

# CARLISLE CITY COUNCIL

## ADDENDUM TO MY ANNUAL GOVERNANCE REPORT 2010/11

### Amendments to the draft financial statements

In my final review of the Council's financial statements I identified one further misstatement and management has adjusted the financial statements.

### Notes to the accounts and other disclosure issues

Issue	Findings and outcomes
<b>Notes to the cashflow statement</b>	
<b>Note 4.52 Cash flow statement – investing and financing activities</b>	
The note included net figures for the cash inflows and outflows relating to short and long term investments.	Note 4.52 to the cash flow statement contains details of the purchase of short and long term investments and the proceeds from the sale of short and long term investments. International Accounting Standard (IAS) 7 allows an element of netting off for investments of less than three months, but the Council netted off all transactions. The note was amended to increase both the purchase of short and long term investments and the proceeds from the sale of short and long term investments by £28,000,000 in 2010/11. The same treatment had been adopted in the 2009/10 comparatives and the corresponding lines were increased by £40,500,000.

## Unadjusted misstatements to the financial statements

I identified the following misstatement during my audit, but management has not adjusted the financial statements. I bring them to your attention to help you in fulfilling your governance responsibilities and ask you to correct these misstatements. If you decide not to amend, please tell me why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

### Primary statements

		Comprehensive income and expenditure statement		Balance sheet	
Unadjusted misstatement	Nature of adjustment	Dr £	Cr £	Dr £	Cr £
<b>Non trivial errors</b>					
Balance Sheet - Debtors	A debtor in respect of unpaid parking charge notices was posted as a net debtor figure when it actually consisted of an amount outstanding and a bad debt provision made against non-payment. In addition to this error, the Council failed to accrue for parking charge notices issued in the period 1 January to 31 March 2011. Note 4.36 on debtors would also have needed amendment to increase debtors – bodies external to government by £113,000 and increase the bad debt provision by £91,000.			22,000	
CIES – Highways expenditure		91,000			
CIES – Highways income				113,000	