

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation)	Audit Committee	24 September 2009

AUDITED STATEMENT OF ACCOUNTS 2008/09

PURPOSE OF REPORT

- To seek Committee approval to the audited Statement of Accounts for the year ending 31 March 2009

RECOMMENDATION(S)

That the Committee:

- Note the contents of the Auditor's Annual Governance Report (to be published as soon as it is received from the External Auditor); and
- Consider and approve the revised Statement of Accounts for 2008/09 (appended to this report). Authorise the Chief Financial Officer to sign the letter of management representation as set out in the Auditor's Annual Governance Report.

EXECUTIVE SUMMARY OF REPORT

- At the time of drafting this report the External Auditor had almost completed the audit of the Council's Statement of Accounts for 2008/09 and has indicated that they will be issuing an unqualified audit opinion on those accounts. Therefore, to comply with the relevant legislation, this report has been prepared to allow the Committee to approve the audited Statement of Accounts for 2008/09, incorporating those necessary adjustments identified during the course of the audit.

REASONS FOR RECOMMENDATION(S)

- To meet the statutory requirements regarding the Council's Statement of Accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- None

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	✓

BACKGROUND

8. Members will recall that, in advance of the external audit, the Council's Statement of Accounts for 2008/09 was presented for approval at the last meeting of the Committee on 24 June 2009. This was within the timescale, required by the Accounts and Regulations 2003, for the Council to approve its Statement of Accounts by 30th June.
9. Under the same Regulations the Council is required to publish the approved audited Statement of Accounts by 30th September 2009. Therefore, to comply with this requirement, the audited Statement of Accounts for 2008/09 is now presented to Committee for approval. The Statements incorporate those necessary adjustments identified during the course of the audit and a signed copy of the Annual Governance Statement.
10. At the time of drafting this report we were still awaiting formal publication of the External Audit Annual Governance Report. This will be made available to the Committee and public as soon as it is received. This report will set out matters arising from the annual audit of accounts which the External Auditor is obliged to report to "those charged with governance" of the Council [the Governance Committee]. It will also contain a commentary on the Council's internal control arrangements and also those arrangements for securing value for money. The judgements following the recent Use of Resources assessment are also expected to be included within the report, albeit a separate more detailed feedback report is expected in October/November. The External Auditor will be attending the meeting to present his/her findings.

DETAIL

11. Pleasingly, other than a few minor presentational issues, only two changes have been made to the Statement of Accounts since they were considered by the Committee in June, prior to the commencement of the audit. The two adjustments are not considered by the external auditor to be "material" for reporting purposes but have been adjusted anyway. They are as follows:

- **Icelandic Banks**

Since the accounts were reported to Committee in June the Icelandic banking situation has moved on with additional information becoming available. Revised accounting guidance was published in early September.

In respect of the Landsbanki claim the effective date for claims against the bank was put back from November 2008 to 22 April 2009 and a penalty interest rate applied from the scheduled maturity date. These factors have increased the value of creditors' claims (i.e. because an additional five months interest charges are admissible). Furthermore the amount likely to be recovered by the bank has been reassessed.

The combination of these factors has led the banks administrators to predict that the likely payment to creditors will fall from 95% to 83%. The impact on Chorley is an increase of £195k in the impairment charge, but this is offset by an increase of £100k in the interest brought into account.

The Icelandic banking situation continues to change as more information becomes available. Therefore the accounting assumptions may need to change in the future as further information is released.

- **Analysis of creditors (note 23 to the accounts)**

Creditors valued at £665k had been incorrectly analysed as "sundry" when the amounts were actually due to other local authorities.

CONCLUSION

12. After the Committee has approved the revised accounts, the External Auditor is expected to issue an unqualified audit opinion on the Statement of Accounts, subject to the management representation letter being signed by the Corporate Director (Resources).
13. The final draft of the Statement of Accounts is therefore appended to this report for approval.

IMPLICATIONS OF REPORT

14. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

Document	Place of Inspection
Regulation 10 Accounts & Audit Regulations 2003 The Local Government & Housing Act 1989 Section 56 (5) Unaudited Statement of Accounts report -Chorley Borough Council Audit Committee 24 June 2009	Town Hall Market St Chorley

Report Author	Ext	Date	Doc ID
G Whitehead	5485	18/9/09	