

Cheltenham Borough Council

Council 15 October 2012

Statement of Accounts (including Annual Governance Statement) 2011/12

Report of the Chair of the Audit Committee

Accountable member	Cabinet Member Finance, John Rawson
Accountable officer	Director of Resources, Mark Sheldon
Accountable scrutiny committee	Audit Committee
Ward(s) affected	All
Significant Decision	Yes
Executive summary	The purpose of this report is to notify Council of the deliberations and decisions made by the Audit Committee in its review of the council's Statement of Accounts for 2011/12.
Recommendations	I therefore recommend that Council 1. Note the decision of the Audit Committee to approve the Statement of Accounts for 2011/12, including the Annual Governance Statement, and note that, as Chair of that Committee, I have signed the accounts to formally signify their approval by the Council. 2. Agree that, as outlined in section 4, the Chair of the Audit Committee will only report to Council if there are any issues arising from the audit of the Statement of the Accounts

Financial implications	None Contact officer: Mark Sheldon E-mail: mark.sheldon@cheltenham.gov.uk Tel no: 01242 264123
Legal implications	This report adopts relevant guidance issued in the Accounts and Audit Regulations 2003 and 2011. Contact officer: Peter Lewis E-mail: Peter.Lewis@tewkesbury.gov.uk Tel no: 01684 272012
HR implications (including learning and organisational development)	None Contact officer: , @cheltenham.gov.uk, 01242

Key risks	There are no risks arising from this report which need to be brought to the attention of members.
Corporate and community plan Implications	None identified.
Environmental and climate change implications	None identified.

1. Introduction

- 1.1** The Accounts and Audit Regulations 2011 require the council to prepare an annual statement of accounts by 30 June of each year. The Section 151 Officer must sign and date the draft statement of accounts, and certify that they present a true and fair view of the financial position of the council. There should then be a period of public inspection of the accounts of 20 working days, for which public notice of at least 14 days must be given.
- 1.2** The Regulations then require that the draft accounts be audited and for the audited statement of accounts to be considered and approved by way of a council committee by 30 September, following the year end. The Section 151 Officer must re-certify the audited statement of accounts prior to this meeting. Following approval by the committee, the statement of accounts is to be signed and dated by the person presiding at the meeting.
- 1.3** At its meeting on 28 June 2010 Council delegated authority to the Audit Committee to review and approve the audited statement of accounts.
- 1.4** The Audit Committee review specifically considers whether appropriate accounting policies have been followed, the conclusion of the audit of the statements, and whether there are any issues that need to be brought to the attention of the Council. The Committee also considers whether the Annual Governance Statement fairly reflects the arrangements within the council and whether the suggested action plan will address any significant governance issues.

2. Background

- 2.1** The draft Statement of Accounts was signed by the Section 151 Officer on 30 June 2012. The public inspection period operated from 16 July to 10 August 2012 and a public notice to that effect was placed in the Gloucestershire Echo on 21 June 2012.
- 2.2** The accounts were audited during July and August 2012 and the Section 151 Officer signed the audited accounts on 19 September 2012.
- 2.3** The Audit Committee considered the Statement of Accounts for 2011/12, together with the auditor's Report to those charged with governance (ISA 260), at its meeting on 19 September 2012.
- 2.4** From 2010/11 the Statement of Accounts has had to comply with a new code of accounting practice – the CIPFA Code of Practice on Local authority Accounting (the 'Code'), which fully incorporates International Financial Reporting Standards (IFRS). There was therefore only one main presentational change for 2011/12, which was the requirement to include the value of Heritage assets (mainly the collections at the Art Gallery and Museum and Pittville Pump Room) on the Council's Balance Sheet.

3. Auditor's Report

- 3.1 The council's external auditors, KPMG LLP, conducted a full audit of the financial statements and have issued a 'Report to those charged with governance (ISA 260) for 2011/12', giving the Statement of Accounts an unqualified audit opinion. The audit did not identify any material misstatements in the accounts and the Audit Certificate was signed on 19 September 2012.
- 3.2 The auditor must appoint a date on which local government electors for the area to which the accounts relate may exercise their rights under regulation 15 and 16 of the Audit commission Act 1998 to question the auditor about or make objections to the accounts. The date appointed by the auditor was 13 August 2012.
- 3.3 The audit identified eight adjustments to the draft accounts and officers have corrected all except one of the adjustments. The impact of the corrected adjustments is to increase the net worth of the Council as at 31 March 2012 by £0.685m and decrease the net worth of the Group as at 31 March 2012 by £5.6m. The auditor commented that 'the finance team have prepared this year's accounts in the face of the pressure and resource restraints following the implementation of GO and 'going live' from 1 April 2012'.
- 3.4 The council received two elector challenges and this work will be completed by KPMG before Grant Thornton is appointed.
- 3.5 The auditor also concluded that the council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources and anticipated issuing an unqualified VFM conclusion.

4. Change in reporting process

- 4.1 As a result of the establishment of the GO partnership, officers working across various councils are comparing working practices. In the other GO partner councils, the consideration and sign off of the statement of accounts is delegated to the Audit Committee as it is in Cheltenham. No report is made back to council unless there are issues arising from the audit.
- 4.2 Having considered this approach, the Section151 Officer has in consultation with myself as chair of the Audit Committee concluded that this is a sensible approach to adopt which would save officer administrative time and member time in council plus paper. As such it is recommended that, in future, the Chair of the Audit Committee will only report to council if there are any issues arising from the audit of the statement of the accounts

5. Reasons for recommendations

- 5.1 The Audit Committee were provided with a comprehensive verbal explanation of the key changes and highlights of the accounts for 2011/12 and received a complimentary verbal report from the Auditor, taking into account the 'pressures and resource restraints following the implementation of GO and going 'live'' from 1 April 2012.'
- 5.2 Accordingly the Audit Committee considers that there are no issues arising from the audit which need to be brought to the attention of Council.

6. Alternative options considered

- 6.1 See above.

7. Consultation and feedback

- 7.1 Director of Commissioning, Cabinet Member Finance

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Appendices	None
Background information	Statement of Accounts 2011/12 External Audit Working paper files 2011/12 Code of Practice on Local Authority Accounting in the UK 2011/12 Accounts Service Reporting Code of Practice 2011/12 Report to those charged with governance (ISA 260) for 2011/12 Accounts and Audit Regulations 2003 Accounts and Audit Regulations 2011