

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

12 April 2011

Report of the Director of Finance

Part 1- Public

Matters for Information

1 ACCOUNTS AND AUDIT REGULATIONS

The Department for Communities and Local Government recently published a consultation paper entitled 'Revision and Consolidation of the Accounts and Audit Regulations 2003 as amended'. This report outlines the main changes proposed in the consultation paper.

1.1 Introduction

1.1.1 This consultation is part of a regular series of updates to the Accounts and Audit Regulations designed to keep them in line with developments in financial governance, accounting and audit. Previous updates were made, most recently, in 2003, 2006 and 2009. We see the consolidation of the Accounts and Audit Regulations 2003 and subsequent amendments as a positive step providing clarity on recent updates to the Regulations and the requirements of the Regulations going forward. The return date for responses to the consultation paper was extended to 8 March 2011 (originally 4 March) and a copy of our response is attached at **[Annex 1]**. It is proposed that the revised Regulations come into force on 31 March 2011 and would, therefore, apply to the financial year 2010/11.

1.2 Proposals

1.2.1 The proposed changes include:

- An increase in the threshold below which a body is classed as a smaller body. Smaller relevant bodies are permitted by the regulations to prepare simpler published accounts and are subject to a limited assurance audit regime. I am sure it will come of no surprise that we are not classed as a smaller body under the regulations.
- A revised procedure for the approval and publication of statements of accounts and other accounting statements. Currently both the responsible financial officer and members are required to certify / approve an unaudited

set of accounts no later than 30 June. It is proposed in future that only the responsible financial officer must certify an unaudited set of accounts no later than 30 June. The responsible financial officer and members subsequently certifying / approving an audited set of accounts for publication no later than 30 September. It is our intention to follow the same certification / approval process as in previous years for the 2010/11 accounts and to consider what to do following this amendment for future years.

- Current regulation requires the statement of internal control (Annual Governance Statement) to be included with an authority's published accounts. This has been amended to require the statement to accompany the published accounts, to make clear that the statement is not part of the accounts.
- The removal of criminal penalties for non-compliance with the regulations.
- The paper also restructures the regulations with the aim of making them easier to follow.

1.3 Legal Implications

1.3.1 Compliance with the Accounts and Audit Regulations is a statutory requirement.

1.4 Financial and Value for Money Considerations

1.4.1 None.

1.5 Risk Assessment

1.5.1 Compliance with the Accounts and Audit Regulations is a statutory requirement. Therefore, failure to prepare and publish the Accounts in accordance with the Regulations could adversely affect the Council.

Background papers:

Nil

contact: Neil Lawley
Paul Worden

Sharon Shelton
Director of Finance