

**TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE -  
24th June 2010**

**Annual Return and Accounts for 2009/2010 (Subject to Audit)**

**Report of the Treasurer**

**1. PURPOSE OF REPORT**

- 1.1 To provide an Annual Return and Accounts for 2009/2010, for approval by the Joint Committee.
- 1.2 As the Joint Committee is defined in the Accounts and Audit Regulations as a smaller relevant body it is as such exempt from preparing a Statement of Accounts under the Statement of Recommended Practice (SORP). It is, however, required to produce an Annual Return prepared in accordance with proper practices in relation to the accounts. This means that the provisions of the 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2009' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) will be relevant, to the extent that they are not overridden or made redundant by statutory requirements.

**2 DESCRIPTION OF THE DECISION**

Members are recommended to:

Approve the Annual Return (Subject to Audit) for the financial year ended 31<sup>st</sup> March 2010 (Appendix 1) and the Statement of Accounts 2009/2010 (Subject to Audit) – (Appendix 2).

**3 BACKGROUND**

- 3.1 Under the Accounts and Audit Regulations 2003 the Government required local authorities to produce their Statement of Accounts and/or Annual Return earlier each year from 2003/2004. From 2005/2006 onwards the Statement of Accounts/Annual Return has been required to be produced by 30<sup>th</sup> June.
- 3.2 Since 2005/2006 the Joint Committee has been categorised as a smaller relevant body for audit purposes because its gross income and its gross expenditure levels are below £1 million for the financial year in question (i.e. 2009/2010) as well as for either of the two immediately preceding years (i.e. 2007/2008 and 2008/2009).
- 3.3 Smaller relevant bodies in England must still have their accounts approved by 30<sup>th</sup> June but for audit purposes, they must also complete

an Annual Return summarising their annual activities at the completion of each financial year in accordance with the Accounts and Audit Regulations 2003 as amended. Members remain responsible for ensuring that financial management is adequate and effective and that the body has a sound system of internal controls and that effective governance arrangements are in place.

- 3.4 The Annual Return (Appendix 1) reflects the Accounts as presented to Committee and is divided into several sections. These include:

Section 1 requires sign off by the Chairman to confirm the accounts have been approved subject to audit by the Joint Committee.

Section 2 requires sign off by both the Chairman and Clerk to the Joint Committee to acknowledge that the governance requirements have been properly followed and reported.

Section 3 is the external auditor's certificate and opinion, and

Section 4 relates to work completed by the internal audit service, which has already been carried out and signed off.

- 3.5 The Accounts and Audit Regulations 2003 (Amendment) (2006) were introduced with effect from 1<sup>st</sup> April 2006 and this brings with it two new requirements to those charged with governance. These have been added to the form in Section 2. This means that the Joint Committee is required to review both the effectiveness of internal audit and must review the system of internal control included as part of the Annual Governance Statement. There are, as a consequence of these requirements, two separate reports on this agenda dealing with each area in turn as in previous years.

#### **4. REASONS FOR DECISION**

- 4.1 From 1<sup>st</sup> April 2007 the Audit Commission was replaced by BDO Stoy Haward LLP (chartered Accountants) - now known as BDO LLP from 1<sup>st</sup> October 2009, as the Joint Committee's external auditors, and they are required to agree a date for the commencement of their audit of the Statement of Accounts which they must complete by 30th September 2010 this year in accordance with the smaller relevant bodies regulations.
- 4.2 The Auditors can only commence the audit once the Joint Committee has formally approved the Annual Return based on its Accounts (Subject to Audit) and the appropriate statutory notice of inspection of the accounts has been given to the residents of Tyne and Wear.
- 4.3 The Statutory Notice of the audit of the accounts consists of two requirements: the first requirement is that a Notice must be advertised in an appropriate form 14 days before the period of inspection is to

commence; the second requirement is that the period of inspection must span 20 working days as set out in the published Notice. During the inspection period the residents of Tyne and Wear have the right to inspect the accounts and financial records of the Joint Committee, and can raise issues with the auditor if they so wish. The audit date is then established by the auditor following the end of the period of inspection and it is on this date that the residents of Tyne and Wear can raise any objections to the accounts with the auditors.

4.4 This date has been appointed by the Auditors as 9th July 2010 and Appendix 3 sets out for members information, the timetable applicable for the 2009/2010 Annual Return.

