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**AUDIT OF ACCOUNTS 2011-12**

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**SUMMARY REPORT**

**Purpose of Report**

1. This report provides information on the outcome of the audit of the Council's 2011-12 Accounts and value for money assessment. Approval is sought to conclude the accounts based on officers recommendations, with regard to issues arising from the audit.

**Summary**

2. In accordance with statutory requirements the Council's external auditors, PricewaterhouseCoopers (PwC), have audited the accounts. The auditors are required by the Audit Commission's Code of Audit Practice and International Standard of Auditing number 260 (ISA 260) to report to Members issues arising from the accounts audit. PwC's report is attached at **Annex 1** and will be presented by representatives from PwC.
3. The auditors' ISA 260 report covers their audit of the Council's 2011-12 financial statements and work they have undertaken to determine whether the Council is providing Value for Money under the Code of Audit Practice.

**Recommendation**

4. It is recommended that:-
  - a) The Auditor's ISA 260 report on the Council's 2011-12 financial statements be noted;
  - b) The accounts be not adjusted in respect of the items listed in the main report.
  - c) The Audit Committee is requested to approve the attached IFRS compliant Statement of Accounts at **Annex 2** for the 2011-12 financial year.

**Reasons**

5. The recommendation is supported as it comprises part of the Council's corporate governance arrangements

**Paul Wildsmith  
Director of Resources**

**Background Papers**

- (i) Council's accounts 2011-12
- (ii) PwC ISA 260

Peter Carrick : Extension 2326

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	There is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond the report comprising part of the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.

## MAIN REPORT

6. This was the second year of reporting under IFRS and the transition involved both new and considerably revised financial statements and an increase in the depth of disclosures required in the notes to the accounts.
7. Members are specifically required to consider items that are classified as misstatements, which officers propose not to adjust in the accounts. Officers have discussed the misstatements in the attached PwC report and consider that none of these items are material individually, or collectively, in the context of the Statement of Accounts as a whole. The items which officers are proposing to not adjust are as follows:-
8. The uncorrected misstatement of £489,983 is for depreciation that has been overcharged to the Comprehensive Income and Expenditure account, although it is reversed back out so as to not count against the bottom line of the general fund balance. This will be corrected in the current year when the 12/13 depreciation charges are processed.
9. The uncorrected misstatement of £187,736 is for credit notes that have been offset against the Aged Creditors listing (short term creditors) whereas they should have been grossed up against the short term debtor line on the Balance sheet. It has no effect on the bottom line of the Balance Sheet.
10. The Auditors are satisfied that the issues raised by the audit that require reporting to Members are included in this report and that the duty to do so is complied with. Subject to Members' decisions resulting from consideration of this report, PwC anticipate issuing an unqualified opinion by 30 September 2012.
11. The Use of Resources opinion has been abolished by the Audit Commission and the auditors are now only required to provide an opinion on Value for Money. The intention is for them to issue an unqualified value for money conclusion.

### **Outcome of Consultation**

12. The content of this report was not subject to consultation.