

Audit Committee – 24th September 2009

Report of the Interim Director of Finance

Amendments to Statement of Accounts 2008/09

Purpose of Report

1. To inform the Audit Committee of amendments made to the Statement of Accounts since the initial presentation to the June meeting.

Background

2. With the deadline of June for submission of accounts it is not possible to complete the audit before the accounts have to be agreed by the Committee and signed by the Interim Director of Finance. As a result of the audit process, and reviews by officers, a number of changes have been made to the accounts. These do not change the outturn or the financial standing of the authority.
3. The final version of the accounts will be available on the intranet and internet by the end of this month, with limited hard copies available e.g. in libraries. Copies can be provided to members now on request, but it was not thought that the changes warranted reprinting the entire document. A copy is available in the Members' Library if any Member wishes to refer to it prior to this meeting.

Main Amendments

4. Following discussions with the external auditor and in the light of information on local movements in property values that was not available when the draft accounts were prepared, the valuer concludes that there is now sufficient evidence to charge an impairment on the council housing stock of 8%. This reduces the book value from £1,075 million to £990 million. However, it should be noted that the book value is a notional value for accounting purposes and has no impact on rents or council tax or on the prices at which homes are sold under the Right to Buy.
5. Valuations of the assets and liabilities of the pension fund are provided annually by the actuary towards the end of April. In August the actuary reported to the Audit Commission that the 2008/09 asset figures were overstated by 0.8%, or some £3.7 million, due to the actual values of some assets at the year end being lower than had been estimated. The pension deficit figures in the balance sheet and the pension fund note (Note 6) have been amended by this amount. However, this has no effect on the financial standing of the authority.

6. During 2008/09 some anomalies had been identified in entries relating to transactions originating in previous years, mainly to do with property values. These had been treated in the draft accounts as prior period adjustments, i.e. as amendments to the opening balance sheet. On a strict interpretation of the accounting rules, these should have been treated as if they were transactions during 2008/09 and at the request of the external auditor they have now been treated in that way. None of the adjustments affects the financial standing of the authority and there is no effect on the closing balance sheet or on outturn.

Minor Amendments

7. An item of £100,000 had been incorrectly treated on the balance sheet, and has now been moved from Receipts-in-Advance to a Reserve. This reduces the creditors balance from £69.5m to £69.4m, and increases earmarked reserves from £27.8 to 27.9 million.
8. One property in the Valuation Certificate as at 1st April 2008 had not been updated to the latest valuation. This caused an overstatement of £0.136 million on total valued property of some £402.5 million.
9. A number of amendments have been made to the notes to the accounts. These include changes to facilitate cross-referencing and to give additional explanation and analysis to the reader.

Finance

10. This report is entirely financial in content, but does not give rise to any direct costs.

Law

11. Legislation appertaining to Local Authority Audit and Accounts is contained in the Local Government Act 1972, part 2 of the Audit Commission Act, 1998, and regulations made thereunder.

Equality Impact

12. The proposal takes account of the Council's policy in relation to equal opportunities.
13. With regard to children and young people:
 - There is no direct effect of the proposals on children and young people.
 - There has been no specific consultation with children and young people.
 - There has been no direct involvement of children and young people in developing the proposals.

Recommendation

14. It is recommended that:-
 - the Committee notes and approves the changes to the Statement of Accounts.

- The Chair of the Committee signs and dates the Statement of Accounts to give evidence of the approval above.



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Interim Director of Finance

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List of Background Papers

Report on Statement of Accounts at June Audit Committee meeting.