

MAIDSTONE BOROUGH COUNCIL

COUNCIL

23 SEPTEMBER 2009

REPORT OF THE HEAD OF FINANCE

Report prepared by Paul Holland, Senior Accountant

1. AUDIT COMMISSION'S ANNUAL GOVERNANCE REPORT 2008/09

1.1 Issue for Decision

1.1.1 This report updates Members on the audit of the Statement of Accounts for 2008/09 including the submission of the Audit Commission's Annual Governance Report. This report fulfils the requirements of the Accounts and Audit Regulations 2003.

1.2 Recommendation of the Head of Finance

1.2.1 That Members consider the Annual Governance Report from the District Auditor to Council, as set out in draft form at **APPENDIX A**, subject to the comments of the Audit Committee meeting of 21 September 2009.

1.2.2 That Members agree the amended Statement of Accounts, a summary of the changes being set out at **APPENDIX B**, subject to the comments of the Audit Committee meeting of 21 September 2009.

1.3 Reasons for Recommendation

1.3.1 The Accounts and Audit Regulations 2003 were issued by Central Government under Section 23 of the Local Government Finance Act 1982 and the Audit Commission Act 1998. They provide the rules for the preparation and publication of the Statements of Accounts.

1.3.2 For 2008/09 authorities were required to produce a Statement of Accounts by the deadline of 30 June and to publish these by 30 September. Members will recall that the Statement of Accounts was presented to the Audit Committee at its meeting on 15 June 2009 and formally approved by the Council meeting on 24 June 2009.

1.3.3 Authorities are also required to advertise arrangements for the public inspection of the Accounts and the date for the commencement of the

Audit. The public are also to be informed when the Audit of Accounts is concluded and to have access to copies of the Accounts and any Auditor's certificate, opinion or report relating to them. If there are any amendments to the Accounts as a result of the Audit, authorities are also obliged to advertise and explain the fact and to make such amendments available for public inspection. The amendments are also to be reported to the Audit Committee and Council.

1.3.4 The Audit Commission have adopted International Standards of Auditing with effect from the financial year 2005/06 and this alters the reporting arrangements between the Audit Commission and the Council and, at this stage, the External Auditor is obliged to report to those charged with governance i.e. the Council with an Annual Governance Report which will allow the Council to agree any amendments to the accounts, with the benefit of comments from the External Auditor. It will also allow the External Auditor to formally give his opinion on the accounts with the benefit of any comments from Council.

1.3.5 The process now involves:

a) The submission to the Audit Committee and Council of the Annual Governance Report;

b) Taking into account any comments by the Audit Committee and Council, the issue by the External Auditor of his audit opinion.

All of the above issues must be addressed before the 30 September 2009.

1.4 Current Position

1.4.1 Following the meetings in June 2009, the Accounts were made available for public inspection with the facility for Local Government Electors to make representations to the External Auditor. This process was completed in August 2009.

1.4.2 Following the completion of the audit of the accounts, the Annual Governance Report by the External Auditor is now presented to Council at **APPENDIX A** in draft form. There are a small number of outstanding issues and the External Auditors will update Members at the meeting.

1.4.3 Under the Accounts and Audit Regulations, and in accordance with the International Auditing Standards now adopted in the UK, the External Auditor presents a report on the audit to those charged with governance of the accounts. In accordance with new arrangements in this Authority, this report is presented initially to the Audit Committee,

with a full report also to Council on 23 September 2009. The External Auditor will be present to present the report and answer questions, at the Audit Committee and Council.

1.4.4 As a result of the external audit and the subsequent Annual Governance Statement a number of changes have been made to the Accounts, and these are summarised at **APPENDIX B**. Audit Committee will consider these changes at their meeting on 21 September 2009, and the Chairman will present an oral report to Council. As there are adjustments of a material nature it is necessary for Members to agree the amended Statement of Accounts.

1.4.5 Prior to the District Auditor issuing his audit opinion, he requires a letter of representation from the Council which confirms that there have been no material events post balance sheet which subsequently need to be reflected in the Statement of Accounts for 2008/09. The letter of representation for 2008/09 will be signed by the Director of Resources & Partnerships, after consultation with Management Team and will be in the format of Appendix 3 to the Annual Governance Report. Audit Committee may make any comments on this Letter of Representation for the benefit of the District Auditor.

1.5 Alternative Action and why not Recommended

1.5.1 None

1.6 Impact on Corporate Objectives

1.6.1 None

1.7 Risk Management

1.1.1 The process of External Audit is fundamental to the risks associated with financial management issues.

1.8 Other Implications

1.8.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development

x

- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

1.1.2 The Annual Governance Report gives an opinion on the Statements of Accounts which gives a sound historic base upon which current and future financial decisions may be taken.

1.9 Background Documents

1.9.1 None

<u>NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED</u>			
Is this a Key Decision?	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
If yes, when did it appear in the Forward Plan? _____			
Is this an Urgent Key Decision?	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
<u>Reason for Urgency</u>			
Not applicable			