

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

28 MARCH 2011

SUBJECT	REVISION AND CONSOLIDATION OF THE ACCOUNTS AND AUDIT REGULATIONS 2003
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR SIMON MOUNTNEY
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

1.1 The Department for Communities and Local Government (DCLG) has issued a consultation document as part of a regular series of updates to the Accounts and Audit Regulations. The proposals reflect recommendations, requests and issues raised by the Audit Commission, the Chartered Institute of Public Finance and Accountancy and other relevant bodies to whom the regulations apply. Most of the proposals concern financial reporting and as this Committee is responsible for approving the Statement of Accounts the purpose of this report is primarily to advise Members of the proposed amendments.

2.0 RECOMMENDATION

2.1 That the Audit and Risk Management Committee notes the response to the consultation which had to be submitted by 8 March 2011 and notes the proposed amendments to the Accounts and Audit Regulations which become effective on 31 March 2011.

3.0 REASON FOR RECOMMENDATION

3.1 The Statement of Accounts is approved by this Committee and consequently Members need to be aware both of any changes to their responsibilities and to the content of the Accounts.

4.0 BACKGROUND AND KEY ISSUES

4.1 The Accounts and Audit Regulations contain important provisions on financial management, annual accounts and audit procedures affecting all local authorities and a number of other public authorities. Members will be aware that the Government announced in August 2010 the intention to disband the Audit Commission. With this in mind DCLG is taking the opportunity to undertake a restatement of the Regulations in order to assist those who, in the future, will be taking an interest in relevant bodies' financial management and accounts.

PROPOSED AMENDMENTS

- 4.2 The current Regulations require Members to approve the annual accounts, by 30 June, before they have been reviewed by the external auditor. This is out of step with requirements in the private sector and elsewhere in the public sector. Consequently, it is proposed that, for the larger relevant bodies, such as local authorities, it will only be necessary for the responsible finance officer to certify the presentation of the Accounts by 30 June. The Statement of Accounts will not therefore be submitted to this Committee until 30 September (at the latest) by when the responsible financial officer must have re-certified the accounts.
- 4.3 Although not a matter for the Regulations, it is understood that finalisation of the audit certificate and opinion would follow shortly after Member approval.
- 4.4 Under present legislation contravention, without reasonable excuse, of a regulation in the Accounts and Audit Regulations is a criminal offence. The proposals remove this provision.
- 4.5 As part of the 2009-10 Statement of Accounts there were additional reporting requirements introduced governing senior officers remuneration. The proposals contain some clarification of this requirement.
- 4.6 Current Regulations require the Statement of internal control to be included with the published Accounts. This is undertaken by the inclusion of the Annual Governance Statement (AGS). The proposal amends this to require that the AGS accompanies the published Accounts rather than being included within the Accounts.
- 4.7 A minor amendment is that the Council must publish the annual letter from the auditor as opposed to it being published by the Audit Commission.

5.0 RELEVANT RISKS

- 5.1 These are statutory requirements.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 There are no other options considered in this report.

7.0 CONSULTATION

- 7.1 Consultation on the proposed changes has been undertaken by the DCLG.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are none arising out of this report.

9.0 RESOURCE IMPLICATIONS

- 9.1. There are no resources implications arising out of this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/55/11

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APPENDICES

Letter to DCLG dated 3 March 2011.

REFERENCE MATERIAL / SUBJECT HISTORY

Communities and Local Government	Date
Audit & Risk Management Committee	28 Septemer 2010
Audit & Risk Management Committee	30 June 2010
Audit & Risk Management Committee	23 September 2009
Audit & Risk Management Committee	29 June 2009



Finance Department

Ian Coleman,
Director
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date 18 March 2011

to Graham Fletcher,
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your ref
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service Accountancy
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Dear Graham,

Response to Accounts and Audit Regulations consultation

Wirral Council is pleased to have the opportunity to respond to the proposed amendments in so far as they are relevant to ourselves.

With the move towards embracing International Accounting Standards it would seem a logical extension to the way local authorities operate to have their reporting requirements more in step with the private sector. Consequently, the proposal that the Statement of Accounts need only be submitted to the relevant Committee, in its audited form, by the 30 September is wholly supported.

The removal of the requirement to have the Statement of Internal Control (SIC) as part of the Statement of Accounts is supported. This will allow readers of the accounts to focus on what is their true objective, that is to represent the financial affairs of the authority for a particular financial year. Furthermore, as the SIC is undoubtedly an important document its purpose is also better served by way of a separate report.

The removal of the archaic legislation whereby there was the possibility of criminal action for non compliance with the Accounts and Audit Regulations is a positive recommendation and is again supported.

Yours sincerely,

Ian Coleman
Director of Finance