

<b>19 July 2012</b>	<b>Item 5</b>
<b>Audit Committee</b>	
<b>THE 2011/12 ACCOUNTS</b>	
<b>Report of:</b> Sean Clark, Head of Corporate Finance	
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance	
<b>Accountable Director:</b> Martin Hone, Corporate Director of Finance and Corporate Governance	
<b>This report is</b> Public	
<b>Purpose of Report:</b> To present to the Audit Committee the 2011/12 financial statement.	

## **EXECUTIVE SUMMARY**

This report introduces the financial accounts for 2011/12.

### **1. RECOMMENDATIONS:**

**1.1 That the Audit Committee note the 2011/12 financial statements.**

### **2. INTRODUCTION AND BACKGROUND:**

2.1. Members of the Audit Committee have received a number of reports in recent months outlining both the difficulties encountered with the 2010/11 accounts and in response to the section 11 recommendations to improve the Council's processes for the 2011/12 and future statements of account.

2.2. The key improvements made to the process during the year include a change in staff, a significant investment in staff training and the closure treated with a formal project management methodology.

2.3. There have been two particular changes that have impacted on the accounts for 2011/12:

2.3.1. Heritage Assets – the Council is required to include Heritage Assets, from buildings through to artefacts, in the Balance Sheet now. This has resulted in an increase of net worth circa £20m; and

2.3.2. The transfer of assets and liabilities from the Development Corporation. The transfer has resulted in new assets to the Council totalling circa £58m although a number of these are earmarked for the Purfleet regeneration scheme. This required consolidation into the Council's Consolidated Income and Expenditure Statement, Balance Sheet and Movement in Reserves Statement.

2.4. Although there has been a significant improvement in the statements for 2011/12, the Council has faced a number of difficulties:

2.4.1. The delay in completing the 2010/11 financial statement and audit meant that work started late on the 2011/12 financial statement;

2.4.2. The upgrade to Oracle had two impacts:

- The system was not available until the third to fourth week in April adding to the delays; and
- As discussed at the last Audit Committee there has been, and continues to be, significant issues with reporting from the Oracle system;

2.4.3. There were delays from both Europa and the specialist valuers in providing asset valuations; and

2.4.4. There was a delay in the receipt of accounts information from the Development Corporation for consolidation into the Council's accounts.

2.5. Despite these difficulties, the financial statement and working papers are of a higher quality than those of previous years although officers recognise that there is still room for further improvement next year,

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

3.1 The accounts will be open to the public for inspection.

### **4. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

4.1 The closure of the accounts gives certainty to the financial position of the Council which is a key part of the budget setting process.

### **5. IMPLICATIONS**

#### **5.1 Financial**

Implications verified by: **Sean Clark**  
Telephone and email: **01375 652010**  
**sclark@thurrock.gov.uk**

The accounts provide a wide range of financial information but, the main area of interest to members, will be the publication of £8m in GF reserves along with a number of earmarked reserves to further strengthen the Council's financial standing.

#### **5.2 Legal**

Implications verified by: **David Lawson**  
Telephone and email: **01375 652087**  
**[dlawson@thurrock.gov.uk](mailto:dlawson@thurrock.gov.uk)**

The Council's Statement of Accounts must be prepared in accordance with the provisions of the Accounts and Audit Regulations 2003 and subsequent amendments. These Regulations include a requirement for authorities to be responsible for their financial management, and to have a sound system of internal control. There is also a requirement for authorities to follow proper internal audit practices.

### 5.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**  
Telephone and email: **01375 413985**  
[sdealyn@thurrock.gov.uk](mailto:sdealyn@thurrock.gov.uk)

There are no diversity or equality implications resulting directly from this report.

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

None

## 6. **CONCLUSION**

- 6.1 There have been a number of challenges in completing the financial statement. This statement is very much an improvement on the past but there will be a review of lessons learned to improve the process for next year.
- 6.2 The statement is clear in the resources available to the Council and confirms that the optimum level of reserves set by the Director of Finance and Corporate Governance has been achieved.

### **BACKGROUND PAPERS USED IN PREPARING THIS REPORT:**

- There are a number of working papers retained within the Corporate Finance Section.

### **APPENDICES TO THIS REPORT:**

Appendix 1 – Financial Statement

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