief Executive/ Management Board	Cabinet Member /Chair	Ward Members	Partners
Yes	Yes		
Scrutiny Committee		Committee	Council
		Audit	

## 1.0 INTRODUCTION

- 1.1 Under the terms of the Accounts and Audit Regulations 2003 (as amended in 2009) each year the Authority is required to produce, and have approved, the Statement of Accounts before 30 June following the Balance Sheet date.
- 1.2 Once the Accounts have been approved they are subject to audit by, in our case, KPMG 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 of 30 September.
- 1.3 The 2009/10 draft Accounts were approved by this Committee on 22nd June 2010.
- 1.4 For the 2009/10 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 International Standard of Auditing (UK and Ireland) (ISA (UK+I)) 330, 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/omissions that are not material and ISA (UK+I) 260 "*Communication of Audit Matters with those Charged with Governance*" 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 22 June 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 KPMG (the auditors) have identified and recommended **no** amendments to the Accounts that were approved on 22 June.
- 2.2 A small number of minor presentational amendments have been made to the Accounts to ensure that they are fully compliant with the Code of Practice. Having discussed the suggested amendments with the auditors I am happy to agree to their inclusion within the Accounts and the pages of the Accounts that

reflect the amendments (which are shaded) are attached at Appendix A to this report. **Members are therefore recommended to approve these Accounts.**

- 2.3 In the last three years the Council has made continuous improvements to the accounts closure process in terms of its preparation and application and the results of this can be seen in an improved performance in terms of a reduced number of both audit adjustments and recommendations as reported in the ISA260:

	<b>2009/10</b>	<b>2008/09</b>	<b>2007/08</b>	<b>2006/07</b>	<b>2005/06</b>
Audit Adjustments	<b>0</b>	0	4	7	10
Recommendations	<b>0</b>	3	1	5	7
Recommendations outstanding from previous years	<b>1</b>	0	1	5	-

- 2.4 This is the second year running that no corrected or uncorrected audit adjustments have been required and this is a testament to the quality of the work undertaken by the authority's accountancy staff and to the quality of advice provided by KPMG now and in the past.
- 2.5 The Committee should also note that no audit matters of governance have been identified by KPMG.
- 2.6 Additionally, Members are asked to note that no recommendations have been made for 2009/10. Additionally, two of the three recommendations for 2008/09 have been implemented and that action is in place to resolve the issue of the one outstanding recommendation.

### **3.0 MANAGEMENT LETTER**

- 3.1 The authority is required by Auditing Standards to provide the auditor with written representations from management in respect of related party disclosures, compliance with laws and regulations, the accuracy of the financial statements, unadjusted audit differences, fraud and fair value measurements and disclosures. In addition the auditors also seek management representations in relation to contingent liabilities, post balance sheet events.
- 3.2 In a local government context it is appropriate for management representations to be discussed and approved by the full Council, the Audit Committee or any other committee which has been given delegated responsibility for approval of the financial statements under the Accounts and Audit Regulations 2003. In Bury's case this is the Audit Committee and a letter of representation signed by the Director of Finance and E-Government is attached to this report and requires approval by Audit Committee.

## **4.0 ISSUES**

- 4.1 In the draft Statement of Accounts I referred to the fact that decisions regarding the directorate requests for carry-forwards would be made following the Audit Committee meeting on 22 June.
- 4.2 On 27 July the Cabinet Member for Resource, Performance and Human Resource decided that no cash ceiling adjustments were approved; requests to carry forward uncommitted underspendings (earmarked and under the 1% rule) were refused and the overspending on the Children's Services budget was not carried forward. This reflects the position as set out in the draft Accounts.
- 4.3 Finally, I would like to thank all the staff involved in the achievement of the deadline for the close down process and pay tribute to the professional, diligent and courteous manner in which the auditors KPMG have discharged their duties.

**MIKE OWEN  
DIRECTOR OF FINANCE AND E-GOVERNMENT**

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***Background documents:***

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

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

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