

**NORTH LINCOLNSHIRE COUNCIL**

**AUDIT COMMITTEE**

**AUDIT OF ACCOUNTS 2008/09  
MATTERS ARISING FROM THE AUDIT**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 The council's unaudited accounts were approved by the Audit Committee on 30 June 2009. This met the statutory requirement that they be approved by 30 June 2009.
- 1.2 The accounts have since been audited and the external auditors have set out their findings in a report. This committee now needs to consider the proposed amendments and approve the changes to the accounts that result from it. It is a requirement that this process concludes by 30 September 2009.
- 1.3 Some amendments are required to the accounts. However they do not change the position previously reported in terms of the General Fund or balances available.
- 1.4 The council's external auditors expect to issue an unqualified opinion on the accounts shortly.

**2. BACKGROUND INFORMATION**

- 2.1 The Accounts and Audit Regulations require the Council to publish a statement of accounts each financial year. These accounts are the formal statement of the Council's financial performance for the year and its financial position at the end of that period. A financial year runs from April to March.
- 2.2 These accounts have to be considered and approved by council or a committee by 30 June. They must then be audited and published within six months of the financial year-end or 30 September. These deadlines are government requirements.
- 2.3 The International Standard on Auditing 260 – 'The Auditor's Communication with Those Charged with Governance (ISA 260)' requires

auditors to report certain matters arising from the audit of the council's financial statements before giving an opinion on them.

2.4 The report from the Audit Commission is attached. It sets out the matters arising from the audit of the council's 2008/09 accounts. I am in agreement with its findings. Staff from the Audit Commission will present the report to cabinet. A copy of the restated accounts has also been circulated with this report.

2.5 The main findings of the report are:

- that an unqualified opinion on the council's accounts is expected.
- that the closedown process has improved, meeting the necessary statutory deadlines.
- a number of adjustments are recommended to the accounts, of which the majority are minor.

2.6 The main changes resulting from the audit are as follows:-

- Two general government grants were treated as service related. This increases the net cost of services but has no impact on the general fund balance.
- Updated guidance was received on the Impairment of Icelandic Investments. The changes increased the amount of interest received accounted for in year but a corresponding increase in the level of impairment means there was no impact on the general fund balance.
- One asset was included on our Asset Register and in the accounts to which the council did not have title.
- An error was found within a table in the Financial Instruments note and an additional disclosure was required in the same note.
- A number of rounding errors and some minor omissions in notes were corrected.

2.7 International Standard on Auditing 580 'Management Representations' requires auditors to obtain written confirmations of appropriate representations from management before the audit report is issued.

The Annual Governance report includes a proposed letter of representation which the Committee is asked to approve and authorise the Chair of the Audit Committee and the Service Director Finance to sign.

### **3. OPTIONS FOR CONSIDERATION**

3.1 The Audit Committee are invited to approve the amended accounts as attached.

### **4. ANALYSIS OF OPTIONS**

4.1 Statutorily the accounts must be approved by the 30th September. The committee should ask sufficient questions to gain assurance that the accounts present fairly the financial position of the council.

**5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 The accounts present the council's financial position as at 31 March 2009. There are no other resource implications.

**6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

6.1 The Accounts and Audit Regulations 2003 (England) require that each authority prepare and approve its accounts by 30 June and publish them by 30 September. The format and content of the accounts is also governed by the Statement of Recommended Practice issued by CIPFA.

**7. OUTCOMES OF CONSULTATION**

7.1 None

**8. RECOMMENDATIONS**

8.1 That the Statement of Accounts for 2008/09 as amended in line with the Auditor's recommendation be received and considered for approval.

8.2 That the action plan contained in the Annual Governance Report be approved.

8.3 The Audit Committee endorse the signing of the Letter of Representation by the Chair of the Audit Committee and the Service Director Finance.

SERVICE DIRECTOR FINANCE

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**Background Papers used in the preparation of this report**