

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

05 September 2011

Report of the Chief Executive and Director of Finance

Part 1- Public

Delegated

1 AUDIT COMMISSION – ANNUAL GOVERNANCE REPORT 2010/11 AND STATEMENT OF ACCOUNTS 2010/11

Members are invited to endorse and approve the Annual Governance Report for 2010/11 from the Audit Commission and request that the Chairman countersigns the Letter of Representation which has been prepared by the Director of Finance. This report is to be approved prior to the District Auditor signing off the Accounts. The District Auditor and or his representative will be at the meeting to present the report and to answer questions.

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. Under the Council's constitutional arrangements it is this Committee that is charged with governance for this purpose.

1.1.2 In accordance with this requirement, the Annual Governance Report for 2010/11 is attached at **[Annex 1]**. The District Auditor and or his representative will be at the meeting to present the report and to answer questions.

1.2 District Auditor's Conclusions and Recommendations

1.2.1 Members will note there are no material or significant issues that need to be brought to the attention of the Committee and that the District Auditor anticipates being able to issue an unqualified audit opinion.

1.2.2 For completeness and in accordance with best practice it is recommended that the Chairman countersigns the Letter of Representation **[Annex 2]** prepared by the Director of Finance. Accordingly, there is a statement at the end of the letter which reads:

“The Annual Governance Report 2010/11 and this letter were considered by Members at the General Purposes Committee on 5 September 2011. All issues were accepted and agreed.”

- 1.2.3 If Members agree with the above the countersigned letter will be handed to the District Auditor or his representative at the meeting.

1.3 Statement of Accounts

- 1.3.1 As noted at paragraph 1.2.1 we are pleased to report that there was no material or significant issues that need to be brought to the attention of the Committee following the audit.
- 1.3.2 However, for Members’ information and completeness we did receive a revised pension report from the Actuary on 24 June (one working day before the June meeting of this Committee at which Members received and approved an unaudited copy of the Statement of Accounts) and have updated the financial statements and pension note accordingly. This has seen the pension liability and ‘negative’ pensions reserve reduce to £30,101,000 (previously £30,963,000). In addition, a review by our external auditors of a sample of S.106 agreements treated as Grants and Contributions in Advance found that one of the agreements in the sum of £744,000 should have been classed as Contributions Unapplied as there was no condition to repay.
- 1.3.3 Since only the financial changes noted above or technical or textual changes have been made to the Accounts presented to the June meeting of this Committee, I do not propose circulating copies of the audited Accounts to all Members. A schedule of all the changes made to the Accounts can be found at **[Annex 3]**. For completeness, however, I will be asking the Chairman to sign a copy of the audited Accounts for 2010/11. Further copies may be obtained by contacting my Chief Accountant, Neil Lawley on 876095, or my Principal Accountant, Paul Worden on 876106 who will be pleased to supply a copy and answer any questions you may have.

1.4 Legal Implications

- 1.4.1 There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process. The District Auditor has undertaken this work in accordance with the requirements of the Audit Commission Act 1998.

1.5 Financial and Value for Money Considerations

- 1.5.1 The cost of the work carried out by the District Auditor is as notified to us in the 2010/11 Audit Plan.

1.6 Risk Assessment

1.6.1 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.

1.7 Equality Impact Assessment

1.7.1 See 'Screening for equality impacts' table at end of report

1.8 Recommendations

1.8.1 Members are **RECOMMENDED** to:

- 1) Endorse and approve the Annual Governance report for 2010/11.
- 2) Request that the Chairman countersign the Letter of Representation **[Annex 2]**.
- 3) Request that the Chairman sign the Accounts in the appropriate place.

Background papers:

contact: Neil Lawley
Paul Worden

Nil

David Hughes
Chief Executive

Sharon Shelton
Director of Finance

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	This deals with the requirement for the District Auditor to present a report on, amongst other things, the outcome of the audit of the Council's Accounts.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	N/A	This deals with the requirement for the District Auditor to present a report on, amongst other things, the outcome of the audit of the Council's Accounts.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		N/A

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.