



## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>STATEMENT OF ACCOUNTS 2011/12</b>
---------------------	--------------------------------------

**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	24 September 2012
<b>Policy Document:</b>	No
<b>Directorate:</b>	Resources
<b>Accountable Cabinet Member:</b>	Cllr A Bottwood

### 1. Purpose

---

1.1 To present the audited and amended Statement of Accounts 2011/12 to Audit Committee.

### 2. Recommendations

---

2.1 That the Audit Committee approves the Statement of Accounts (**Appendix 1**), subject to any changes arising from the consideration of the report of the external auditor.

2.2 That the Audit Committee approves the Council's Letter of Representation (**Appendix 2**).

### 3. Issues and Choices

---

#### 3.1 Report Background

3.1.1 The draft Statement of Accounts 2011/12 were authorised to be made available for audit, and following that the accounts have been open to public inspection and have been audited by the Council's external auditors, the Audit Commission

3.1.2 The Audit Commission have completed their audit and have produced their report to those charged with Governance; the Annual Governance Report, otherwise known as the ISA 260 which is considered elsewhere on this agenda.

3.1.3 Following the audit, it is standard practice for the auditors to request a letter of representation, attached at **Appendix 2**.

## **3.2 Issues**

3.2.1 There were no issues raised by the public during the period of public inspection.

3.2.2 The Audit Commission identified one issue nationally in relation to a method of valuation used in relation to some fixed assets. In certain circumstances assets may be valued using depreciated replacement cost (also known as DRC). It has been determined that the Royal Institute of Chartered Surveyors instruction on calculating DRC is different from the accounting definition in that it includes a calculation for the cost of financing.

In the case of Northampton the value of the difference in the two calculations is not material (at £1.447m) so the financial statements have not been adjusted. Instead a paragraph has been inserted in the fixed asset disclosures in note 12 explaining that the difference between the 2 calculations is £1.447m and that property plant and equipment is therefore overstated by that amount.

3.2.3 Changes, which have been made to the Statement of Accounts, are detailed in the Annual Governance Report.

3.2.4 The Council's auditors have identified a number of improvements, which the Council could make for next year and these are shown in the Annual Governance Report.

## **3.3 Choices (Options)**

3.3.1 Audit Committee are asked to approve the Statement of Accounts 2011/12 and the Letter of Representation.

## **4. Implications (including financial implications)**

---

### **4.1 Policy**

4.1.1 There are no specific policy issues arising from this report.

### **4.2 Resources and Risk**

4.2.1 The key areas of risk are highlighted in notes 3 and 4 to the Statement of Accounts 2011/12.

### **4.3 Legal**

4.3.1 The Council must publish the approved Statement of Accounts by 30<sup>th</sup> September.

#### **4.4 Equality**

4.4.1 There are no specific equalities issues arising from this report.

#### **4.5 Consultees (Internal and External)**

4.5.1 Members of the Public were consulted during the Statutory Period of Public Inspection.

#### **4.6 Other Implications**

4.6.1 There are no other issues arising from this report.

### **5. Background Papers**

---

5.1 Appendix 1 – Statement of Accounts 2011/12

5.2 Appendix 2 – Letter of Representation

5.3 Office working files including evidence

**Rebecca Smith,  
Assistant Head of Finance,  
01604 838147**