
**EXCERPT FROM THE MINUTES OF THE
AUDIT COMMITTEE
HELD ON 22 JUNE 2010**

AUC.46/10 STATEMENT OF ACCOUNTS 2009/10

The Chairman drew Members' attention to an Addendum to Report RD.18/10, copies of which had been tabled at the meeting.

The Chief Accountant reported that the amendments highlighted in the Addendum were contained within the Statement of Accounts which would be considered by the Executive and City Council on 28 and 29 June 2010.

The Chief Accountant then presented in some detail report RD.18/10 enclosing the Council's Statement of Accounts 2009/10 (subject to Audit). The Accounts reflected the summarised financial outturn information recently considered by the Executive and Resources Overview and Scrutiny Panel. There were some minor changes to the figures included in those reports, details of which were provided.

The Statement of Accounts had been based on those final outturn figures. However, because of the different way in which the Accounts must be produced, Members would not be able to see outturn figures within the Income and Expenditure Account. A reconciliation between the outturn figures and the net operating expenditure on the Income and Expenditure Account had therefore been prepared and was attached at Appendix 1 for information.

The Chief Accountant highlighted the main changes arising from the 2009 Statement of Recommended Practice, which would impact primarily on the layout of the balance sheet with corresponding entries required to the Income and Expenditure Account where necessary:

- Accounting for local taxes was not covered in detail in previous SORPS, but was now included specifically. There was a change in the way that the SORP viewed the relationship between the Council as a billing Authority and the major preceptors for which the Council collected Council Tax (i.e. Cumbria County Council and Cumbria Police Authority). Previously in relation to Council Tax the billing authority (e.g. Carlisle City) showed all Council tax debtors in the balance sheet, the SORP 2009 included detailed requirements which included showing the appropriate shares in the billing and major preceptors balance sheets. Carlisle City would therefore have to show only a percentage of council tax debtors at year end, with Cumbria County and Cumbria Police Authority amounts shown in their own balance sheets. The changes also had an impact on the Income and Expenditure Account and the Cash Flow Statement. Details could be found in the Statement of Accounts on Pages 17, 21, 50 and 51.

- As with Council Tax, previously the Council as a billing authority showed all National Non-Domestic Rates debtors in the balance sheet at year end. The SORP 2009 now contained detailed requirements for accounting for NNDR which included the requirement to recognise a creditor or debtor for cash collected from NNDR debtors as agent of the government but not paid to government or overpaid to the government at balance sheet date. The changes in treatment would also have an impact on the Cash Flow Statement on page 21 of the Statements.
- The requirement to disclose information in 5 of the notes to the Income and Expenditure Account had been removed. Those were: section 137 expenditure; expenditure on publicity; Business Improvement District Schemes; and Income under the Local Authority Goods and Services Act.
- The Accounts and Audit Regulations 2003 (amended) had required further detailed information to be provided with regard to Senior Officers' remuneration. That could be found in Note 5.7 on page 25-27 of the Statements.

As part of the Council's training programme, a training session had taken place on 16 June 2010 for Members (and substitutes) of the Audit Committee on the role of the Audit Committee and scrutiny of the Statement of Accounts. Key issues and the practical implications for scrutinising the Statement of Accounts were provided.

The Annual Governance Statement which formed part of the Annual Statement of Accounts was presented at Appendix 2 to report RD.18/10. It was a requirement of the 2009 SORP that the Annual Governance Statement be considered and approved separately by the Audit Committee.

The Chief Accountant then drew Members' attention to the key issues within the Statement of Accounts, and particularly adjustments made at pages 49, 50 and 51 thereof.

RESOLVED – That the Audit Committee had considered the 2009/10 Statement of Accounts, together with the Addendum submitted at the meeting, for recommendation to the City Council, noting that the Statements would then be subject to audit.

The Chief Accountant submitted the following reports for information:

(a) Provisional General Fund Revenue Outturn 2009/10

The Assistant Director (Resources) presented report RD.09/10 summarising the provisional outturn for the General Fund Revenue Budget and providing reasons for variances. The outturn showed that the net underspend for Council services as at 31 March 2010 once committed expenditure totalling £1,480,300 was taken into account, was £887,234. Requests had been made to carry forward £71,700 in respect of new

items of expenditure which, if approved, would result in a final underspend to the Council in 2009/10 of £815,534.

The Executive and Resources Overview and Scrutiny Panel had considered the matter on 4 and 17 June respectively and the decisions were set out in Minutes EX.077/10 and ROSP.54/10.

The Assistant Director (Resources) and Chief Accountant then responded to a Member's question concerning the underspend on the General Fund.

RESOLVED – That Report RD.09/10 be noted.

(b) Provisional Capital Outturn 2009/10 and Revised Capital Programme 2010/11

The Assistant Director (Resources) presented report RD.10/10 summarising the 2009/10 provisional outturn for the capital budget and providing details of the revised capital programme for 2010/11. The outturn showed that the net underspend for Council services as at 31 March 2010 once committed expenditure totalling £1,459,100 was taken into account was £73,614.

The Executive and Resources Overview and Scrutiny Panel had considered the matter on 4 and 17 June respectively and the decisions were set out in Minutes EX.078/10 and ROSP.55/10.

A Member reiterated the comments of the Resources Overview and Scrutiny Panel, stressing the importance of a thorough assessment of the Capital Programme being undertaken to ensure that it was more realistic. It was also important that the Committee had an oversight of that issue.

In response to a question from the Chairman, the Member advised that the Panel would be undertaking a development session to look at their work for the coming year, which may include a piece of work on capital projects.

The Chairman congratulated the Assistant Director (Resources) and members of staff who had identified the need for a further review of the Capital Programme to ensure that the Council had the capacity to deliver the same.

RESOLVED – (1) That report RD.10/10 be noted.

(2) That the Audit Committee requested that the Resources Overview and Scrutiny Panel consider including work on the Capital Programme as part of their work programme.

(3) That the Committee's concerns regarding the Capital Programme be conveyed to the Executive; and the Assistant Director (Resources) requested to report back on the Review of the Capital Programme to a future meeting of the Committee.