

Forest Heath District Council

(This report is not a key decision and has been subject to appropriate notice of publication under the Council's access to information rules)

Report of the Chief Financial Officer (Section 151 Officer)

SPECIAL COUNCIL

26 SEPTEMBER 2012

COU12/589

APPROVAL OF THE 2011/2012 STATEMENT OF ACCOUNTS AND COMMUNICATION OF AUDIT MATTERS TO THOSE CHARGED WITH GOVERNANCE 2011/12 (ISA 260)

Summary and reasons for recommendation(s)

This report sets out the process for approval of the 2011/2012 Statement of Accounts by Members.

This report also covers the issues arising from the Audit Commission's audit of the financial statements and those issues which they are formally required to report to us under the Audit Commission's Code of Audit Practice and International Standards on Auditing (UK & Ireland) (ISA(UK&I)) 260 - "Communication of Audit Matters with those charged with Governance" – Annual Governance Report (AGR).

Recommendation(s)

The Council is requested to:

- 1. Consider the 2011/12 statement of accounts as attached at Attachment 1 along with the matters raised in the Attachment 2 - Annual Governance Report;**
- 2. Note the adjustments to the financial statements included in this report (Appendices 2 and 3); and**
- 3. Approve the letter of representation (Attachment 2; Appendix 4), on behalf of the Authority before the District Auditor issues his opinion and conclusion.**
- 4. Approve the 2011/2012 Statement of Accounts, including the Annual Governance Statement and ensure that they are signed and dated accordingly.**

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How will the recommendations help us meet our strategic priorities?

1. The work completed by external audit, as part of the statement of accounts audit, includes consideration by the District Auditor on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion.
2. This value for money conclusion takes into account whether the Authority has proper arrangements in place to secure financial resilience and for challenging how it secures economy, efficiency and effectiveness.

Wards affected

3. All.

Key issues

4. The 2011/12 statement of accounts (Attachment 1) have been produced on an International Financial Reporting Standards (IFRS) basis and in accordance with proper practices issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
5. The Code prescribes the format and content of the accounts in order to be compliant with the legislative requirements. It also defines the notes required to support each of the main accounts to aid in the understanding of their content for the reader. Where necessary additional information is included to further aid this understanding at a local level.

Summary

6. A significant amount of time and resource has gone into the production of the Councils statement of accounts. It was a great achievement for the Council to have the unaudited statement of accounts signed by the Chief Financial Officer (S151 Officer) by the statutory deadline of 30 June 2012.
7. The Council's unaudited 2011/12 statement of accounts, signed by the Councils Chief Financial Officer (Section 151 Officer) on 26th June 2012, have been updated to reflect adjustments recommended by External Audit from their audit work (see Attachment 2). It should be noted to Members that these adjustments are all immaterial to the overall financial position of the Council and are in most cases merely presentational changes.
8. There is one item that Officers have not adjusted and this item is detailed in appendix 3 of Attachment 2; in respect of the Newmarket Leisure Centre adjudication costs. This item has been carried forward from the 2010/11 statement of accounts audit and it was agreed by Members at Council on 28th September 2011 that this would remain as an unadjusted item for the 2010/11 statement of accounts for the reason set out below.
 - FHDC incurred professional costs to determine the appropriate amount of expenditure for Newmarket Leisure Centre. In our view even though these are intangible in nature they continue to be proper capital costs. These adjudication

costs would not have been incurred if the asset had not been acquired. They are not attributable to the delivery of services and they do not have the nature of a revenue cost. In our view they are wholly and properly attributable to the construction contract and to the development of the leisure centre.

Annual Governance Report – ISA 260

9. The AGR report attached at Attachment 2, summarises the results of the audit work from the Audit Commission 2011/12 audit of our accounts.
10. It includes the issues arising from the audit of the financial statements and those issues which the Audit Commission are formally required to report to you under the Audit Commission Act 1998 Audit Commission's Code of Audit Practice and International Standard of Auditing (UK & Ireland) (ISA(UK&I)) 260 - "Communication of Audit Matters with those charged with Governance".
11. It also includes the results of the work the Audit Commission have undertaken to assess the Council's arrangements to secure value for money in the use of its resources.

Other options considered

12. None.

Community impact

13. Wherever applicable, community impact has been assessed by the individual services as part of their ongoing operational functions.

What consultation has been undertaken and what were the outcomes?

14. This statement of accounts and the figures therein have been compiled by the Finance team in consultation with the relevant budget holders and services.

Financial and resource implications

15. The Council continues to hold its position with regards the accounting treatment of the Newmarket Leisure Centre adjudication costs as capital expenditure and this is reflected in the letter of representation in Attachment 2 – Appendix 4.
16. The audit fee detailed with Attachment 2 is in line with the budget provision for 2011/12.

Risk management implications

17. Please refer to the main report Attachment 2 – Annual Governance Report.

Legal/Policy implications

18. The Audit Commission are formally required to report to you under the Audit Commission Act 1998 Audit Commission's Code of Audit Practice and International

Standard of Auditing (UK & Ireland) (ISA(UK&I)) 260 - "Communication of Audit Matters with those charged with Governance".

19. Members are required to consider and approve the statement of accounts by 30th September under The Accounts and Audit (England) Regulations 2011 and thereafter to publish them and the report of the External Auditors.

20. The Council is required to publish the Statement of Accounts, and this will be made available in due course.

Documents attached

Attachment 1 – 2011/12 Statement of Accounts

Attachment 2 – 2011/12 Annual Governance Report

Background papers

None