

	<p style="text-align: center;"><b>Audit Committee</b> Thursday 15 December 2011</p> <p style="text-align: center;"><b>Report from the Director of Finance and Corporate Services</b></p>
For Action	Wards Affected: ALL
<b>STATEMENT OF ACCOUNTS 2010/11 AND ANNUAL GOVERNANCE REPORTS</b>	

## 1.0 Summary

- 1.1 At its meeting on 22 September 2011 the Committee approved the statement of accounts for publication. It also considered the draft Annual Governance Reports produced by the Audit Commission and the Council's Annual Governance Statement.
- 1.2 Following the completion of the audit of the accounts this report presents the final versions of the reports for the Committee. An action plan to address the recommendations raised by the Audit Commission is also set out in the final Annual Governance Report.

## 2.0 Recommendations

The Committee is asked to:

- 2.1 Consider the final Annual Governance Reports from the Audit Commission and the Council's action plan.
- 2.3 Note the final Annual Governance Statement.

## 3.0 Detail

### Statement of Accounts

- 3.1 The report to the Committee in September highlighted the key challenges in producing the accounts for 2010/11:
  - The migration of financial information from multiple disparate systems
  - Fundamental structural changes
  - Transition of accounting statements to comply with International Financial Reporting Standards (IFRS)
- 3.2 The audit of accounts has now been completed and the Audit Commission

has issued an unqualified audit opinion. The final accounts were completed in accordance with the position reported to the Committee in September and were therefore approved by the Chair prior to the issue of the audit opinion.

### Annual Governance Report

- 3.3 The final Annual Governance Reports (one for the Council and one specifically for the Pension Fund) have been produced and are attached as Appendix A and B respectively. These incorporate the final findings from the audit to be brought to the attention of the Committee and also the Audit Commission's recommendations to the Council for improving the process for the 2011/12 accounts.
- 3.4 The Council's action plan is set out within Appendix 6 of the Annual Governance Report and sets out the key response, responsible officer and timescale for each recommendation. Underpinning the action plan is a detailed closedown plan itemising the key individual activities required to complete the produce the 2011/12 accounts and audit working papers.
- 3.5 Given the scale of improvements required it is recommended that future meetings of the Audit Committee receive regular updates on progress against the action plan. In addition officers from the Council will liaise with the Audit Commission to monitor progress on implementing the recommendations.

### Annual Governance Statement

- 3.6 The final Annual Governance Statement is attached as Appendix C. This has been updated since the version reported to the Committee in September to incorporate:
- the need to review core accounting procedures to support the production of the accounts
  - the latest positive developments regarding the Icelandic deposits
  - a reference to instances where Department for Education guidance on headteacher salaries has not been followed.

## **4.0 Financial Implications**

- 4.1 There have been some adjustments to the Statement of Accounts during the course of the audit but for the most part these are changes to balance sheet items and notes to the accounts which have no impact the Council's overall financial position or level of available reserves.

## **5.0 Legal Implications**

- 5.1 No specific implications.

## **6.0 Diversity Implications**

- 6.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

## **7.0 Staffing Implications**

- 7.1 No specific implications.

## **8.0 Background Information**

- 8.1 Accounts and Audit Regulations 2011  
Report to Audit Committee on 22 September 2011 (Agenda Item 5)

## **9.0 Contact Officer**

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