

# AUDIT COMMITTEE

## Statement of Accounts 2008/09 23 September 2009

### Report of Head of Financial Services

#### PURPOSE OF REPORT

This report updates Members on the outcome of the audit of the Statement of Accounts for 2008/09, and the Council's Use of Resources assessment.

**This report is public.**

#### RECOMMENDATIONS

- (1) That the Committee notes the report for 2008/09 issued by the Council's External Auditors, and the letter of representation signed by the s151 Officer, and makes any other recommendations as appropriate.**

#### REPORT

- 1.1 At the last Committee meeting held on 30 June the draft Statement of Accounts for 2008/09 were presented for approval, together with information on the audit process. The Council's External Auditors commenced the audit of accounts on Monday 21 July.
- 1.2 The audit is now substantially complete and the Auditor is currently producing a report for Members' consideration (i.e. "to those charged with governance"). This will be circulated as soon as it has been received.
- 1.3 The Auditor will also be attending the meeting to present the report but in summary, the main points are expected to be as follows:
  - It is anticipated that an unqualified opinion on the 2008/09 Accounts will be issued. A small number of relatively minor adjustments are to be made to the accounts since they were presented to Committee in June, but it is important to note that they will not have any impact on the Council's overall financial position, or on its balances.
  - The report will also set out the Auditor's conclusion on whether the authority has adequate arrangements in place to ensure effective use of its resources. This will draw on the findings from the new use of resources assessment framework now in place; Members may be aware that the timescales for such assessment

have been brought forward and this fits far better with the closure of accounts and associated reporting requirements.

- 1.4 Since the draft accounts were approved back in June, there has been further accounting guidance received very recently regarding Icelandic investments. Whilst the new guidance assumes a reduced return overall for Landsbanki (from 95% to 83%), it is now known that claims against Landsbanki and Glitnir will provide for interest up to a later date (assumed to April 2009, rather than November 2008) and also penalty interest will apply to Glitnir (assumed at 22% from January to April 2009). In effect, the key changes would lower the impairment charge (i.e. estimated loss) by around £100K net. However, given the inherent uncertainty surrounding recovery prospects, the comparative size of the adjustments when compared with the Council's balance sheet overall, and the fact that there would be no material bottom line impact on the Council's financial position as at 31 March (as the Council has relied on Government Regulations not to make full provision for estimated losses), the accounts have *not* been updated to take account of this latest guidance, on the grounds of materiality. Nonetheless, the most up to date information will be taken account of in reviewing the Council's financial projections, in support of the forthcoming budget and future financial strategy.
- 1.5 In support of completing the accounts, a copy of a 'letter of representation' will also be circulated as soon as it is available. The letter will be signed by the Section 151 Officer but the Committee is also requested to note it. This is on the basis that those charged with governance should be aware of the representations on which the auditor relies, in expressing his opinion on the Accounts.
- 1.6 Once the governance report and the letter of representation have been considered, it is expected that the Auditor will complete the statements and conclude the audit, in order that the final audited Accounts can be published by the deadline of 30 September.

<b>CONCLUSION OF IMPACT ASSESSMENT</b>
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<b>(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</b>
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No implications directly arising.
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<b>FINANCIAL IMPLICATIONS</b>
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There are no financial implications directly arising at this stage.
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<b>DEPUTY SECTION 151 OFFICER'S COMMENTS</b>
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This report was prepared by the s151 officer as part of her responsibilities.
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<b>LEGAL IMPLICATIONS</b>
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Legal Services have been consulted and have no comments to add, subject to receiving the Auditor's report.
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<b>MONITORING OFFICER'S COMMENTS</b>
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The Monitoring Officer has been consulted and has no comments to add, subject to receiving the Auditor's report.
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<b>BACKGROUND PAPERS</b>
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Statement of Accounts 2008/09. Accounts and Audit Regulations 2006.
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