

**GOVERNANCE AND AUDIT COMMITTEE
21 SEPTEMBER 2010**

**STATEMENT OF ACCOUNTS 2009/10
(Borough Treasurer)**

1 INTRODUCTION

- 1.1 In accordance with the Accounts and Audit Regulations 2003 the Governance and Audit Committee approved the draft 2009/10 Statement of Accounts on 29 June 2010. The accounts were then subjected to audit by the District Auditor. This report summarises for Committee Members the findings of the audit and highlights the key changes made to the Statement of Accounts - a revised set of which are attached.
- 1.2 It should be noted that none of the changes made as a result of the external audit have a detrimental impact on the Council's overall financial position.

2 RECOMMENDATIONS

That the Committee:

- 2.1 **Approves the revised Statement of Accounts 2009/10 (attached);**
- 2.2 **Authorise the Chairman of the meeting to sign and date the revised Statement of Accounts on behalf of the Committee.**
- 2.3 **Approve the Draft Letter of Representation set out in Appendix 4 of the District Auditor's Annual Governance Report.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Accounts and Audit Regulations require the accounts to be agreed by Council (or Committee of the Council) and the Chairman of the meeting to formally sign the accounts to certify that this has been undertaken.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

- 5.1 Since the accounts were formally presented to Members in June, they have been subject to scrutiny by the Council's external auditor. Following the audit of the accounts a number of changes have been made to the Statement of Accounts as set out below.

5.2 **Garth Hill School**

The existing Garth Hill School was included in the accounts with a useful life of 20 years. However a significant part of the building is due to be demolished in 2010/11 and should therefore be subject to accelerated depreciation. The part of the building

that is going to be demolished has had its useful life amended to 2 years which has increased the amount of depreciation charged to the Income and Expenditure Account (£2.7m) and has also impacted on the fixed asset and capital reserve entries in the Balance Sheet. There is no impact on the General Fund balance as depreciation is reversed out of the accounts in the Statement of Movement on the General Fund Balance.

5.3 **Non-Adjusting Post Balance Sheet Event**

In its recent budget, the new coalition government announced that, from April 2011, the pension increase order applied to public service pension schemes' pensions will be linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). The RPI has generally been higher than CPI, and the average "gap" over the last 20 years has been around 0.5% per annum. If this past trend continues then we would expect future pension increases to be 0.5% less than previously projected. The Pension Fund's actuaries have adjusted their assumptions on pension increases and have calculated the impact as a £13.7m reduction in the Council's net Pension Fund liability to £129.3m. This reduction does not have to be incorporated into the accounts but the impact has to be reported and has been included in Note 51 on page 99.

5.4 **Presentational Changes**

A number of minor numerical errors or transpositions have been corrected in notes 28, 31 and 46.

6 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 6.1 The Accounts and Audit Regulations 2003 require the 2009/10 Statement of Accounts to be formally approved by Members (a Committee or Council) and signed by the Chairman / Mayor by 30 June 2010 and for the accounts to be signed by the appointed auditor by 30 September 2010.

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- 6.2 The Statement of Accounts is the published document including the balance sheet, Income & Expenditure Account, cash flow statement together with notes which expand and explain the information in these statements.

Equalities Impact Assessment

- 6.3 None required.

Strategic Risk Management Issues

- 6.4 There are none arising directly from this report.

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