

Subject:	Annual Governance Statement and Statement of Accounts 2011/12	Status:	For Publication
Report to:	Audit & Accounts Committee	Date:	19 th September 2012
Report of:	Finance Manager	Portfolio Holder:	Finance and Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Community Impact Assessment:	Required: <input type="checkbox"/>	Yes/No	Attached: <input type="checkbox"/>
Biodiversity Impact Assessment	Required: <input type="checkbox"/>	Yes/No	Attached: <input type="checkbox"/>
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1.	RECOMMENDATION(S)
1.1	The Members note the amendments listed in Appendix 1 of this report and hence <ul style="list-style-type: none"> Approve the amended Statement of Accounts 2011/12, including the Annual Governance Statement, as at Appendix 2.

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to seek Member approval of the Audited Statement of Accounts 2011/12 following the list of amendments suggested during the audit process as shown in Appendix 1.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- Responsive and value for money local services** – Following the audit there has been no change to the original General Fund deficit of £10k, but members should note that this followed a transfer of £192k surplus recycling income to the Transitional Reserve and £115k of operational savings to the Directorate Investment Reserve. The level of the latter operational savings during 2011/2012 has been a reflection of the efforts made across the Council to identify efficiencies to meet the Medium Term Financial Strategy.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Operational Governance and Risks:* the Annual Governance Statement: Year ended 31st March 2012 details the significant risks faced by the Council and the measures in place to mitigate, manage and monitor those risks – only minimal adjustments have been made to the Annual Governance Statement to incorporate the issues raised by the Internal Audit Report submitted to members back in June.
 - Level of General Fund Reserves:* There have been no changes to the level of the General Fund Balance at the 31st March 2012, which stands at £953k against a prudent reserve target of £1m set within the Medium Term Financial Strategy.
 - Contingent Assets and Liabilities:* An assurance will be submitted verbally to the Members at the Committee to confirm the current position with regards to

Contingent Assets and Liabilities.

- *External Audit:* The Council's Draft accounts have been submitted for external audit and public inspection over the summer months. The District Auditor will be presenting a separate report to this to this committee to explain her findings.

5. BACKGROUND AND OPTIONS

The Draft Statement of Accounts approved at the June 2012 Audit and Accounts Committee have been subjected to a period of public inspection and external audit. A similar exercise has been undertaken by independent auditors for the Rossendale Transport Ltd accounts included within the Group Accounts section.

Council officers would like to thank the audit staff for their conscientious approach to the audit and a list of changes made is included at Appendix 1.

The amended Statement of Accounts for 2011/12 is attached at Appendix 2.

5.1 Changes made as a result of the audit

A full list of the changes can be found at Appendix 1, but the more notable items are as follows:

- The Auditor's Report is now included at pages 4 and 5.
- Annual Governance Report page 14 – inclusion of 2 further improvement areas identified by the internal audit process, as reported to this committee back in June.
- Rossendale Transport Ltd have now included an impairment of £920k which has impacted upon most of the Group Accounts statements.
- As a result of the above adjustment officers have reviewed the estimate risks associated with the previous valuation of the company. Under previous versions of the Code of Practice (the Code) the valuation had been raised to £2,100k based upon a range of potential valuation methods. Under the 2011 Code the Council can take a more of prudent approach and return the valuation to the historical cost of the shares held in the company. This has been retrospectively applied – hence the additional text at Note 1 and Note 2 and the amendment of the Council's Balance Sheet to remove the former 'Available for Sale Financial Instrument Reserve'. This has not affected the Council's cash position in any way and nor does the technical terminology imply that the investment in the company is/was intended for sale.
- Heritage Assets – the valuation in Note 17 on page 46 has been explained further through the text added, particularly with reference to the museum exhibits. It has also been noted that this valuation is based upon historical and incomplete data, which should be revised again in the coming year.
- Some corrections have been made to the comparator figures for 2010/11 in the Collection Fund on page 72.
- The Capital Expenditure report was not a statutory requirement of the Accounts and has now been removed.
- Most of the other adjustments were presentational in nature.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 The General Fund balance at 31st March 2012 remains at £953k which is within the range recommended in the Medium Term Financial Strategy.

7. MONITORING OFFICER

7.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

8.1 Unless specifically commented upon within the report, there are no implications for consideration.

9. CONSULTATION CARRIED OUT

9.1 The audit process has included the statutory 20 working days for public inspection.

10. CONCLUSION

10.1 There have been minimal changes to the accounts for the Council, though the Group Accounts have seen some adjustments following the audit of Rossendale Transport Ltd.

10.2 Despite a successful outcome to 2011/2012 both in terms of finance and performance, the challenge remains for Council to continue its efficiency agenda in order to realise its medium term saving target of over £1m, as noted in the Annual Governance Statement: Year ended 31st March 2012 on page 14.

Background Papers

Document	Place of Inspection
Monthly detailed financial monitoring statements for each service area	Financial Services
Final Accounts working papers	Financial Services