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| 27 June 2012 | | ITEM 5 |
| Audit Committee | | |
| ANNUAL FINANCIAL STATEMENTS 2010/11 | | |
| Report of: Frank Gardiner, Chief Accountant | | |
| Wards and communities affected: All | Key Decision: Non-key | |
| Accountable Head of Service: Sean Clark Head of Corporate Finance | | |
| Accountable Director: Martin Hone Director of Finance and Corporate Governance | | |
| This report is Public | | |
| Purpose of Report: To formally present the Certified Accounts for 2010/11 | | |

Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the date of the meeting (in font 16, not capitals)

Comment [s]: Please leave this for completion by Democratic Services

Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the name of the Committee you are reporting to (in font 16, not capitals)

Comment [sj]: PLEASE CLICK THIS BOX ONCE and enter the title of your report (in font 16)

Comment [a j]: Please enter the name and job title of the person who will be presenting the report

Comment [s]: Please enter details of any Wards and Communities affected by the

Comment [s]: Yes/No/Not Applicable – a 'Key Decision' is generally one affecting more

Comment [sj]: Please state the Head of Service's name and job title

Comment [sj]: Please state Director's name and job title

Comment [sj]: State whether your report is Public or Exempt. If Exempt (i.e. not to be given to

Comment [sj]: Briefly set out the purpose of your report

Comment [sj]: Please provide a summary of the key points in your report

Comment [s]: The recommendations should be set out in bold in the form of the

Comment [s]: You should briefly explain why the report is on the agenda - See para. 5.3 and 5.4

EXECUTIVE SUMMARY

The Annual Statement of Accounts for the Council for 2010/11 is presented for approval.

1. RECOMMENDATION:

1.1 That the Committee approves the annual statement of accounts for 2010/11.

2. INTRODUCTION AND BACKGROUND:

2.1 The final accounts closure process for 2010/11 was late and required considerable effort both from internal staff and external auditors to achieve an unqualified opinion on 24 April 2012. Elsewhere on tonight's agenda is a report from the Director of Finance & Corporate Governance and the Annual Audit Letter from the Audit Commission which provide further details about the issues that arose from the audit, as well as the actions that have been taken to ensure they do not recur.

2.2 Even so, time prevented the full reconstitution of 3 years of back accounts and the Annual Audit Letter points out residual immaterial items. However we now have a firm place to stand and on which to base our future financial position.

2.3 We should take this opportunity to thank the committee, the senior management, our staff, external supporters and the Audit Commission for the superhuman efforts to realise this position.

3. ISSUES AND/OR OPTIONS:

3.1 Regulatory Background

3.1.1 The Accounts and Audit Regulations require local authorities to prepare their annual Statement of Accounts to 31 March for each year as soon as practicable after the year end.

3.1.2 Under the revised Regulations, only the responsible finance officer is required to certify the Statement of Accounts by 30 June. The full approval of the Committee is now required at the completion of the audit prior to the publication of the Statement and following their consideration of the auditor's report on the accounts. The responsible finance officer is required to re-certify the presentation of the Statement at that time before Committee approval is given.

3.1.3 Whilst the Director of Finance & Corporate Governance is responsible for the preparation of the Statement, the Committee's role is to demonstrate their ownership of the financial statements, and their confidence in the Director of Finance & Corporate Governance and in the process through which he maintains the accounting records and prepares the statements.

3.2 The CIPFA Statement of Recommended Practice

3.2.1. The Accounts and Audit Regulations stipulate what is to be included in the Statement of Accounts. In order to achieve this on a consistent basis across all local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) produce a Code of Practice that defines proper accounting practices for local authorities. 2010/11 was the first year the CIPFA Code was based on International Financial Reporting Standards (IFRS). As a result, the structure and content of the financial statements were radically changed from the way they were presented for 2009/10. To pursue the accounts closure in line with the new standards internal staff had to over 10 weeks;-

- a) Re-implement IFRS items into the accounts
- b) Produce a series of micro policies that defined the Council's approach to IFRS
- c) Design and follow a project managed approach to production
- d) Balance the primary statements
- e) Redesign working papers
- f) Undertake full training in new concepts
- g) Liaise closely and constructively with the Audit Commission.

3.2.2. The Statement attached has been recertified by the Director of Finance and Corporate Governance and is now re-presented to the Audit Committee for approval together with the external auditor's report on the Statement

Comment [s]: Other headings may be appropriate. The report should outline the reasoning that leads to its recommendations and **must** include:

1. a brief summary of options considered;
2. consultation outcomes
3. a risk assessment.
4. Whether the responsible cabinet members have been consulted/contributed to the report (NB professional and political advice must be clearly distinguished)

- See para.5.5 of the report writing guidelines.

elsewhere. After approval, the statement must be published with the audit opinion.

4. **CONSULTATION (including Overview and Scrutiny, if applicable)**

4.1 As per the Accounts and Audit Regulations

5. **IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

5.1 There are no direct implications arising from this report in terms of the community and delivery of services.

6. **IMPLICATIONS**

6.1 **Financial**

Implications verified by: **Martin Hone**
 Telephone and email: **01375 652412**
mhone@thurrock.gov.uk

The financial implications are as set out in the report and appendix.

6.2 **Legal**

Implications verified by: **David Lawson**
 Telephone and email: **01375 652087**
dlawson@thurrock.gov.uk

The production and publication of the annual Statement of Accounts is governed by the Local Government Finance Act 1982, and the Accounts and Audit Regulations 2011 and have been subject to significant format changes resulting from the adoption of the International Financial Reporting Standard (IFRS). The External Auditor has given an unqualified opinion on the accounts and the Director of Finance and Corporate Governance has recertified the Statement of Accounts as required. The committee are now being asked to endorse the Statements of Accounts and thereby approve their publication.

6.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
 Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

There are no direct equality or diversity implications arising from this report at this stage. However there are implications that may arise as part of the wider budget and efficiency arrangements set out in the appendix notes to this report for example: *Service Transformation* - How the Council delivers services to customers including channels and locations; and *New Ways of Working* - Focusing on staff and how they can operate differently and more

Comment [j]: This should include any consultation with Ward Members and Shadow Portfolio Holders, as well as any public or statutory consultation

Comment [a]: Please refer to Section 5.7 of the Report Writing Guidelines

Comment [sj]: This section should always be completed – if they are dealt with fully in another part of the report, they also need a brief cross reference here. The names and job titles of the officers providing the implications should be provided in full – see Guideline 6.1 and please note Democratic Services Deadlines and ensure that officers providing implications are given 5 clear working days to work on the report. Authors can write implications but they must be signed off by the appropriate officers

Comment [sj]: See Guideline 6.2

Comment [sj]: See Guideline 6.3

Comment [sj]: See Guideline 6.4

cost-effectively in a modern Council are two areas that are likely to have a significant equality impact on service users and staff. Any implications will be explored as part of these transformation projects and will be detailed in any subsequent committee report.

6.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

None

7. **CONCLUSION**

7.1 The accounts for 2010/11 are presented for the Committee's approval.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- Final Accounts Working Papers held in Financial Services

APPENDICES TO THIS REPORT:

- Annual Accounts 2010/11

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Comment [sj]: This should inform the recommendations in the report

Comment [sj]: See Guideline 8. If any Papers are to be placed in the Members room that relate to this report, you should also list them here

Comment [sj]: List the Appendices referred to in the Report

Comment [sj]: Insert the full contact details of the author of the report