

BROMSGROVE DISTRICT COUNCIL

CABINET

27TH SEPTEMBER 2011

AUDIT COMMISSION ANNUAL GOVERNANCE REPORT 2010/11

Relevant Portfolio Holder	Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering (Exec Director)
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

- 1.1 To enable Members to consider the Annual Governance Report as attached at Appendix 1 for 20120/11 from the Audit Commission.

2. RECOMMENDATIONS

- 2.1 That Cabinet considers the report and recommends to Council that the Statement of Accounts 2010/11 is not amended to reflect the issues raised by the Audit Commission due to the reasons as detailed in this report.

3. KEY ISSUES

Financial Implications

- 3.1 None other than those included in this report.

Legal Implications

- 3.2 The Accounts and Audit Regulations 2011 require that the Council complies with statutory accounting legislation and changes.

Service / Operational Implications

- 3.3 The Statement of Accounts were approved by the Executive Director of Finance and Resources in June 2011 in accordance with revised legislation on approval of the accounts which included formal approval of the Accounts by Council by 30th September each year.

- 3.2 2010/11 is the first year that the accounts have to be prepared in compliance with the International Financial Reporting Standards which has resulted in a significant amount of additional work by the finance team in amending prior year comparisons together with the interpretation of the new guidelines. The Audit Commission have recognised that the Council prepared well of the introduction of this new compliance and there are no issues to report.

3.3 Following the External Audit of the Accounts for 2010/11 a number of minor issues and amendments were raised by the Audit Commission. Officers have accepted these minor revisions and have made the required changes from the original accounts as approved by the S151 officer in June 2011.

3.4 There remain two issues that are included within the Audit Commission report as attached at Appendix 1 which although are not material are assessed to be significant and require consideration by Members.

- **ALDI Receipt:**

- The Council approved a change of use for the ALDI site to a retail operation which resulted in a payment of £400k to the Council. Officers have accounted for this as a capital receipt within the year to ensure that the significant value of this payment can be utilised to provide financial support to the priorities of the Council. The Audit Commission have requested that in accordance with normal accounting practices this amount should be allocated over the 175 years of the lease and therefore only benefit the Council by £2,285pa. Officer recommendation is to retain the receipt as it is currently shown to maintain the full funding available to priority projects. External Audit have accepted that the officers treatment of this receipt is not significant enough to qualify the accounts.

- **Capital Charges:**

- The Audit Commission are not satisfied that the allocation of salaries to capital projects has been made within a robust and consistent framework. Officers have reversed the charges for 2010/11 of £136k and have analysed prior year charges for review by the Commission. There remains £238k of charges relating to staff time which officers recommend remain in the accounts. The Audit Commission have accepted that the remaining balance on the accounts will not reflect in a qualified set of accounts. Officers have agreed to implement a more robust system of charging and time allocation from 2011/12.

3.5 In addition to the work on the accounts preparation the Audit Commission assess their opinion on value for money. Their conclusion is that they are satisfied that the Council has put in place proper

arrangements to secure economy, efficiency and effectiveness
dur2010/11.

Customer / Equalities and Diversity Implications

3.6 None as a direct result of this report.

4. RISK MANAGEMENT

4.1 The Financial Services risk register includes the preparation of the accounts and the controls in place to ensure the accounts are treated in compliance with accounting standards.

5. APPENDICES

Appendix 1 – Audit Commission – Annual Governance Report 2010/11

AUTHOR OF REPORT

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