

# Audit and Corporate Governance Committee Report

Report of Head of Finance and Head of Legal and Democratic Services

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To: AUDIT AND CORPORATE GOVERNANCE COMMITTEE

DATE: 29 June 2010

AGENDA ITEM NO 10

## Statement of Accounts 2009/10 including the Annual Governance Statement

### Recommendation

That the committee approves the draft statement of accounts for 2009/10, which includes the annual governance statement, and that the chairman signs them.

### Purpose of Report

1. The Accounts and Audit Regulations 2003 require that the 2009/10 statement of accounts be approved by the council or a committee of the council by 30 June 2010. This power is delegated to the audit and corporate governance committee. This report brings the 2009/10 statement of accounts to the committee for approval.

### Strategic Objectives

2. Sound financial management is central to the ongoing delivery of all the council's functions and therefore underpins the achievement of all of the council's strategic objectives as set out in the corporate plan. The timely production, audit and publication of the statement of accounts is fundamental to managing our business effectively.

## Background

3. The statement of accounts provides information on how the council has used the financial resources available to it. The statement of accounts is required by law and sets out various statutory and other relevant information.
4. The draft statement of accounts was prepared following the end of the financial year on 31 March 2010. These accounts are at present unaudited. The external auditor is scheduled to carry out the audit of the accounts in July and August. The draft statement of accounts will be made available for public inspection from 26 July 2010.
5. The final audited statement of accounts needs to be published together with any certificate, opinion or report given by the external auditor. This must be carried out by 30 September 2010.
6. This committee is asked to approve the draft statement of accounts as an accurate record of the council's financial transactions during the year, and of the balances at the end of the year. The committee is not being asked to scrutinise why budgets are either under or overspent other than to satisfy itself that in-year transactions and year-end balances are accurate.

## Matters for Consideration

7. The statement of accounts comprises the primary accounting statements together with supporting notes.

### FINANCIAL PERFORMANCE

8. The explanatory foreword (pages 5 to 13) of the accounts provides a comprehensive and straightforward explanation of the council's financial performance, and what the accounting statements represent.

### PREPARATION OF THE ACCOUNTS

9. The accountancy team has not been at full establishment during the final accounts process, and has also had to undertake unplanned work in the form of assisting service managers in working through their restructure proposals. To help address this, colleagues from the Vale of White Horse District Council accountancy team have assisted the team, both with the restructure work, and on final accounts and other work. Whilst officers feel that the quality of accounts, as compared to the previous year, has not been affected, it has not proved possible to make any significant improvements to the final accounts process which it had been hoped to do.
10. There are some issues that officers wish to draw to the attention of members.
  - Reconciliations
11. There remain some issues on system reconciliations, particularly regarding the timeliness of reconciliations being completed. As with last year officers believe that satisfactory reconciliations have been performed but officers do need to work with Capita to ensure that documented reconciliations are completed in a more timely manner.

- Fixed asset accounting

12. Members will recall that officers have previously expressed concerns on the ability of spreadsheet records to handle the complexity of current fixed asset arrangements. Officers have completed the accounts with spreadsheet records this year but will be procuring an asset accounting system later this year. It is anticipated that next year's accounts, which will be prepared under the requirements of International Financial Reporting Standards (IFRS), will be prepared using a new fixed asset accounting system.

#### ANNUAL GOVERNANCE STATEMENT

13. The Accounts and Audit Regulations (2003), as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, require local authorities to carry out a review of the effectiveness of the system of internal control and risk management and publish an annual governance statement (AGS) each year with the annual Statement of Accounts.

14. The annual governance statement brings together all of the council's strategies, initiatives and work plans. It provides the basis from which the council can fulfil its role as a community leader in South Oxfordshire.

15. The AGS contains a review of the effectiveness of the governance system within the council from April 2009 to March 2010. Section 3 sets out the council's governance framework. Section 4 contains a review of the activities against the governance framework set out in section 3.

16. The committee is asked to seek clarification of any of the assurances within the AGS.

#### **Financial Implications**

17. These are covered in the body of the report.

#### **Legal Implications**

18. Approval of the draft statement of accounts by the committee fulfils the requirement of regulation 10 of the accounts and audit regulations 2003. If any significant mis-statement or adjustment is identified after approval then it will be reported to the committee.

#### **Human Resource, Sustainability, Equality and Diversity Implications**

19. There are no implications arising from this report

#### **Conclusion**

20. It is recommended that the committee seeks assurances on the annual governance statement and formally approves the 2009/10 draft statement of accounts and that the chair of the committee formally signs the accounts to certify that this has been done.

# Background Papers

The draft statement of accounts for 2009/10.