

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	30th SEPTEMBER 2010	AGENDA ITEM NUMBER
TITLE:	GOVERNANCE REPORT FOR THE COUNCIL 2009/10	EXECUTIVE FORWARD PLAN REFERENCE: E
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Governance Report for the Council		
Appendix 2 – B&NES Council Audited Statement of Accounts 2009/10		
Appendix 3 - Summary of changes to the accounts		

1 THE ISSUE

- 1.1 The Annual Governance Report for the Council summarise the results of the Audit Commission's audit of the 2009/10 accounts. 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 Audit Practice and International Standard of Auditing (UK & Ireland) (ISA (UK&I) 260) – "Communication of audit matters with those charged with governance".
- 1.2 The report highlights some technical and presentational changes which have been made to the accounts and the accounts are therefore brought back to the committee for final approval (Appendices 2 and 3).

2 RECOMMENDATION

- 2.1 The Corporate Audit Committee is asked to note the issues raised in the Governance report, specifically the matters raised in –
- a) Pages 7 to 12 of the Governance Report – Financial Statements
 - b) Appendices 2 and 3 of the Governance Report with regard to the adjustment of the financial statements
 - c) Appendix 4 of the Governance Report – with regard to approving the letter of representation
 - d) Appendix 6 of the Governance Report – Response to the proposed Action Plan
- 2.2 Corporate Audit Committee is then asked to approve the amended accounts for 2009/10 (Appendix 2).

3 FINANCIAL IMPLICATIONS

- 3.1 The adjustments to the Accounts are laid out in the report, they do not affect the Council's bottom line or financial position as previously reported.

4 REPORT

- 4.1 The Committee approved the Statement of Accounts 2009/10 at its meeting of 29th June 2010.
- 4.2 The Council's Balance Sheet has decreased by £10.6m. This is due to a change in asset values following interpretation of new legislation introduced in the 2009/10 Statement of Recommended Practice
- 4.3 There have been some presentational and technical changes to the accounts, but there has been no change to General Fund Balances and Reserves
- 4.4 Subject to satisfactory clearance of outstanding matters, the external auditor plans to issue an audit report including an unqualified opinion on the financial statements.
- 4.5 Key issues from the External Auditor are as follows –
- a) There has been an improvement in the quality of the financial statements and associated working papers since last year. Further challenges to the presentation of accounts lie ahead with the requirements under the new international financial reporting standards (IFRS).
 - b) Two material misstatements have been amended with respect to the accounting treatment of expenditure in relation to Combe Down Stone Mines and two elderly person's homes. Expenditure on the Stone Mines project has now been included within the Net Cost of Services and this has had no impact on the total net cost of services.
 - c) Note 8 – Employee emoluments now includes pension contributions. A number of non-trivial misstatements have not been amended as detailed in appendix 3.
 - d) The council has met all 10 key lines of enquiry with regard to Value for Money detailed in Appendix 5.
 - e) There is an outstanding objection to the Accounts which has just been received, however this would not materially impact on the accounts.
- 4.6 The Governance report is still being finalised as at the date of writing this report and so a verbal update will be given at the Committee meeting on any outstanding issues and recommendations contained within the report.

5 RISK MANAGEMENT

5.1 A proportionate risk assessment has been carried out in relation to the Councils risk management guidance. Management of the Council's finances remain a key risk although the work in relation to this years audit has not identified any new corporate risks or significant changes.

6 EQUALITIES

6.1 A proportionate equalities impact assessment has been carried out and there are no significant issues to report.

7 RATIONALE

7.1 Approval of the amended audited Statement of Accounts for 2009/10 is required by statute as is the receipt of the Governance report at this time.

8 OTHER OPTIONS CONSIDERED

8.1 None as this report is a statutory requirement.

9 CONSULTATION

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

10 ISSUES TO CONSIDER IN REACHING THE DECISION

10.1 No decision as this is a statutory requirement.

11 ADVICE SOUGHT

11.1The Council's Section 151 Officer has had the opportunity to input to this report and have cleared it for publication.

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Background papers	None
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