

**Agenda Item No:**

**Report to:** Audit Committee

**Date of Meeting:** 27 June 2011

**Report Title:** Accounts and Audit Regulations 2011

**Report By:** Peter Grace  
Head of Financial Services

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**Purpose of Report**

This report outlines the changes to procedures introduced in the Accounts and Audit (England) Regulations and the way that the Committee deal with the Statement of Accounts and the Annual Governance Statement.

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**Recommendation(s)**

1. That the Committee note the removal of the requirement to approve the Annual Statement of Accounts by 30th June
2. That the Annual Statement of Accounts be considered in September along with the auditor's findings and thereafter be published by 30 September of each year.

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**Reasons for Recommendations**

Changes to the Accounts and Audit Regulations simplify the Committee's legal responsibilities and provide the opportunity for members to consider the Auditor's findings when approving the annual accounts. This change is in line with practice in the private sector.

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## Background

### Introduction

1. Under the Audit Commission Act 1988 the Government makes detailed regulations for the approval, audit and publication of the Statement of Accounts, and for several years these procedures have been governed by the Accounts and Audit Regulations 2003. These brought into effect the current legal requirement for the accounts to be approved by members by the end of June and audited and published by 30 September.
2. The Department of Communities and Local Government have now published new regulations (the Accounts and Audit Regulations (England) 2011). These regulations came into force on 31 March 2011, and along with some minor changes, govern the processes for the 2010/11 accounts and beyond.

### Changes to the Regulations

3. The main change is the removal of the requirement that means that members need to approve the accounts on a formal basis by the end of June, and before the commencement of the audit. At this Council this responsibility falls to the Audit Committee. This has on occasion caused members concern as there is often insufficient time to carry out any detailed review of the Statement of Accounts.
4. The new legal requirement is that the Committee is asked to give formal approval to the statement of accounts before the 30 September i.e. after the end of the audit process.
5. The draft regulations also affect the Annual Governance Statement/ Statement of Internal Control. The Audit Committee will still be required to consider and approve it annually, but it can now be published alongside the Statement of Accounts, without actually forming part of it.
6. The draft regulations also remove the rather daunting provision that breaches of any regulations were treated as criminal offences, with a possible penalty of imprisonment.

### New Outline Procedures

7. The legal requirements under the draft regulations are summarised in the table below.

Process	Timescale / Deadline	Regulation
Section 151 officer certifies draft Statement of Accounts	By 30 June	8.2
Notice of public inspection rights	14 days before rights begin	10
Accounts and documents available for public inspection	20 days before start of public access to auditor	9 and 22

Changes to accounts only with auditors consent	From start of public access	23
Auditor to set day from when public can raise questions or make objections to the auditor	After end of public access	21
Section 151 Officer to re-certify accounts	Prior to formal approval by Audit Committee	8.4
Audit Committee to consider and approve audited accounts and chairman to sign	By 30 September	8.3
Publication of accounts and Annual Governance Statement	By 30 September	8.3
Formal notice of conclusion of audit	After end of audit	11
Annual Audit Letter to be considered by Committee and published	As soon as reasonably possible after receipt of letter	27

## Organisational Consequences

8. Under the 2003 Regulations the Committee's formal function was to approve the accounts at its June meeting. At this Council, like most others, changes to the accounts were brought to the September meeting for the Committee's attention. Under the new Regulations the Committee will have the legal requirement to approve the accounts by the 30 September and this thus enables the external auditor's findings to be considered when approving the Statement of Accounts. It is understood that finalisation of the audit opinion and certificate would follow shortly after member approval.
9. The normal outturn report will be considered at the 11th July Cabinet meeting in line with previous practice. The Audit Committee will consider the audited accounts at its meeting on 26<sup>th</sup> September 2011.

## Conclusions

10. The changes to the Regulations maintain the current governance controls over the preparation and publication of the Statement of Accounts. In practical terms members will be able to consider the external auditor's opinion on the accounts when considering approval.

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**Wards Affected**

None

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**Area(s) Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	Yes

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**Supporting Documents**

The Accounts and Audit (England) Regulations 2011 (SI N0. 817)

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