
AUDIT OF ACCOUNTS 2010-11

SUMMARY REPORT

Purpose of Report

1. This report provides information on the outcome of the audit of the Council's 2010-11 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.
3. The auditors' ISA 260 report covers their audit of the Council's 2010-11 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 2010-11 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 for the 2010-11 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 2010-11
 - (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. It was a statutory requirement for all local authority financial statements to be IFRS compliant by 2010/11. There have been various update reports to this committee over the last 18 months on the progress of the implementation of IFRS and the attached completed IFRS compliant Statement of Accounts (Annex B) is the culmination of all of that work.
7. This was the first 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.
8. 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. There are no uncorrected misstatements that affect the General Fund and the items which officers are proposing to not adjust on the Balance Sheet are as follows:-
9. The uncorrected misstatement of £108,000 is for a credit note that has been offset against the Aged Creditors listing (short term creditors) whereas it 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 uncorrected misstatement of £97,000 on long term investments is for Newcastle Airport shares that the Council holds. The valuation that the Council has used is consistent with the other local authority shareholders whereas the auditors consider the shares to have nil value.
11. There are a small number of adjusted misstatements in Appendix 1 of the ISA260 that have been identified in the audit and corrected by management. Although the magnitude appears to be significant it has no effect on the bottom line of the accounts as it is an under and over statement of income and expenditure with no change in the net position.
12. 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 2011.
13. 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

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