

AGENDA ITEM: 11

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Meeting	Audit Committee
Date	16 June 2011
Subject	Un-audited Statement of Accounts 2010/11
Report of	Deputy Chief Executive & Chief Finance Officer
Summary	To approve the Statement of Accounts for 2010/11 as required by Accounts and Audit Regulation 2003.

Officer Contributors	Maria Christofi, Assistant Director Financial Services, Finance Directorate Anisa Darr, Finance Manager (Closing & Monitoring)
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Unaudited copy of Statement of Accounts 2010/11 (to follow) Appendix B – External Auditor’s report under International Standard on Auditing (ISA) 260 for 2009/10 (to follow)
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Anisa Darr, Finance Manager (020 8359 7106).

1. RECOMMENDATIONS

- 1.1 That the Committee review and approve that the un-audited Statement of Accounts 2010/11 be signed by the Chairman as having been approved.
- 1.2 That the Accounting Policies included in the accounts be adopted.
- 1.3 That the Deputy Chief Executive and Chief Finance Officer, in consultation with the Chairman of the Audit Committee, be authorised to agree significant changes, if any, to the Statement of Accounts, following discussions with the external auditor, and to inform members of the Committee accordingly.
- 1.4 That the Committee consider whether there are any areas on which they require additional information or action.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Statement of Accounts 2010/11 outlines fundamental aspects of financial standing and performance management in Barnet during the year, which relates to the council's 'Better Services with Less Money' corporate priority.
- 3.2 It is a statutory requirement that the Statement of Accounts is presented to members for approval before 30 June 2011.

4. RISK MANAGEMENT ISSUES

- 4.1 These are addressed in the Statement on Internal Control for 2010/11 which is incorporated within the Council's Annual Governance Statement and will form part of the Statement of Accounts. The Annual Governance Statement is due to be considered elsewhere on this agenda.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Financial monitoring is important to the management of resources to ensure the equitable delivery of services to all members of the community.

6. USE OF RESOURCES IMPLICATIONS (FINANCE, PROCUREMENT, PERFORMANCE & VALUE FOR MONEY, STAFFING, ICT, PROPERTY, SUSTAINABILITY)

- 6.1 The Statement of Accounts shows the financial position of the council as at 31 March 2011.

7. LEGAL ISSUES

- 7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution Part 3, Section 2 details the functions of the Audit Committee including “To review and approve the annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council”.

9. BACKGROUND INFORMATION

- 9.1 The Statement of Accounts represents an important formal corporate statutory document. This is reflected in the requirements of the Account and Audit Regulations 2003 and requires the accounts to be signed and dated as approved by the Chairman of the approving Committee.
- 9.2 The Statement of Accounts is attached as Appendix A. The external audit began on the 1st June 2011 and it is proposed that the Deputy Chief Executive & Chief Finance Officer in consultation with the Chairman of this Committee agree any significant changes following discussions with the auditors. Alongside the audit, the Statement of Accounts and all the supporting documents will be open for public inspection for a period across June and July 2011.
- 9.3 The 2010/11 accounts have been prepared under the International Financial Reporting Standards (IFRS). Under first time adoption rules, 2009/10 and 2008/09 balances have been restated.
- 9.4 The Statement of Recommended Practice (SORP) has been replaced with the Code of Practice for Local Authority.
- 9.5 As in previous years, it is essential that the Comprehensive Income and Expenditure Statement (CIES) is considered alongside the council’s financial outturn, included in a note to the accounts and which will be presented to Cabinet Resources Committee on 29th June 2011. This shows how the council performed against its approved budget for 2010/11. The CIES is reconciled back to the outturn via the Movement in Reserves Statement (MiRS), which in effect contain the technical and other accounting adjustments that ensure certain capital charges (e.g. depreciation) do not impact on the council tax payer.
- 9.6 Whilst further explanations of the accounts are contained within the Chief Finance Officer’s foreword, it is worthwhile highlighting some of the key points for 2010/11:
- 9.6.1 The overall financial position of the council has remained consistent from that of 31 March 2010. The general fund balance (excluding schools balances) has remained at £15.780. This is in excess of the council’s target balance of £15m.
- 9.6.2 Earmarked reserves have increased to £40.513m, thereby ensuring that the council is in a strong position to cope with financial risks outlined in the 2011/12 council budget report. It is important to emphasis that the earmarked reserves have been established for specific reasons (i.e. to support the One Barnet

transformation project, cover the costs of known corporate risks and other service specific projects) and are not for general utilisation.

- 9.6.3 The Housing Revenue Account balance has increased to £4.230m due to an in year surplus of £0.087m in 2010/11.
- 9.6.4 CLG issue valuation guidance for council housing stock every 5 years. After reviewing the new guidance published for 2010/11, council officers have revised work done following previous guidance issued in 2005/06. This has resulted in the value of the council housing stock being reduced. The value has been corrected for 2010/11 and restated for the 2009/10 and 2008/09 comparatives. It should be highlighted that the CLG's guidance for council housing stock is only used to represent the value of these properties on our balance sheet, the Existing Use Value – for Council Housing Stock is not used for any decisions relating to disposals or regeneration schemes.
- 9.7 The Statement of Accounts also includes group account statements for the council and its subsidiary company, Barnet Homes Ltd. The statements are based on the draft accounts received from Barnet Homes Ltd, which will be approved by their board in July, but are still subject to audit. Any adjustments which are required to the Barnet Homes Ltd accounts by their external auditor, will also have to be reflected in the group account statements for the council.
- 9.8 Appendix B is the external auditors report to those charged with governance for 2009/10, under the International Standard on Auditing (ISA) 260. All issues raised by the external auditor have been addressed in the statements or the processes of the council.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal: MM

CFO: MC / JH