

CAMBRIDGE CITY COUNCIL

REPORT OF: Director of Resources

TO: Civic Affairs Committee

14/9/2011

WARDS: None directly affected

AUDIT COMMISSION ANNUAL GOVERNANCE REPORT AND APPROVAL OF STATEMENT OF ACCOUNTS

1 INTRODUCTION

- 1.1 The Audit Commission has now completed the audit of the Statement of Accounts for 2010/11. However, before the District Auditor gives his formal opinion on the accounts there is a requirement to present the Annual Governance Report in respect of Cambridge City Council and to obtain a letter of management representation signed by both the Director of Resources and a member on behalf of 'those charged with governance.' Under the Council's Constitution, this responsibility rests with the Civic Affairs Committee.
- 1.2 The Annual Governance Report is attached at Appendix 1 and representatives from the Audit Commission will be at the meeting to present and discuss the contents.
- 1.3 The Accounts and Audit Regulations, which were revised in 2011, require that the accounts be approved by resolution of a committee of the Council (or the full Council) by 30 September. Under the Council's Constitution, this responsibility rests with the Civic Affairs Committee.
- 1.4 A summary version of the Annual Report and accounts has now been drafted based on the audited financial statements.

2 RECOMMENDATIONS

- 2.1 That the Committee receive the Annual Governance Report presented by the Audit Commission.

- 2.2 That the Statement of Accounts for the year ending 31 March 2011 be approved.
- 2.3 That the Chair of the meeting be authorised to sign the Letter of Representation and audited Statement of Accounts for the financial year ending 31 March 2011 on behalf of the Council.
- 2.4 That agreement of the Annual Audit Letter is delegated to the Director of Resources, in consultation with the Chair and Spokes, and that the formal presentation of the letter by the District Auditor, takes place at the next scheduled meeting of Civic Affairs in February 2012.

3. BACKGROUND

- 3.1 Approval of the Statement of Accounts for 2010/11 by the Civic Affairs Committee and publication of those accounts is required by 30 September 2011, in line with the Accounts and Audit Regulations.
- 3.2 The Civic Affairs Committee reviewed the draft Statement of Accounts for 2010/11 on 29 June 2011. The Audit Commission have since completed their audit and the changes to the accounts since approval are discussed in section 4 below.
- 3.3 International Auditing Standard (UK and Ireland) 260 requires auditors to communicate a number of matters to those charged with governance, before issuing their audit opinion.
- 3.4 International Auditing Standard (UK and Ireland) 580 requires the auditor to have received a Letter of Representation drawn up by the Council that might be relevant or significant to the statement of accounts and which is signed as near as possible to the date of the auditor issuing his/her opinion. The auditing standard requires that the letter is 'discussed and agreed by those charged with governance and signed on their behalf.....to ensure that all those charged with governance are aware of the representations on which the auditor intends to rely in expressing the auditor's opinion on those financial statements.' The Audit Commission therefore requires the Letter of Representation to be signed by the Director of Resources and by the Chair of Civic Affairs. A draft of the letter is included within the Annual Governance Report.

4 CHANGES TO THE ACCOUNTS SINCE CIVIC AFFAIRS APPROVAL

- 4.1 A schedule of the main changes made to the accounts, since presentation of the draft to Civic Affairs in June 2011, is provided at Appendix 2. The audited version of the Annual Report and Statement of Accounts, incorporating these changes, is provided at Appendix 3.
- 4.2 The only adjustment required to the main financial statements has no impact on the Council's usable financial reserves as reported in June 2011. As detailed in the Movement on Reserves Statement on page 9 of the Statement of Accounts these reserves totalled £54.3 million at 31 March 2011. These reserves comprised:

	£'000
General Fund Balance	(9,850)
Housing Revenue Account Balance	(5,688)
Earmarked General Fund Reserves	(17,318)
Earmarked HRA Reserves	(2,236)
Capital Receipts Reserve	(12,765)
Major Repairs Reserve	(352)
Capital Grants Unapplied	(6,076)
Total Usable Reserves	(54,285)

- 4.3 Further detail on the earmarked reserves can be found in Note 5 to the Statement of Accounts.
- 4.4 The remaining adjustments have been made to correct typographical errors or to aid understanding of the disclosure notes.

5 SUMMARY STATEMENT OF ACCOUNTS

- 5.1 The audited statement of accounts is required to follow a largely prescribed format as laid down by The Code of Practice on Local Authority Accounting in the United Kingdom.
- 5.2 A summary of the accounts presented together with the annual report that is designed to be easier for the general public to interpret has been drafted and is provided at Appendix 4. This document will be published on the Council's website together with the full version.

6 ANNUAL AUDIT LETTER

- 6.1 The Audit Commission plan to issue the audit certificate after the committee meeting. This marks the completion of the audit.
- 6.2 The Code of Audit Practice 2010 for Local Government Bodies requires the auditor to issue the annual audit letter as soon as possible after the completion of the audit and no later than 30 November.
- 6.3 The next scheduled meeting of the Civic Affairs Committee is in February 2012. It is therefore proposed to delegate agreement of the letter to the Director of Resources, in consultation with the Chair and Spokes, and circulate this letter to members by the 30 November. The formal presentation of the letter to members, by the District Auditor, can then take place in February.

7. IMPLICATIONS

(a) **Financial Implications** None

(b) **Staffing Implications** None

(c) **Equal Opportunities Implications**

No Equalities Impact Assessment has been prepared as no revision to a strategy, policy, plan, service or contract is being proposed. The Statement of Accounts and the summary document can be made available in accessible formats on request.

(d) **Environmental Implications** None. Paper copies of the Annual Report and Statement of Accounts and Summary document will only be produced on request. Electronic versions will be available on the Council's website.

(e) **Community Safety** None

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report:

Statement of Accounts 2010-11 Working Papers

To inspect these documents contact Charity Main on extension 8152.

The author and contact officer for queries on the report is Charity Main on extension 8152.

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Affairs\September 2011\Statement of Accounts Report to
Civic Affairs Sept 2011.doc

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