

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**9 October 2012**

**Report of the Director of Finance**

**Part 1- Public**

**Matters for Information**

**1 ANNUAL GOVERNANCE REPORT AND STATEMENT OF ACCOUNTS 2011/12**

**To inform Members of the outcome of the audit of the Council's Accounts for the year ended 31 March 2012.**

**1.1 Introduction**

1.1.1 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 covering, amongst other things, the outcome of the audit of the Accounts, and for this to be endorsed and approved before the Accounts are signed off.

1.1.2 Under the Council's constitutional arrangements the Annual Governance Report for 2011/12 [**Annex 1**] was presented and approved at the General Purposes Committee on 25 September.

**1.2 District Auditor's Conclusions and Recommendations**

1.2.1 Members will note there were no material issues that needed to be brought to the attention of the General Purposes Committee following the audit.

1.2.2 Appendix 3 to the Annual Governance Report sets out details of what was viewed to be an uncorrected misstatement. The reason for not correcting the misstatement was provided in the schedule attached to the Letter of Representation and reproduced below.

## SCHEDULE OF UNCORRECTED MISSTATEMENTS

Error	Amount £	Reason for non correction
Municipal Mutual Insurance	302,460	Whilst the view held by the District Auditor is that the amount shown should be treated as a provision as opposed to a contingent liability, this is not the current view held by the Council. It continues to see it as possible rather than probable that a request for funds will be made at sometime in the future. However, it is recognised that the position may change following the publication of the Company's accounts each financial year.

1.2.3 There were a small number of minor technical or textual changes, some of which are referred to in the Annual Governance Report. Since only technical or textual changes have been made to the Accounts following the audit, I do not propose circulating copies of the audited Accounts to all Members. For completeness, however, the Chairman of the General Purposes Committee re-signed the Accounts at the meeting on 25 September and the District Auditor issued an unqualified opinion by the 30 September deadline. A copy of the Statement of Accounts 2011/12 will be placed in the Members' library and made available on the Council's website.

1.2.4 In addition, we have prepared a Summary Statement of Accounts document for publication, copies of which will also be placed in the Members' library and made available on the Council's website.

### 1.3 Legal Implications

1.3.1 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.

### 1.4 Financial and Value for Money Considerations

1.4.1 The cost of the work carried out by the District Auditor is as notified to us in the 2011/12 Audit Plan.

## **1.5 Risk Assessment**

- 1.5.1 The Statement of Accounts is a statutory document and, therefore, failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescale could lead to qualification of the Accounts by the District Auditor.

Background papers:

Nil

contact: Neil Lawley  
Paul Worden

Sharon Shelton  
Director of Finance