

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee
MEETING DATE:	27th September 2012
TITLE:	Bath & North East Somerset Council Audited Statement of Accounts 2011/12 & Governance Reports for Council and Avon Pension Fund
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1 – Audited Statement of Accounts 2011/12 Appendix 2 – Governance Report for Bath & North East Somerset Council Appendix 3 – Governance Report for Avon Pension Fund Appendix 4 – Annual Governance Statement	

1 THE ISSUE

- 1.1 The audited statement of Accounts for Bath & North East Somerset for 2011/12 are required to be published and put before the Councils Audit Committee for review and approval.
- 1.2 The Annual Governance Report summarises the results of the Audit Commission's audit of the 2011/12 accounts, including those of the Avon Pension Fund. It includes the issues arising from the audit of the financial statements, and those issues which they are formally required to report to you under the Audit Commission's Code of Practice and International Standard of Auditing (UK & Ireland) – 'Communication of audit matters with those charged with governance'.

2 RECOMMENDATION

The Corporate Audit Committee agrees that:

- 2.1 The audited Statement of Accounts for Bath & North East Somerset Council for 2011/12 are approved;
- 2.2 The issues contained within the Annual Governance Reports for the Council and Avon Pension Fund are noted.

3 FINANCIAL IMPLICATIONS

3.1 The Council's Statement of Accounts sets out the Income and Expenditure for the 2011/12 financial year, together with the Balance Sheet and all related supporting information.

4 THE REPORT

Council's Accounts

- 4.1 The work carried out by the Audit Commission has resulted in a small number of presentational corrections to the Consolidated Income & Expenditure Account and notes contained in the draft statement of accounts which was produced in June. However, neither of these adjustments has affected the overall level of balances in the Council's Balance Sheet.
- 4.2 The two main changes relate to the presentation in the Consolidated Income & Expenditure Account of actuarial losses on movements in Pension Fund assets, and the impairment values on the Council's fixed assets, which was amended after being incorrectly stated in the Fixed Asset Register.
- 4.3 The Audit Commission are proposing to issue an audit report including an unqualified audit opinion on the Council's 2011/12 Financial Statements.
- 4.4 The foreword to the Statement of Accounts gives an overview of the financial position as set out in the accounts in the detailed statements and notes.
- 4.5 In the Key Messages section of the Annual Governance Report, the Audit Commission have commented on the good quality of the supporting working papers backing up the Financial Statements, and that the number of adjustments to the statements was less following the 2011/12 audit than in previous years.
- 4.6 Finally the formal accounts also include the Annual Governance Statement which are approved and signed by the leader of the Council and Chief Executive (Appendix 4). The issues within the statement were subject to review by the Audit Committee at its May Committee.

Avon Pension Fund's Accounts

- 4.7 There have been some presentational changes to the Pension Fund accounts that were presented to the Pensions Committee in June. The main changes are:
- i) Following comments by the Pension Fund Committee additional explanations and clarifications have been added to notes 12 and 24 of the Statement of Accounts. In note 12 these relate to currency hedging and to residual balances held by former Investment managers. In note 24 these relate to the switch from the UK Gilt portfolio to Corporate Bonds.
 - ii) Following comments by the external Auditor note 2.12 has been added to explain the treatment of events after the balance sheet date, note 2.13 has been added to explain the treatment of financial instruments and note 2.11 has been extended to further explain the use of Accounting Estimates.

iii) Also following comments by the external Auditor in note 21 Central Government has been added as a related party recognising the fact that the Fund is governed by Central Government regulation.

4.8 The Audit Commission are proposing to issue an audit report including an unqualified audit opinion on the Pension Fund's 2011/12 Financial Statements.

5 RISK MANAGEMENT

5.1 The Council's on-going financial position is an identified risk that is regularly monitored.

6 EQUALITIES

6.1 This report provides information about the financial performance of the Council and therefore no specific equalities impact assessment has been carried out on the report.

7 CONSULTATION

7.1 Consultation has been carried out with the Section 151 Finance Officer.

7.2 Consultation was carried out in meetings and via e-mail.

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 This report deals with issues of a corporate nature.

9 ADVICE SOUGHT

9.1 The Council's Section 151 Officer (Divisional Director - Finance) has had the opportunity to input to this report and cleared it for publication.

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Sponsoring Cabinet Member	<i>Councillor David Bellotti</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	