
Meeting	Audit Committee
Date	21 June 2012
Subject	Un-audited Statement of Accounts 2011/12
Report of	Deputy Chief Executive & Chief Finance Officer
Summary	To note the un-audited Statement of Accounts for 2011/12

Officer Contributors	Maria G. Christofi – Assistant Director, Financial Services Catherine Peters – Head of Finance, Closing & Monitoring
Status (public or exempt)	Public
Wards Affected	Not applicable
For decision by	Audit Committee
Reason for urgency / exemption from call-in	Not applicable
Function of	Council
Enclosures	Appendix A – Un-audited copy of Statement of Accounts 2011/12 (to follow) Appendix B - External Auditor's report under International Standard on Auditing (ISA) 260 for 2010/11
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1. RECOMMENDATIONS

- 1.1 That the Committee review the un-audited Statement of Accounts 2011/12.**
- 1.2 That the Accounting Policies included in the Statement of 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 discussion with the external auditor, and to inform members of the Committee accordingly.**
- 1.4 That the Committee consider and advise Officers whether there are any areas on which they require additional information or action.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 The 2010/11 Statement of Accounts were reviewed and approved by Audit Committee on 16 June 2011.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Statement of Accounts 2011/12 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.

4 RISK MANAGEMENT ISSUES

- 4.1 These are addressed in the Annual Governance Statement and will form part of the Statement of Accounts. The Draft 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, IT, Property, Sustainability)

- 6.1 The Statement of Accounts shows the financial position of the council as at 31 March 2012.
- 6.2 No procurement, staffing, IT, property or Sustainability issues will arise from implementation of the Recommendations of this report.

7 LEGAL ISSUES

- 7.1 Pursuant to Regulation 11 of the Accounts and Audit Regulations the Council

must, as soon as reasonably possible after conclusion of an audit, and in any event before the 30th September immediately following the end of a year, publish a Statement of Accounts prepared in accordance with regulation 7 and keep copies available for purchase by any person on payment of a reasonable sum.

- 7.2 In the event of a grant of authority, in accordance with Recommendation 1.3 (above), the Chief Finance Officer, in consultation with the Chairman of the Audit Committee, will take account of any legal issues which may arise in the exercise of the delegated authority.

8 CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 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 the 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.
- 9.2 The un-audited Statement of Accounts is attached as appendix A. The external audit began on 01 June 2012 and it is proposed that the Deputy Chief Executive and 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 2012.
- 9.3 The 2011/12 accounts have been prepared under International Financial Reporting Standards (IFRS) in line with the Code of Practice on Local Authority Accounting.
- 9.4 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 20 June 2012. This shows how the council performed against its approved budget for 2011/12. The CIES is reconciled back to the outturn via the Movement in Reserves Statement (MiRS), which in effect contains the technical and other accounting adjustments that ensure that certain capital charges (eg, depreciation) do not impact in the council tax payer.
- 9.5 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 2011/12:

- 9.5.1 The overall financial position of the council has remained consistent from that of 31 March 2011. The general fund balance (excluding schools balances) has remained at £15.780m. This is in excess of the council's target balance of £15m.
- 9.5.2 Earmarked reserves have increased to £65.105m, thereby ensuring that the council is in a strong position to cope with the financial risks outlined in the 2012/13 council budget report. It is important to emphasise that the earmarked reserves have been established for specific reasons (i.e. to support the One Barnet transformation project, cover the costs of potential corporate risks and other service specific projects) and are not for general utilisation.
- 9.5.3 The Housing Revenue Account balance has increased to £7.806m due to an in year surplus of £3.576m in 2011/12.
- 9.5.4 The value of the impairment of the Icelandic investments that had previously been recognised in the accounts was £5.969m. In the 2011/12 Accounts this impairment has been reduced by £2.825m to £3.144m. The value of the impairment has reduced in 2011/12 compared to previous years due to payments received by local authorities during 2011/12 and payments expected to be received in the future, as projected by CIPFA's impairment calculator.
- 9.6 The Statement of Accounts also includes group account statements for the council and its subsidiary companies. The draft accounts of Barnet Homes Ltd have been consolidated into the Group Accounts. The Barnet Group Ltd and Your Choice (Barnet) Ltd were in operation for two months of the year 2011/12. However, they will produce 14 month accounts at the end of 2012/13 that will be consolidated into the council's 2012/13 Group Accounts.
- 9.7 Appendix B is the external auditors report to those charged with governance for 2010/11, 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.

Cleared by Finance (Officer's initials)	MC
Cleared by Legal (Officer's initials)	SCS