

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

24 October 2006

### Report of the Director of Finance

#### Part 1- Public

#### Matters for Information

#### **1 STATEMENT OF ACCOUNTS 2005/06**

**To inform members of the outcome of the audit of the Council's Accounts for 2005/06.**

#### **1.1 Statement of Accounts**

- 1.1.1 I am pleased to report that there was no material changes required to the Accounts following the audit, although some minor technical and textual amendments have been made.
- 1.1.2 For completeness, the Chairman of the General Purposes Committee resigned the Accounts at the meeting on 27 September 2006 and the District Auditor issued an unqualified opinion on 28 September 2006.
- 1.1.3 Since only minor changes have been made to the Accounts following the audit, I do not propose circulating copies of the audited Accounts to all Members. A copy of the Statement of Accounts for 2005/06 will be placed in the Members' library and is also available on the Council's website at:  
[http://www.tmbc.gov.uk/assets/finance/Statement\\_of\\_Accounts\\_2005\\_2006.pdf](http://www.tmbc.gov.uk/assets/finance/Statement_of_Accounts_2005_2006.pdf)
- 1.1.4 In addition, a copy of the Summary of Accounts Leaflet for 2005/06 will be placed in the Members' library and is also available on the Council's website at:  
[http://www.tmbc.gov.uk/assets/finance/Summary\\_of\\_Accounts\\_200506.pdf](http://www.tmbc.gov.uk/assets/finance/Summary_of_Accounts_200506.pdf)

#### **1.2 Annual Governance Report 2005/06**

- 1.2.1 Our External Auditor (the District Auditor) is required by the Audit Commission's statutory Code of Practice for Local Government bodies to issue a report to those charged with governance summarising the conclusions of his audit work. The Council's Constitution states that it is the General Purposes Committee that is charged with governance as far as this function is concerned.
- 1.2.2 In accordance with this requirement, the District Auditor (DA) has issued, at **[Annex 1]** an Annual Governance Report for the financial year 2005/06. This is

the first time this particular report has been produced, and replaces the old 'Financial Statements Report' (SAS610 report) that the DA was required to produce in connection with the Statement of Accounts.

- 1.2.3 Members will note, however, that this 'new' report encompasses a Value for Money opinion, which is also a new requirement for the DA at this stage in the financial year. In that sense, this new Report incorporates some of the areas that would traditionally be covered by the DA's annual audit & inspection letter.
- 1.2.4 We understand that the annual audit & inspection letter will be issued in a much shortened format in March 2007, and will concentrate on the direction of travel and next round of 'use of resources' auditing. It will be re-named the Relationship Manager's Letter.
- 1.2.5 Members will note that there is no material or significant issues that need to be brought to the attention of the Committee. The General Purposes Committee at its meeting on 27 September endorsed and approved the Annual Governance Report for 2005/06.

### **1.3 Management Audit Report**

- 1.3.1 In addition, our external auditors also issue a detailed audit report for management purposes following the conclusion of the audit. This report is yet to be received. Depending on when the report is received, it will either be circulated at the meeting or reported to the next meeting of this Committee.

### **1.4 Statement of Accounts 2006/07**

- 1.4.1 The presentation and format of the Financial Statements are to substantially change in 2006/07. As a result, I will be bringing a report to the next meeting of this Committee detailing what the changes are ahead of the 2006/07 closedown process.

### **1.5 Legal Implications**

- 1.5.1 There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts that have been addressed as we moved through the closedown process.

### **1.6 Financial and Value for Money Considerations**

- 1.6.1 As set out above.

### **1.7 Risk Assessment**

- 1.7.1 The Statement of Accounts is a statutory document, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescale could adversely affect the Council's CPA rating.

Background papers:

contact: Paul Worden

Working Papers held by the Accountancy Section.

Sharon Shelton  
Director of Finance