

Audit and Governance Committee

29 September 2009

Audited Statement of Accounts 2008/2009

Report of the Director of Financial Resources

1.0 PURPOSE OF REPORT

- 1.1 To present the Letter of Representation for 2008/2009 and to receive the Annual Governance report received from the Audit Commission concerning the financial statements for 2008/2009 which outlines whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 1.2 To provide an amended audited Statement of Accounts for 2008/2009. This has been revised to take into account the auditor's findings, for approval by members of the Committee.

2.0 DESCRIPTION OF DECISION

- 2.1 Members are recommended to:
 - 2.1.1 Note the contents of the Letter of Representation.
 - 2.1.2 Note the contents of the Annual Governance Report.
 - 2.1.3 Approve the amended Statement of Accounts for the financial year ended 31st March 2009.

3.0 BACKGROUND

- 3.1 Members will be aware that the Audit Commission, as the Authority's external auditors, are required to report on the final accounts, and report other certain matters to Members prior to an opinion being provided on the Authority's accounts.
- 3.2 A Letter of Representation has to be prepared by the Director of Financial Resources which sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances required by regulation (this is shown as **Item 6a** on the agenda).

- 3.3 The Audit Commission has audited the financial statements of the Authority in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 3.4 Once the Audit and Governance Committee has noted the contents of this communication, the Audit Commission can then formally provide an opinion on the Statement of Accounts for the year ended 31st March 2009.
- 3.5 In line with ISA 260, the Audit Commission has produced an Annual Governance Report, in which the auditor's opinion is that the financial statements present fairly the financial position of the Authority as at 31st March 2009, and its income and expenditure for the year then ended. The Annual Governance Report 2008/2009 is included as **Item 6b** on the Agenda.
- 3.6 The Statement of Accounts 2008/2009 has been amended to reflect presentational adjustments following the audit. The amendments are detailed in Appendix A for member's information and the revised Statement of Accounts 2008/2009 is set out at **Item 6c** on the agenda for approval.
- 3.7 This communication is in addition to the Annual Audit and Inspection Letter, which will continue to be presented to the Cabinet, the Audit and Governance Committee and Council annually.

4.0 KEY MESSAGES

- 4.1 The full communication will be circulated separately but based on information available at the time of writing this report is likely to show that:
- the external auditors propose to issue an unqualified audit opinion;
 - all non-trifling misstatements have been adjusted by management;
 - the external auditors have not identified any material weaknesses in the accounting and internal control systems that Members were not already aware of;
 - the external auditors have referred to a number of presentational issues they identified in relation to the qualitative aspects of the Council's financial reporting, full details are set out in Appendix A to this report and reference is also made in the Letter of Representation but these are not considered to be significant;
 - the external auditors have not identified any matters required by other auditing standards that should be communicated to Members;
 - the external auditors have not identified any other relevant matters relating to the audit that need to be brought to Members attention;

- the external auditors have reported that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and propose to issue an unqualified value for money conclusion in respect of 2008/2009.

4.2 On the basis of the amendments agreed with the external auditors, the Audit Commission will formally provide an opinion on the amended Statement of Accounts, before the 30th September 2009, by which time the Council is required to publish its Statement of Accounts for 2008/2009.

5.0 Reason for Decision:

5.1 To comply with the requirements of the Accounts and Audit Regulations 2003.

6.0 Alternative Options

6.1 None recommended.

7.0 Background Papers

CIPFA Statement of Recommended Practice 2008

Statement of Accounts 2007/2008

Information supplied by Actuary, Hewitt Associates Limited - FRS17

Portfolio Valuation for Financial Instruments provided by Sector Treasury Services Limited

