

STATEMENT OF ACCOUNTS 2008/09

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1. Purpose

- 1.1 To note the Audit Commission's Draft Annual Governance report, this includes the 2008/09 audit opinion, financial statements and use of resources.

2. Recommendations

- 2.1 That the Audit Commission's opinion on the 2008/09 accounts be noted.
2.2 That the updated 2008/09 Accounts be noted.

3. Issues and Choices

- 3.1 The Audit Commission is required by the statutory Code of Audit Practice for Local Government bodies to issue a report to those charged with governance summarising the conclusions from its audit work. For the purposes of this report, the Audit Committee is considered to fulfil the role of those charged with governance.
- 3.2 The Audit Commission is required to give an opinion on whether the Council's financial statements present fairly the position of the Council as at 31 March 2009 and its income and expenditure for the year then ended.
- 3.3 The Accounts have been completed on time both for the June 2009 approval of the draft accounts and for the post audited accounts in September 2009.
- 3.4 Attached as an **Annex** is the Draft Annual Governance Report which sets out the position as at 17 September 2009, identifies what work is outstanding and the key issues arising to date that Members should consider before the District Auditor issues his opinion, conclusion and certificate. The District Auditor will provide an update to the Audit Committee on 29 September 2009.
- 3.5 This report includes only matters of governance interest that have come to the auditor's attention in performing the audit. The audit is not designed to identify all matters that might be relevant to Members.

3.6 Member's attention is particularly drawn to the key messages from the District Auditor contained within the draft report, which contains the following:

“Audit Opinion

3.7 *Subject to satisfactory clearance of outstanding matters, we plan to issue an audit report including an unqualified opinion on the financial statements.*

Financial Statements

3.8 *This report summarises the position as at 17th September 2009 and identifies what work is outstanding and the key issues arising to date that you should consider before we issue our opinion, conclusion and certificate.*

Use of Resources

3.9 *We assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources Key Lines of Enquiry (KLOE) are the relevant criteria for the value for money conclusion at each type of audited body.*

3.10 *We have identified weaknesses in your arrangements. We have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009, except for those areas highlighted in paragraph 34 (of the Draft Annual Governance Report).*

Next steps

3.11 *This report identifies the key messages that you should consider before we issue e our financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to our attention in performing our audit. Our audit is not designed to identify all matters that might be relevant to you.*

3.12 *We ask the Audit Committee to:*

- *consider the matters raised in the report before approving the financial statements (pages 7 to 25 in the Draft Annual Governance Report);*
- *take note of the adjustments to the financial statements which are set out in this report (Appendix 2 in the Draft Annual Governance Report);*
- *agree to adjust the errors in the financial statements we have identified which management has declined to amend or set out the reasons for not amending the errors (Appendix 3 in the Draft Annual Governance Report);*
- *take note of the value for money conclusion and use of resources score;*

- *approve the representation letter on behalf of the Council before we issue our opinion, conclusion and certificate (Appendix 4 in the Draft Annual Governance Report); and*
- *agree your response to the proposed action plan (Appendix 5 in the Draft Annual Governance Report)."*

3.13 Officers are working with Audit Commission staff to address the outstanding issues identified within the Draft Annual Governance Report to allow the District Auditor to issue his audit opinion.

3.14 Members' attention is drawn to the **Use of Resources** judgement contained on page 11 of the Draft Annual Governance Report. A detailed report on the findings will be issued separately and the scores are subject to the national quality assurance process. The judgement at this stage is that **overall the Council is at Level 2** (i.e. meeting the minimum requirements). However, the scored judgement for the Managing Finances theme is Level 1 for the reasons set out in the Draft Annual Governance Report.

3.15 There is already an ongoing programme of work underway within the Finance and Risk Management Directorate, largely captured within the Milton Keynes Improvement Plan, to address the issues raised by the District Auditor both against the Managing Finances theme and the wider issues within the Draft Annual Governance Report.

3.16 The Audit Commission will notify councils of their organisational assessment score, including the overall use of resources score and theme scores on Monday 19 October. This will trigger the 5 day review request period which ends on Friday 23 October.

4. Implications

4.1 Policy

The Use of Resources score is a significant element within the scoring of the new Comprehensive Area Assessment

4.2 Resources and Risk

None

No	Capital	No	Revenue	No	Accommodation
No	IT	No	Medium Term Plan	No	Asset Management

4.3 Legal

None

4.4 Other implications:

None

No	Equalities/Diversity	No	Sustainability	No	Human Rights
No	E-Government	No	Stakeholders	No	Crime & Disorder

Background Papers: Report to the Audit Committee in June on the Statement of Accounts.
Statement of Accounts 2008/09 and associated working papers.