

REPORT TO: Business Efficiency Board
DATE: 30 September 2009
REPORTING OFFICER: Operational Director – Financial Services
SUBJECT: 2008/09 Abstract of Accounts and the Annual Governance Report
WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To consider the 2008/09 Abstract of Accounts and the report of the Audit Commission on the 2008/09 financial statements (The Annual Governance Report).

2.0 RECOMMENDED: That;

- (i) The amendments to the 2008/09 Abstract of Accounts in Appendix 1 be noted;**
- (ii) The Audit Commission's Annual Governance Report 2008/09 in Appendix 2 be received;**
- (iii) The Letter of Representation in Appendix 3 be approved;**
- (iv) The 2008/09 Abstract of Accounts in Appendix 1 be approved.**

3.0 SUPPORTING INFORMATION

2008/09 Abstract of Accounts

3.1 At the Board's meeting on 12th August 2009 Members approved the Council's draft Statement of Accounts (The Abstract) for 2008/09. It was agreed at the meeting that further changes to the Abstract would be necessary to amend prior year figures, following the receipt of a capitalisation direction in respect of Mersey Gateway development costs from the Department for Communities and Local Government (DCLG). The revised Abstract would then be re-submitted to the Board for approval.

3.2 The prior year amendments have now been incorporated within the revised draft Abstract as shown in Appendix 1 and are detailed in Note 38.1 on Page 51.

- 3.3 The result of the amendments is that £8.43m of expenditure previously charged to capital in 2006/07 and 2007/08 and included in the fixed assets as infrastructure costs, has instead been charged to the Income and Expenditure Account as revenue expenditure. Changes have been made to the funding of the capital programme, such that the previous capital funding of the development costs has been switched to fund other schemes, resulting in a corresponding increase in capital receipts. This has then enabled funding to be provided for the development costs from the Capital Reserve (a revenue based reserve).
- 3.4 During the audit of the financial statements, a review of the Council's assets revealed that six voluntary controlled/aided primary schools were disclosed in the accounts as if the buildings were owned by the Council. Further investigations revealed that Cheshire County Council had transferred ownership of these buildings to the Trustees/Diocese prior to the 1998 reorganisation but had not amended the valuations passed to the Council.
- 3.5 The value of these buildings (£11.42m) has therefore been excluded from the Council's fixed assets and prior period adjustments have been made which are detailed in Note 38.2 on Page 52 of the draft Abstract.
- 3.6 As a result of these adjustments the fundamentals of the Council's financial position remain unchanged and there has been no impact upon the General Fund balance.

2008/09 Annual Governance Report

- 3.7 Since the meeting on 12th August 2009, the Audit Commission have undertaken their audit of the Council's 2008/09 financial statements. The District Auditor will attend the meeting to present the report of their findings, the Annual Governance report, which includes their work in respect of the Council's arrangements for securing value for money in its use of resources, as shown in Appendix 2.

2008/09 Letter of Representation

- 3.8 Each year the Council is required to provide the Audit Commission with a Letter of Representation relating to the financial statements. This is intended to provide a number of representations to the Audit Commission as shown in Appendix 3.

Next Steps

- 3.9 Following the meeting, the Letter of Representation will be signed and the Audit Commission will provide their audit opinion. The Abstract of Accounts will then be published, with copies being made available to the public via Halton Direct Link, Libraries and other public locations, as well as via the Council's website.

4.0 POLICY & OTHER IMPLICATIONS

4.1 There are no implications arising directly from this report.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 There are no direct implications, however, the Council's financial resources support the delivery and achievement of all the Council's priorities.

6.0 RISK ANALYSIS

6.1 The Council must have internal controls and processes in place to ensure that spending remains in line with budget.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 There are no equality or diversity issues associated with this report.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Accounts and Audit Regulations 2006	Accountancy Division, Municipal Building	Ed Dawson, Chief Accountant
Code of Practice on Local Authority Accounting in the UK 2009 (a Statement of Recommended Practice)		