

Audit Committee - 12 April 2011

Accounts and Audit Regulations 2011

Summary of report

This report highlights changes made to the Accounts and Audit Regulations effective from 31 March 2011. The Accounts and Audit Regulations were brought into force in 2003 and amended in 2006 and twice in 2009 for changes in accounting practices. It was noted that interpreting these regulations was becoming difficult and that a consolidated version of the regulations was needed. As such in January 2011 Communities and Local Government (CLG) sent out to all local authorities their proposal to update the regulations and to make a number of changes.

Recommendations:

1. To note the change to the approval of the draft statement of accounts introduced by the Accounts and Audit Regulations 2011.



James Walsh
Chief Finance Officer

29 March 2011

Governance

The consultation issued by CLG and the subsequent amendment to the regulations which are effective from 31 March 2011 contain a number of changes relating to smaller bodies, i.e. those with income and expenditure of not more than £200k. These changes have no impact on the council.

There change that is important for the council relates to regulation 8 – Signing, approval and publication of statement of accounts:

The regulations state that whilst the statement of accounts must be approved no later than 30 June immediately following the end of a year, the draft statement of accounts can now be approved by the responsible financial officer rather than a committee. The responsible financial officer for the council is the section 151 officer (Chief Finance Officer) James Walsh.

The responsible financial officer will need to certify for audit that the draft statement of accounts present a true and fair view of the financial position of the council.

Regulation 8 does retain the requirement for a committee to consider and ultimately approve the statement of accounts post audit by 30 September in the year immediately following the end of the year which the statement of accounts relates.

Whilst there is no statutory requirement for audit committee to approve the draft statement of accounts by 30 June the chief finance officer recognises that it would be good practice to provide audit committee with a report that sets out the key financials from the statement of accounts with the addition of a number of financial health indicators.

The transition to International Financial Reporting Standards (IFRS) has made the accounts more detailed and this has been recognised. This change will allow audit committee to fully understand the financial position of the council during June and approve the final audited statement of accounts in September.

Resource and Legal Considerations

The council by statute must follow the Accounts and Audit Regulations and this is monitored by Grant Thornton.

Risk Management

Failure to correctly and fully apply the Accounts and Audit Regulations could result in audit requiring amendments to the accounts or even qualification of the accounts.

Equality implications

There are no equality issues as a result of the report or the changes within the Accounts and Audit Regulations.

Consultation

The Chief Financial Officer and other senior finance officers have been consulted and the council responded to CLG consultation stating the council is happy with the proposals highlighted above. No community consultation activity is required for the Accounts and Audit Regulations.

Background Papers

Accounts and Audit Regulations 2011

Consultation document issued by CLG in January 2011.

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