

Open Report on behalf of Pete Moore, Executive Director Resources and Community Safety

Report to:	Audit Committee
Date:	24 September 2012
Subject:	External Audit Annual Governance Report on Lincolnshire County Council's Statement of Accounts and Lincolnshire County Council Pension Fund Accounts for 2011/12

Summary:

The Statement of Accounts for Lincolnshire County Council and for Lincolnshire County Council Pension Fund for the financial year 2011/12 have been completed and independently audited.

This report sets out the External Auditors findings in the Annual Governance Report for the County Council's Statement of Accounts (Appendix A) and for the Pension Fund Accounts (Appendix B).

Recommendation(s):

The Executive Director for Resources and Community Safety recommends the Audit Committee:

1. Consider the External Auditors Annual Governance Report for Lincolnshire County Council (AGR LCC), Appendix A;
2. Approve the Letter of Representation on behalf of the Council to enable the Audit Opinion to be issued (AGR LCC - Appendix 3);
3. Consider the External Auditors Annual Governance Report for Lincolnshire County Council Pension Fund (AGR PF), Appendix B;
4. Approve the Letter of Representation for the Pension Fund on behalf of the Council to enable the Audit Opinion to be issued (AGR PF - Appendix 3);

Background

1.1 The Audit Committee were presented with the draft Statements of Accounts for 2011/12 for scrutiny and comment at the meeting on 9 July 2011. Our external auditors, The Audit Commission, have now completed their work on the draft

Statements and have issued their Annual Governance Reports for the Lincolnshire County Council Statement of Accounts and for the Pension Fund Accounts.

Lincolnshire County Council Statement of Accounts

1.2 Appendix A to this report is the Audit Commission's Annual Governance Report (AGR), this provides details of matters arising and errors identified in the unaudited accounts. The AGR also includes a draft Letter of Representation (Appendix 3) this must be approved and signed by the Chair of the Audit Committee and the Executive Director for Resources and Community Safety before the audit opinion can be given.

1.3 The Audit Committee is asked to consider the AGR as presented by the External Auditor. The key points are:

- Financial Statements (pages 6 – 10) the External Auditor asks you to consider the matters raised in this section of the report before approving the financial statements; and
- Appendix 2 (pages 19) – Uncorrected errors in the financial statements. This details the errors identified in the Statement of Accounts which we do not plan to adjust in 2011/12.

1.4 In addition to the AGR the following is a list of the amendments have been made to our accounts since the draft Statements were presented to this Committee on 9 July:

- Adjustments to the capital disclosure notes including: property, plant and equipment (note 14), assets held for sale (note 23), the revaluation reserve and the capital adjustment account (note 28) due to the re-analysis of journal entries between headings within the notes. No adjustments were made to the closing net book value in the balance sheet for these entries;
- Adjustments to the leased asset note to correct the opening balance and to remove seven freehold properties which were incorrectly classified as leasehold in note 49;
- The material items of income and expense note (note 6) was revised to meet Code requirements;
- Additional narrative has been included in the explanatory foreword, and in the following notes: exceptional items (note 5), events after the balance sheet date (note 7), financial instruments (note 18) and the exit packages (note 40); and
- Minor amendments have been made to the tables in the following disclosure notes on: heritage assets (note 15), intangible assets (note 16), segmental reporting (note 32), and the dedicated schools grant (note 45).

1.5 No amendments were made to the core financial statements which were presented to this committee earlier in the year.

Pension Fund Statement of Accounts

1.6 Appendix B to this report is the Audit Commission's Annual Governance Report (AGR), this provides details of matters arising and errors identified in the unaudited accounts. The AGR also includes a draft Letter of Representation (Appendix 4) this must be approved and signed by the Chair of the Audit Committee and the Executive Director for Resources and Community Safety before the audit opinion can be given.

1.7 The Audit Committee is asked to consider the AGR as presented by the External Auditor. The key points are:

- Financial Statements (pages 5 – 7) the External Auditor asks you to consider the matters raised in this section of the report before approving the financial statements; and
- Appendix 2 (pages 13) – Uncorrected errors in the financial statements. This details the errors identified in the Statement of Accounts which we do not plan to adjust in 2011/12.

1.8 In addition to the AGR the following is a list of the amendments have been made to our accounts since the draft Statements were presented to this Committee on 9 July:

- Additional narrative has been included in the administrative and investment management expenses (note 12) detailing the external audit fee, and related party transactions (note 25) detailing the disclosure policy for officer remuneration and member allowances.
- A minor amendment was made to the related party transactions disclosure notes (note 25) and minor typographical errors were amended.

1.9 No amendments were made to the core financial statements which were presented to this committee earlier in the year.

Conclusion

2.1 The 2011/12 Statement of Accounts have been presented satisfactorily and are of good quality. The Auditor expects to issue an unqualified opinion by the end of September.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	The Audit Commission's - Annual Governance Report Lincolnshire County Council Audit 2011/12
Appendix B	The Audit Commission's - Annual Governance Report Lincolnshire County Council Pension Fund Audit 2011/12

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Claire Pemberton, who can be contacted on 01522 553663 or claire.pemberton@lincolnshire.gov.uk.