

Report of	Meeting	Date
Director of Transformation	Audit Committee	30 September 2010

AUDITED STATEMENT OF ACCOUNTS 2009/10

PURPOSE OF REPORT

1. To seek Committee approval to the audited Statement of Accounts for the year ending 31 March 2010

RECOMMENDATION(S)

That the Committee:

2. Note the contents of the Auditor's Annual Governance Report (see separate agenda item); and
3. Consider and approve the revised Statement of Accounts for 2009/10 (appended to this report)
4. 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

5. At the time of drafting this report the External Auditor had almost completed the audit of the Council's Statement of Accounts for 2009/10 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 2009/10, incorporating those necessary adjustments identified during the course of the audit.

REASONS FOR RECOMMENDATION(S)

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

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. None

CORPORATE PRIORITIES

8. 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.	
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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

9. In advance of the external audit, the Council's Statement of Accounts for 2009/10 was presented for approval at the meeting of the Committee on 30 June 2010. This was within the timescale, required by the Accounts and Regulations 2003, for the Council to approve its Statement of Accounts(the Regulations require approval by 30 June 2010).
10. Under the same Regulations the Council is required to publish the approved audited Statement of Accounts by 30th September 2010. Therefore, to comply with this requirement, the audited Statement of Accounts for 2009/10 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.
11. 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 Audit Committee]. It will also contain a commentary on the Council's internal control arrangements and also those arrangements for securing value for money. The External Auditor will be attending the meeting to present his/her findings.

DETAIL

- 12 It is pleasing to note that the auditor has only reported on a relatively few items, none of which affects the levels of reserves and balances available to the Council. The specific items on which he has reported are as follows:
 - A "post balance sheet event" has occurred since the accounts were reported in June (i.e. an event which is material to the understanding of the Council's finances, but which was not existent at 31 March). It concerns a change in the basis of valuing future pension liabilities (note 35 to the accounts).
 - The auditor identified four instances in which the notes to the accounts required amendment (notes on debtors, cash flow, long term loans and the audit fee), and also that there was a mistake in a chart in the Explanatory Forward".
 - He also identified one instance where the actual statement of accounts had to be changed. This concerned calculations associated with the Astley Park and Big Wood refurbishment projects. In calculating the debt repayment charge in respect of prudential borrowings on these schemes (the MRP), a period of 25 years had been used. The same timescale (25 years) should also be used for two notional charges – depreciation and amortisation of government grants and contributions. These are notional in that they are charges made in the Income and Expenditure

account but they are reversed in the balance sheet so as not to affect the Council's usable reserves. In error a longer timescale had been used in calculating the second of these amounts.

CONCLUSION

13. Subject to Committee approval of the revised accounts, and the signing of the Management Representation Letter, the External Auditor is expected to issue an unqualified audit opinion on the Statement of Accounts.
14. The final draft of the Statement of Accounts is therefore appended to this report for approval.

IMPLICATIONS OF REPORT

15. 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	

GARY HALL
DIRECTOR OF TRANSFORMATION

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 30 June 2010	Town Hall Market St Chorley

Report Author	Ext	Date	Doc ID
G Whitehead	5485	22/9/10	